Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 4, 2013

Devon Energy (DVN)
Natural Gas Strength, Oil Growth

Symbol	DVN	*Ebitda Next Twelve Months ending 3/31/14 (US$mm)*	4,800
Rating	Buy	*North American Natural Gas/Ebitda (%)*	36
Price ($/sh)	57.55	*Natural Gas and Oil Production/Ebitda (%)*	100
Pricing Date	6/3/13	*Adjusted Reserves/Production NTM*	10.2
Shares (mm)	406	*EV/Ebitda*	7.0
Market Capitalization ($mm)	23,400	*PV/Ebitda*	10.7
Debt ($mm)	10,500	*Undeveloped Reserves (%)*	28
Enterprise Value (EV) ($mm)	33,900	*Natural Gas and Oil Ebitda ($/boe)*	19.40
Present Value (PV) ($mm)	51,900	*Present Value Proven Reserves($/boe)*	17.50
Net Present Value ($/share)	102	*Present Value Proven Reserves($/mcfe)*	2.90
Debt/Present Value	0.20	*Earnings Next Twelve Months (US$/sh)*	3.60
McDep Ratio - EV/PV	0.65	*Price/Earnings Next Twelve Months*	16
Dividend Yield (%/year)	1.5	*Indicated Annual Dividend (US$/sh)*	0.88

Note: Estimated cash flow and earnings tied to one-year futures prices for natural gas and oil.
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 research on Devon since 2004 see http://www.mcdep.com/3dvn.htm

Summary and Recommendation

Buy-recommended **Devon Energy (DVN)** has the most concentrated exposure to upward trending natural gas price among Large Cap U.S. Independent Producers and it has exciting oil growth expected at 40% in 2013 in the Permian Basin. While stock price has been impacted by low natural gas price in 2012, a related decline in natural gas liquids price and a widening of the discount for heavy oil in Canada, Net Present Value (NPV) holds at $102 a share (see Present Value on page 2). Price improvement is driving higher natural gas revenue despite elective volume decline after the first quarter of 2012 (see table Operating and Financial Results on page 3). Volume growth drives higher oil revenue in future quarters despite flat oil price. Since our analysis of the company at the beginning of 2013, first quarter production in the Permian Basin exceeded expectations and more rigs drilling supports higher oil growth (see slide Permian Overview on page 4). Thousand barrel a day wells recently raise expectations for oil along the Nemaha Ridge in Oklahoma (see slide Mississippian Trend on page 4). Meanwhile, lagging stock price despite solid assets and a promising outlook has Chief Executive John Richels scrambling to investigate any reasonable structural change that would contribute to better recognition by investors. Management promises a decision on a master limited partnership format for its natural gas liquids processing business by the end of June among other alternatives. While investors wait, the stock is available at a low McDep Ratio of 0.65, debt is moderate at a ratio of 0.2 to present value, cash flow multiple (EV/Ebitda) at 7.0 times is low considering natural gas concentration and reserve life and stock price is in an uptrend (see Table 1 through Table 4 on pages 5-8).

Kurt H. Wulff, CFA

Devon Energy

Functional Cash Flow and Present Value

	NTM Ebitda *(US$mm)*	Adjusted *R/P*	*PV/ Ebitda*	*Present Value (US$mm)*	
North American Natural Gas	1,760	10.5	13.6	24,000	46%
Oil	3,070	9.8	9.1	27,900	54%
	4,830	10.2	10.7	51,900	100%
Debt (US$mm)					10,500
Net Present Value (US$mm)					41,400
Shares (mm)					406
Net Present Value - Standard Estimate (US$/sh)					102
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US$/sh)					97

Devon Energy

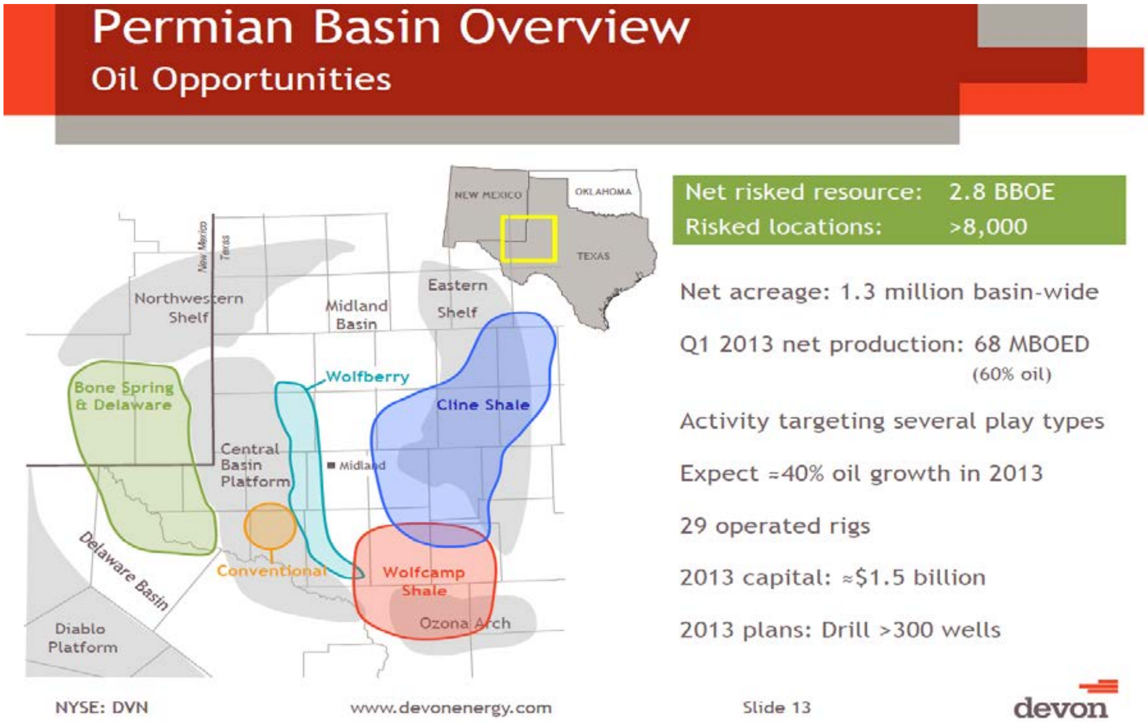
Production and Reserves, 2012

	2012 Production (daily)	*(annual)*	*12/31/2012 Proven Reserves* Developed *(bcf or mmb)*	Undeveloped *(bcf or mmb)*	Weighted *(bcf or mmb)*	*Weighted Life Index (years)*	*NTM Adjusted R/P (years)*
North American Natural Gas							
U.S.	2,055	752	7,391	1,371	8,077	10.7	
Canada	508	186	679	5	682	3.7	
Total	2,563	938	8,070	1,376	8,758	9.3	10.5
Oil							
U.S.	156	57	597	179	687	12.0	
Canada	98	36	181	432	397	11.0	
	254	93	778	611	1,084	11.7	9.8
Total Oil Equivalent	681	249	2,123	840	2,543	10.2	10.2

Devon Energy

Next Twelve Months Operating and Financial Results

	Q1	*Q4*	***Year***	*Q1*	*Q2E*	*Q3E*	*Q4E*	***Year***	*Q1E*	***Next Twelve Months***
	3/31/12	*12/31/12*	***2012***	*3/31/13*	*6/30/13*	*9/30/13*	*12/31/13*	***2013E***	*3/31/14*	***3/31/14***
Volume										
Natural Gas (mmcfd)										
U.S.	2,072	2,029	**2,054**	1,969	1,920	1,872	1,825	**1,896**	1,779	**1,849**
Canada	556	471	**508**	455	444	433	422	**438**	411	**427**
Total	2,628	2,500	**2,570**	2,424	2,363	2,304	2,247	**2,334**	2,191	**2,276**
Oil (mbd)	256	262	**255**	282	290	299	308	**295**	317	**304**
Total gas & oil (bcf)	379	375	**1,498**	370	374	377	377	**1,498**	369	**1,496**
Total gas & oil (mmboe)	63	62	**250**	62	62	63	63	**250**	61	**249**
Total gas & oil (mboed)	694	679	**682**	686	684	683	683	**684**	682	**683**
Price										
Natural gas ($/mcf)										
Henry Hub ($/mmbtu)	2.73	3.40	**2.79**	3.34	4.10	3.99	4.10	**3.88**	4.28	**4.12**
U.S.	2.28	2.93	**2.33**	2.81	3.42	3.33	3.42	**3.24**	3.57	**3.43**
Canada	2.54	3.26	**2.49**	3.02	3.71	3.62	3.71	**3.51**	3.87	**3.73**
Company	2.34	2.99	**2.36**	2.85	3.47	3.39	3.48	**3.29**	3.63	**3.49**
Oil ($/bbl)										
WTI Cushing	102.93	88.18	**94.16**	94.41	93.42	93.55	93.12	**93.63**	91.83	**92.98**
Company	58.27	49.63	**52.91**	46.47	45.99	46.05	45.84	**46.08**	45.20	**45.76**
Total gas & oil ($/mcf)	5.06	5.03	**4.77**	4.86	5.25	5.26	5.36	**5.18**	5.44	**5.33**
Revenue ($mm)										
Natural Gas	558	688	**2,212**	622	747	718	719	**2,805**	715	**2,898**
Oil	1,357	1,196	**4,943**	1,180	1,215	1,268	1,299	**4,962**	1,291	**5,074**
Total	1,916	1,884	**7,155**	1,801	1,962	1,985	2,018	**7,767**	2,006	**7,972**
Expense	672	719	**2,770**	663	772	781	794	**3,011**	789	**3,137**
Ebitda ($mm)	1,244	1,165	**4,385**	1,138	1,190	1,204	1,224	**4,756**	1,217	**4,835**
Deprec., Deplet., & Amort.	680	731	**2,811**	704	704	704	704	**2,816**	704	**2,816**
Hedging and other	(177)	(162)	**(863)**	(88)	(177)	(169)	(159)	**(593)**	(163)	**(667)**
Ebit	741	596	**2,437**	522	663	669	679	**2,533**	675	**2,686**
Interest	87	110	**406**	110	110	110	110	**440**	110	**440**
Ebt	654	486	**2,031**	412	553	559	569	**2,093**	565	**2,246**
Income Tax	229	170	**711**	144	193	196	199	**733**	198	**786**
Net Income ($mm)	425	316	**1,320**	268	359	364	370	**1,361**	367	**1,460**
Shares (millions)	405	405	**405**	406	406	406	406	**406**	406	**406**
Per Share ($)	1.05	0.78	**3.26**	0.66	0.89	0.90	0.91	**3.35**	0.90	**3.60**
Ebitda Margin	65%	62%	**61%**	63%	61%	61%	61%	**61%**	61%	**61%**
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	**35%**


Permian Basin Overview
Oil Opportunities
Net risked resource: 2.8 BBOE
Risked locations: >8,000
Net acreage: 1.3 million basin-wide
Q1 2013 net production: 68 MBOED
(60% oil)
Activity targeting several play types
Expect ≈40% oil growth in 2013
29 operated rigs
2013 capital: ≈$1.5 billion
2013 plans: Drill >300 wells
NEW MEXICO
OKLAHOMA
TEXAS
Northwestern Shelf
Midland Basin
Eastern Shelf
Bone Spring & Delaware
Wolfberry
Cline Shale
Central Basin Platform
Midland
Delaware Basin
Conventional
Wolfcamp Shale
Ozona Arch
Diablo Platform
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Slide 13
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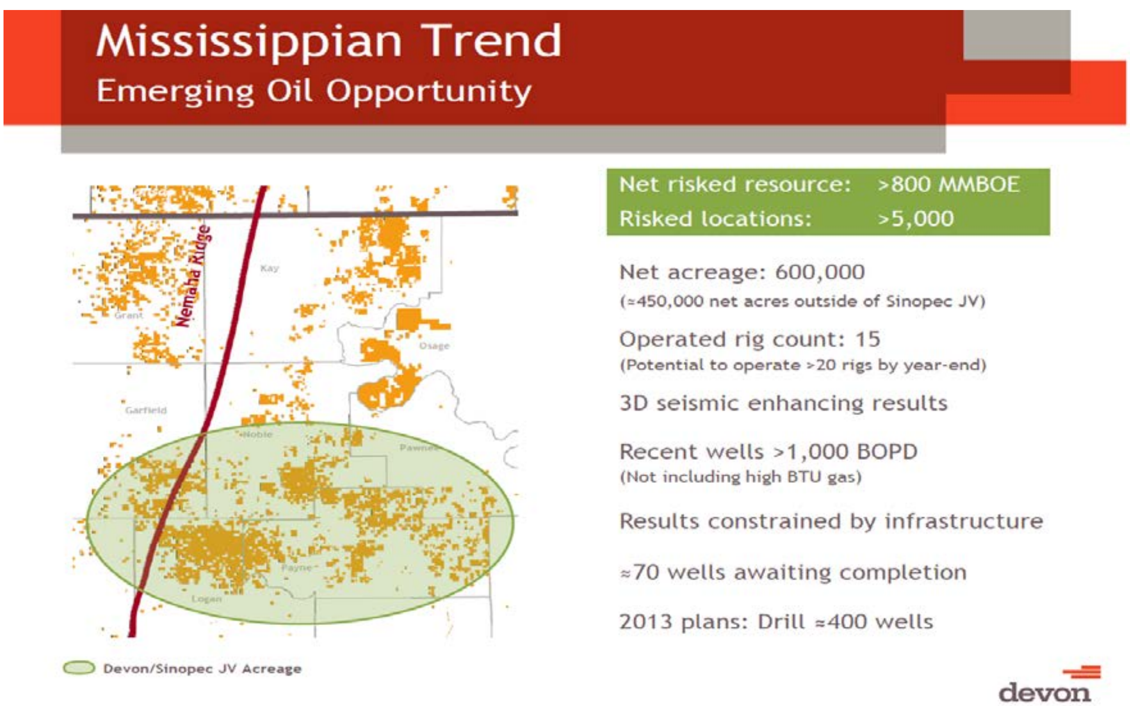

Mississippian Trend
Emerging Oil Opportunity
Net risked resource: >800 MMBOE
Risked locations: >5,000
Net acreage: 600,000
(≈450,000 net acres outside of Sinopec JV)
Operated rig count: 15
(Potential to operate >20 rigs by year-end)
3D seismic enhancing results
Recent wells >1,000 BOPD
(Not including high BTU gas)
Results constrained by infrastructure
≈70 wells awaiting completion
2013 plans: Drill ≈400 wells
Nemaha Ridge
Devon/Sinopec JV Acreage
devon

Table 1

McDep Large Cap Energy Stocks

Enterprise Value, Business Segments and McDep Ratio

			Price (US$/sh)	*EV/*		*Present Value by Segment (%)*				
	Symbol/Rating		*3-Jun*	*Market*	*Enterprise Value*	*North Amer. Natural*	*Rest of World Natural*	*Oil*	*Down-*	*McDep*
B = Buy, CB (see below)			*2013*	*Cap*	*($mm)*	*Gas*	*Gas*	*Prod'n*	*stream*	*Ratio*
Global Integrated										
Exxon Mobil Corporation	XOM	B	91.46	1.20	490,000	7	17	57	18	0.86
Chevron Corporation	CVX	H	124.09	1.14	275,000	3	10	75	12	0.76
PetroChina Company Ltd (14%)	PTR	H	117.07	1.54	46,100		12	82	7	0.74
Royal Dutch Shell plc	RDS-A	H	66.85	1.33	282,000	4	20	58	18	0.67
Petrobras	PBR	H	18.02	1.79	210,000		6	83	11	0.66
Total S.A.	TOT	H	50.61	1.37	158,000		20	64	15	0.64
Gazprom (50%)	OGZPY	H	7.62	1.46	64,000		12	18	69	0.42
Lukoil Oil Company	LUKOY	CB	59.60	1.06	49,200			77	23	0.41
Total or Median				*1.35*	*1,574,000*			*70*	*17*	*0.66*
U.S. Independent										
Occidental Petroleum Corp.	OXY	H	94.27	1.13	86,000	7	1	82	10	0.81
EOG Resources, Inc.	EOG	H	131.75	1.18	42,100	20	3	77	-	0.76
ConocoPhillips	COP	H	62.09	1.46	111,000	13	12	75	-	0.68
Marathon Oil Corporation	MRO	B	35.46	1.42	35,800	8	3	89	-	0.67
Devon Energy Corporation	DVN	B	57.55	1.45	33,900	46		54	-	0.65
Total or Median				*1.42*	*309,000*	*13*		*77*		*0.68*
Canada/Norway/Australia										
Woodside Petroleum Ltd.	WOPEY	H	34.90	1.19	34,000		59	41	-	0.80
EnCana Corporation	ECA	H	18.90	1.66	23,100	82		18	-	0.74
Cenovus Energy Inc.	CVE	H	30.18	1.33	30,300	11		70	18	0.69
Imperial Oil Limited (30%)	IMO	CB	39.30	1.28	12,800	2		82	16	0.69
Statoil ASA (33%)	STO	H	22.75	1.53	36,600		27	73	-	0.62
Canadian Oil Sands Limited	COSWF	H	19.69	1.24	11,900			100	-	0.55
Suncor Energy	SU	CB	30.51	1.32	61,200	2		79	19	0.55
Total or Median				*1.32*	*210,000*			*73*		*0.69*

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 = **M**arket **c**ap and **De**bt to **p**resent value of oil and gas and other businesses

Table 2

McDep Large Cap Energy Stocks

Net Present Value and McDep Ratio

	Symbol/Rating		*Price (US$/sh) 3-Jun 2013*	*Shares (mm)*	*Market Cap (US$mm)*	*Net Present Value (US$/sh)*	*Debt/ Present Value*	*McDep Ratio*
B = Buy, CB (see below)								
Global Integrated								
Exxon Mobil Corporation	XOM	B	91.46	4,485	410,000	110.00	0.14	0.86
Chevron Corporation	CVX	H	124.09	1,944	241,000	170.00	0.09	0.76
PetroChina Company Ltd (14%)	PTR	H	117.07	256	30,000	180.00	0.26	0.74
Royal Dutch Shell plc	RDS-A	H	66.85	3,157	211,000	110.00	0.17	0.67
Petrobras	PBR	H	18.02	6,522	117,500	35.00	0.29	0.66
Total S.A.	TOT	H	50.61	2,269	115,000	90.00	0.17	0.64
Gazprom (50%)	OGZPY	H	7.62	5,735	43,700	23.00	0.13	0.42
Lukoil Oil Company	LUKOY	CB	59.60	776	46,300	150.00	0.02	0.41
Total or Median					*1,215,000*		*0.15*	*0.66*
U.S. Independent								
Occidental Petroleum Corp.	OXY	H	94.27	805	75,900	120.00	0.09	0.81
EOG Resources, Inc.	EOG	H	131.75	272	35,800	180.00	0.11	0.76
ConocoPhillips	COP	H	62.09	1,221	76,000	105.00	0.22	0.68
Marathon Oil Corporation	MRO	B	35.46	712	25,250	60.00	0.20	0.67
Devon Energy Corporation	DVN	B	57.55	406	23,400	102.00	0.20	0.65
Total or Median					*236,400*		*0.20*	*0.68*
Canada/Norway/Australia								
Woodside Petroleum Ltd.	WOPEY	H	34.90	820	28,600	45.00	0.13	0.80
EnCana Corporation	ECA	H	18.90	736	13,900	30.00	0.29	0.74
Cenovus Energy Inc.	CVE	H	30.18	758	22,900	48.00	0.17	0.69
Imperial Oil Limited (30%)	IMO	CB	39.30	255	10,000	62.00	0.15	0.69
Statoil ASA (33%)	STO	H	22.75	1,049	23,900	44.00	0.22	0.62
Canadian Oil Sands Limited	COSWF	H	19.69	485	9,600	40.00	0.11	0.55
Suncor Energy	SU	CB	30.51	1,521	46,400	64.00	0.13	0.55
Total or Median					*155,000*		*0.15*	*0.69*

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 = **M**arket **c**ap and **De**bt to **p**resent value of oil and gas and other businesses

Table 3

McDep Large Cap Energy Stocks
Value Multiples and Dividend Yield

			Price (US$/sh) 3-Jun 2013	*Adjustd Resrvs/ Prod NTM*	*PV/ Ebitda NTM*	*EV/ Ebitda NTM*	*P/E NTM*	*Dividend NTM (%)*
Symbol/Rating B = Buy, CB (see below)								
Global Integrated								
Exxon Mobil Corporation	XOM	B	91.46	13.3	7.7	6.6	11	2.8
PetroChina Company Ltd (14%)	PTR	H	117.07	12.5	7.6	5.6	11	4.0
Petrobras	PBR	H	18.02	10.9	8.0	5.3	6	2.6
Chevron Corporation	CVX	H	124.09	9.1	6.9	5.2	10	3.2
Royal Dutch Shell plc	RDS-A	H	66.85	9.6	6.8	4.6	8	5.4
Total S.A.	TOT	H	50.61	9.6	6.8	4.4	8	6.0
Lukoil Oil Company	LUKOY	CB	59.60	15.9	6.2	2.5	5	4.8
Gazprom (50%)	OGZPY	H	7.62	31.0	4.9	2.0	3	5.0
Median				*11.7*	*6.9*	*4.9*	*8*	*4.4*
U.S. Independent								
Devon Energy Corporation	DVN	B	57.55	10.2	10.7	7.0	16	1.5
Occidental Petroleum Corp.	OXY	H	94.27	10.3	7.8	6.3	14	2.7
EOG Resources, Inc.	EOG	H	131.75	7.9	7.6	5.8	18	0.6
ConocoPhillips	COP	H	62.09	11.7	8.3	5.6	10	4.3
Marathon Oil Corporation	MRO	B	35.46	9.1	7.8	5.2	16	1.9
Median				*10.2*	*7.8*	*5.8*	*16*	*1.9*
Canada/Norway/Australia								
EnCana Corporation	ECA	H	18.90	6.8	11.3	8.4		4.2
Imperial Oil Limited (30%)	IMO	CB	39.30	21.7	11.7	8.1	10	1.2
Woodside Petroleum Ltd.	WOPEY	H	34.90	9.6	9.3	7.5	16	3.7
Cenovus Energy Inc.	CVE	H	30.18	13.5	9.7	6.7	17	3.1
Canadian Oil Sands Limited	COSWF	H	19.69	19.8	11.8	6.5	11	6.8
Suncor Energy	SU	CB	30.51	15.8	9.9	5.4	10	2.5
Statoil ASA (33%)	STO	H	22.75	6.2	6.0	3.7	6	5.0
Median				*13.5*	*9.9*	*6.7*	*10*	*3.7*

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 Masrch 31, 2014; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Table 4

McDep Large Cap Energy Stocks

Total Return and Enterprise Value Momentum

	Symbol	*Rating*	*Price ($/sh) 3-Jun 2013*	*Equity Total Return YTD (%)*	*Enterprise Value/ 52Wk High*	*52Wk Low*	*50 Day Avg.*	*200 Day Avg.*	*McDep Ratio*
Global Integrated									
Chevron Corporation	CVX	H	124.09	19	0.97	1.25	1.03	1.07	0.76
Exxon Mobil Corporation	XOM	B	91.46	8	0.98	1.15	1.02	1.02	0.86
Total S.A.	TOT	H	50.61	0	0.94	1.15	1.02	1.00	0.64
Royal Dutch Shell plc	RDS-A	H	66.85	1	0.93	1.07	1.00	0.98	0.67
Petrobras	PBR	H	18.02	(5)	0.83	1.13	1.01	0.96	0.66
Lukoil Oil Company	LUKOY	CB	59.60	(6)	0.89	1.15	0.95	0.95	0.41
PetroChina Company Ltd (14%)	PTR	H	117.07	(15)	0.86	1.00	0.94	0.92	0.74
Gazprom (50%)	OGZPY	H	7.62	(22)	0.76	1.01	0.95	0.88	0.42
Median				*(2)*	*0.91*	*1.14*	*1.01*	*0.97*	*0.66*
U.S. Independent									
Occidental Petroleum Corp.	OXY	H	94.27	22	1.00	1.26	1.10	1.12	0.81
Marathon Oil Corporation	MRO	B	35.46	17	0.98	1.32	1.04	1.08	0.67
EOG Resources, Inc.	EOG	H	131.75	9	0.96	1.47	1.04	1.08	0.76
ConocoPhillips	COP	H	62.09	11	0.97	1.14	1.02	1.04	0.68
Devon Energy Corporation	DVN	B	57.55	12	0.93	1.09	1.02	1.01	0.65
Median				*12*	*0.97*	*1.26*	*1.04*	*1.08*	*0.68*
Canada/Norway/Australia									
Woodside Petroleum Ltd.	WOPEY	H	34.90	3	0.89	1.15	0.95	0.97	0.80
Canadian Oil Sands Limited	COSWF	H	19.69	(0)	0.88	1.09	0.99	0.96	0.55
Suncor Energy	SU	CB	30.51	(5)	0.88	1.13	1.01	0.96	0.55
EnCana Corporation	ECA	H	18.90	(0)	0.85	1.05	1.00	0.95	0.74
Statoil ASA (33%)	STO	H	22.75	(5)	0.88	1.02	0.97	0.94	0.62
Cenovus Energy Inc.	CVE	H	30.18	(9)	0.85	1.07	1.00	0.94	0.69
Imperial Oil Limited (30%)	IMO	CB	39.30	(9)	0.82	1.04	0.99	0.93	0.69
Median				*(5)*	*0.88*	*1.07*	*0.99*	*0.95*	*0.69*

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

Index of Recent Research

Stock Ideas

Date	*Symbol*	*Subject*	*Theme*
31-May	HGT	Hugoton Royalty Trust	Beating the Bear (Income and Small Cap Weekly)
28-May	LUKOY	Lukoil	20% Dividend Increase (Meter Reader)
24-May	BIREF	Birchcliff Energy	Small Cap North American Natural Gas (Income and Small Cap Weekly)
21-May	IMO	Imperial Oil	Timely on Bitumen Price (Meter Reader)
17-May	DMLP	Dorchester Minerals, L.P.	U.S. Oil Ascending (Income and Small Cap Weekly)
14-May	EOG	EOG Resources	Raise NPV to $180 on More Big Wells (Meter Reader)
10-May	CLR	Continental Resources	Raise NPV to $110 from $100 on Oil Growth (ISCW)
7-May	RDSA	Royal Dutch Shell plc	Raise NPV to $110 a Share from $102 (Meter Reader)
3-May	NDRO	Enduro Royalty Trust	RTF Stock for Permian Oil (Income and Small Cap Weekly)
30-Apr	TOT	Total	Recovery Potential (Meter Reader)
26-Apr	WLL	Whiting Petroleum	Synergistic Fracker (Income and Small Cap Weekly)
23-Apr	COSWF	Canadian Oil Sands Limited	Long-Term Oil Investment (Meter Reader)
19-Apr	HK	Halcón Resources	Fourth Core Area - El Halcón ("The Hawk") (Inc. and Small Cap Wkly)
16-Apr	CVX	Chevron	Deflation Resistance (Meter Reader)
12-Apr	MTR	Mesa Royalty Trust	RTF Stealth Play on Long-Life Natural Gas (Income and Small Cap Wkly
9-Apr	MRO	Marathon Oil	Oil Shale and Global Exploration (Meter Reader)
5-Apr	SBR	Sabine Royalty Trust	Accelerating Volume Growth (Income and Small Cap Weekly)
2-Apr	OXY	Occidental Petroleum	Six-Year Oil Price Returns to Uptrend (Meter Reader)
1-Apr	SJT	San Juan Basin Royalty Trust	Drilling Discipline
28-Mar	PEYUF	Peyto Exploration and Developmen	Raise NPV to $32 for Fracking Winner (Income and Small Cap Weekly)
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 Wkly)
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)
5-Feb	COP	ConocoPhillips	Raise NPV to $105 from $96 on Performance (Meter Reader)
22-Jan	WOPEY	Woodside Petroleum, Ltd.	Politically-Secure, Clean Fuel Supplier (Meter Reader)
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)

For historical research by stock, go to mcdep.com, click on Stock Ideas, click on stock by name.

Meter Reader

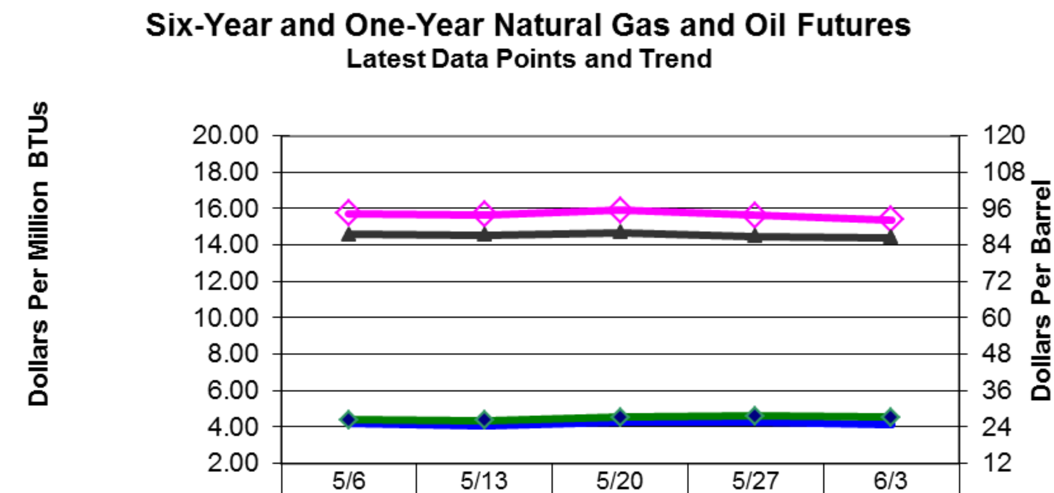
28-May	LUKOY	Lukoil	20% Dividend Increase
21-May	IMO	Imperial Oil	Timely on Bitumen Price
14-May	EOG	EOG Resources	Raise NPV to $180 on More Big Wells
7-May	RDSA	Royal Dutch Shell plc	Raise NPV to $110 a Share from $102

For earlier editions, go to mcdep.com, click on Meter Reader.

Income and Small Cap Weekly

31-May	HGT	Hugoton Royalty Trust	Beating the Bear
24-May	BIREF	Birchcliff Energy	Small Cap North American Natural Gas
17-May	DMLP	Dorchester Minerals, L.P.	U.S. Oil Ascending
10-May	CLR	Continental Resources	Raise NPV to $110 from $100 on Oil Growth

For earlier editions, go to mcdep.com, click on Energy Income.



	5/6	5/13	5/20	5/27	6/3
12 Mo Natural Gas	4.21	4.10	4.26	4.31	4.12
72 Mo Natural Gas	4.41	4.36	4.53	4.61	4.54
12 Month Oil Strip	94.49	93.92	95.45	93.71	92.30
72 Month Oil Strip	87.54	87.20	88.08	86.92	86.37

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.