



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks
July 30, 2013

Buy Encana (ECA), Hold Imperial Oil (IMO) Change from Hold to Buy, Buy to Hold

<i>Symbol</i>	ECA	<i>Ebitda Next Twelve Months ending 6/30/14 (US\$mm)</i>	2,800
<i>Rating</i>	Contrarian Buy	<i>North American Natural Gas/Ebitda (%)</i>	68
<i>Price (US\$/sh)</i>	17.58	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	7/29/13	<i>Adjusted Reserves/Production NTM</i>	6.7
<i>Shares (mm)</i>	736	<i>EV/Ebitda</i>	7.6
<i>Market Capitalization (US\$mm)</i>	12,900	<i>PV/Ebitda</i>	10.9
<i>Debt (US\$mm)</i>	8,500	<i>Undeveloped Reserves (%)</i>	39
<i>Enterprise Value (EV) (US\$mm)</i>	21,400	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	14.01
<i>Present Value (PV) (US\$mm)</i>	30,600	<i>Present Value Proven Reserves(US\$/boe)</i>	18.27
<i>Net Present Value (US\$/share)</i>	30	<i>Ebitda Margin NTM (%)</i>	50
<i>Debt/Present Value</i>	0.28	<i>Earnings Next Twelve Months (US\$/sh)</i>	1.57
<i>McDep Ratio - EV/PV</i>	0.70	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	4.6	<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\$90 a barrel and natural gas, \$6 a million btu.			
For historical analysis of ECA since 2001 see www.mcdep.com/3eca.htm			

Summary and Recommendation

We transfer our buy recommendation to **Encana (ECA)** from **Imperial Oil (IMO)** for natural gas concentration, demonstrated margin improvement, a new chief executive and a low McDep Ratio of 0.70. Encana's concentration on North American natural gas at 84% of Net Present Value (NPV) is the highest by a wide edge among large cap stocks in our coverage. Cash flow (Ebitda) margin improvement to 50% in the second quarter reported on July 24, from 27% a year ago, demonstrates that costs have been brought in line with revenue (see table Operating and Financial Estimates on page 3). A new chief executive since early June, Doug Suttles, stresses operating efficiency as a first step in a strategic review aimed at increasing long-term shareholder return. Margin progress and management change may be the catalyst for stock price to advance toward NPV of \$30 a share (see table Present Value on page 4). At the same time, the positives for hold-rated IMO continue with the buildup of new oil production from the Kearl mine along with profitable refining to balance fluctuations in crude oil price. IMO stock trades at a McDep Ratio of 0.85. The latest changes in recommendation round out our investment strategy in the Canada/Norway/Australia group with one natural gas buy and one oil buy, both the most concentrated on their respective fuel (see Table 1-4 on pages 5-7). Investors in Encana may need patience as natural gas price appears to be in a summer lull ahead of winter strength and ECA stock price is below its 200-day average.

New Leader, New Strategy

Most of what went awry at ECA in the past three years was too much of a good thing for natural gas producers. Supply expanded faster than demand and price suffered as a result. ECA was



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

July 30, 2013

particularly exposed because it had just divided into two companies---oil producer **Cenovus (CVE)** and natural gas producer ECA. We applauded the move which worked out for the CVE side where management and investors focused on the unrecognized value in oil sands resources.

In hindsight, we know that the immediate opportunity at Encana after the spinoff was more in the new shale technology that was first developed for natural gas than in natural gas itself. Shale oil pioneers like Harold Hamm of Continental Resources (CLR), Floyd Wilson at Petrohawk and Mark Papa of **EOG Resources (EOG)** were among the first to recognize the oil potential.

Though delayed, Encana's recognition of the oil opportunity is showing results with a 70% increase in oil production over the past year. In any case, the new leader will reexamine the company's strengths including the growing liquids production base, 11 million acres of land with a third royalty-free, 80 trillion cubic feet equivalent of reserves and resources and a capable team of engineers, oil field workers and business persons. Mr. Suttles is a mechanical engineer from University of Texas who spent 5 years with Exxon and 22 years with BP gaining broad experience including chief operating officer of global exploration and production. We expect the new strategy, to be announced before year end, to reinforce the current direction with perhaps a creative new slant as well.

San Juan Basin Shale Oil

Encana's leadership position in shale oil in the San Juan Basin demonstrates a creative application of new technology ahead of the competition. Realizing that all of the main natural gas lands in the basin were tied up in long term rights held by major producers, ECA saw an opportunity to partner with small independent producers. Moreover ECA was interested in oil and the independents owned most of the rights to oil production in part because the historical volumes under old technology were too small to attract the interest of major operators ConocoPhillips and BP. The program has had encouraging results so far, but has not yet achieved thousand-barrels-a-day wells (see slide [San Juan Basin](#) on page 4). A 700 barrels daily well was mentioned in the first quarter conference call. On the second quarter call, an acquisition of additional acreage was announced. At least one drilling rig is active, we understand. San Juan is just one of several emerging oil plays offering upside beyond those which are already commercial and contributing to current volume (see slide [Liquids Growth in 2013](#) on page 4)..

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

July 30, 2013

Encana Corporation										
Next Twelve Months Operating and Financial Estimates										
										<i>Next Twelve Months</i>
	<i>Q2</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>
	6/30/12	2012	3/31/13	6/30/13	9/30/13	12/31/13	2013E	3/31/14	6/30/13	3/31/14
Volume										
Natural Gas (mmcf)	2,802	2,981	2,877	2,766	2,800	2,900	2,836	2,900	2,900	2,875
Oil (mbd)	28	31	44	48	55	64	53	74	86	70
Total (bcf)	270	1,159	282	278	288	302	1,150	301	311	1,202
Total (mmcfed)	2,971	3,168	3,138	3,052	3,131	3,284	3,152	3,346	3,417	3,294
Price										
Henry Hub (US\$/mmbtu)	2.21	2.79	3.34	4.10	3.56	3.61	3.65	3.83	3.78	3.70
Differential	(0.04)	(0.04)	(0.01)	0.11	0.09	0.09	0.07	0.08	0.08	0.08
EnCana (\$/mcf)	2.25	2.83	3.35	3.99	3.46	3.52	3.58	3.76	3.71	3.61
WTI Cushing (US\$/bbl)	93.32	94.16	94.41	94.22	104.65	102.71	99.00	98.99	96.29	100.66
Differential	13.00	19.04	27.37	27.12	30.12	29.57	28.10	28.09	27.33	29.12
EnCana (\$/bbl)	80.32	75.12	67.04	67.10	74.52	73.14	70.90	70.90	68.96	71.54
Total (\$/bbl)	17.31	20.37	24.00	27.98	26.47	27.19	26.42	28.99	29.32	28.02
Revenue (\$mm)										
Natural Gas	574	3,083	867	1,004	892	938	3,702	981	979	3,790
Oil	206	853	262	291	379	431	1,363	474	541	1,825
Total	780	3,936	1,130	1,295	1,271	1,369	5,065	1,455	1,519	5,614
Expense										
	572	2,451	677	652	635	685	2,649	727	760	2,807
Ebitda (\$mm)										
	208	1,485	453	643	635	685	2,416	727	760	2,807
Deprec., Deplet., & Amor	472	1,956	395	394	394	394	1,577	394	394	1,576
Hedging and other	(664)	(2,328)	(317)	(226)	(247)	(225)	(1,016)	(206)	(191)	(870)
Interest	135	522	140	141	141	141	563	141	141	564
Ebt										
	265	1,335	236	334	348	375	1,292	398	416	1,537
Income tax	66	334	59	83	87	94	323	100	104	384
Net Income (\$mm)										
	199	1,001	177	250	261	281	969	299	312	1,153
Per share (\$)	0.27	1.36	0.24	0.34	0.35	0.38	1.32	0.41	0.42	1.57
Shares (millions)										
	736	736	736	736	736	736	736	736	736	736
Ebitda margin	27%	38%	40%	50%	50%	50%	48%	50%	50%	50%
Tax rate	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

Encana Corporation					
Functional Cash Flow and Present Value					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>Ebitda</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
North American Natural Gas	1,900	6.9	13.5	25,600	84%
Oil	910	5.9	5.5	5,000	16%
	2,810	6.7	10.9	30,600	100%
Debt					8,500
Net Present Value (\$mm)					22,100
Shares					736
Net Present Value - Standard Estimate (US\$/sh)					30
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					30

San Juan Basin

Asset Overview

Resource

- 168,000 net acres captured in oil window
- Primarily light oil with associated NGLs
- 80% NRI
- ~900 potential net locations

Strategy

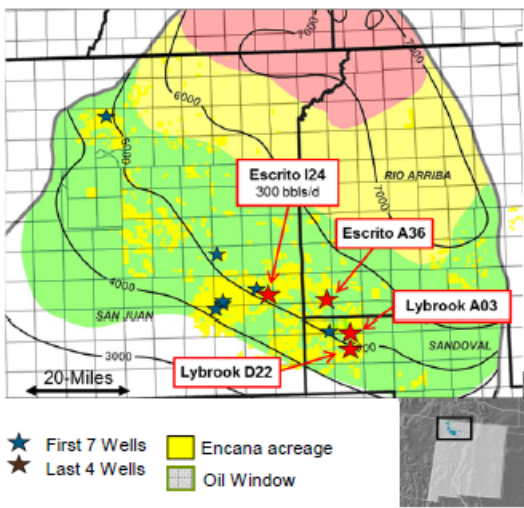
- Appraise oil window of the Gallup/Mancos formation
- Ramp-up to commercial development pace

Current Activity/Future Plans

- Drilled 11 gross wells in 2012
 - 1 rig program in 2012
- 27 gross/17 net wells planned for 2013
 - 2 wells drilled YTD
 - 2 rig program in 2013

Target Well Parameters

- Well cost: \$4 – 5 million
- Lateral length: 5,000 feet
- EUR per well: 550 MBOE
- TVD 5,500 feet



★ First 7 Wells
★ Last 4 Wells

Encana acreage
Oil Window

Well Name	Lateral Length (ft.)	# of Stages	Current Status
Escrito I24	3,982	18	300 bbls/d*
Lybrook A03	3,895	18	Waiting on tie-in
Escrito A36	3,966	18	Waiting on tie-in
Lybrook D22	4,501	18	Waiting on tie-in

*GOR is approximately 1,500 scf/bbl

Sources of Liquids Growth in 2013

Conservative Approach Allows Time to Evaluate Profitability

- Currently commercial liquids plays – Driving growth in 2013:
 - DJ Basin - oil
 - Piceance – liquids rich gas
 - Cutbank Ridge – liquids rich gas
 - Peace River Arch – liquids rich gas
 - Bighorn – liquids rich gas
 - Clearwater – oil
 - Jonah – liquids rich gas
- 70 – 75 Mbbbls/d expected total liquids 2013 exit rate
- Upside from emerging plays – greater impact in 2014/2015:
 - Duvernay – condensate
 - TMS – oil
 - San Juan – oil
 - Peace River Arch – oil
 - Other



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

July 30, 2013

Table 1											
McDep Large Cap Energy Stocks											
Enterprise Value, Business Segments and McDep Ratio											
					Present Value by Segment (%)						
					North	Rest					
					Amer.	of World					
Symbol/Rating		Price	EV/	Enterprise	Natural	Natural	Oil	Down-	McDep		
B = Buy, CB (see below)		(US\$/sh)	Market	Value	Gas	Gas	Prod'n	stream	Ratio		
		29-Jul	Cap	(\$mm)							
		2013									
Global Integrated											
Exxon Mobil Corporation	XOM	B	94.03	1.19	502,000	7	19	54	20	0.93	
Chevron Corporation	CVX	H	126.17	1.14	280,000	4	11	72	13	0.86	
PetroChina Company Ltd (14%)	PTR	H	117.22	1.53	46,100		13	79	8	0.83	
Royal Dutch Shell plc	RDS-A	H	67.68	1.33	284,000	4	22	55	19	0.74	
Petrobras	PBR	H	14.11	2.15	197,000		7	80	13	0.74	
Total S.A.	TOT	H	52.82	1.37	164,000		22	61	17	0.73	
Gazprom (50%)	OGZPY	H	7.85	1.44	65,000		14	19	67	0.48	
Lukoil Oil Company	LUKOY	CB	60.23	1.06	49,700			75	25	0.46	
<i>Total or Median</i>					<i>1.35</i>	<i>1,588,000</i>			<i>67</i>	<i>18</i>	<i>0.74</i>
U.S. Independent											
EOG Resources, Inc.	EOG	H	144.71	1.16	45,700	22	3	75	-	0.92	
Occidental Petroleum Corp.	OXY	H	90.48	1.14	82,900	8	1	80	11	0.85	
Marathon Oil Corporation	MRO	B	36.18	1.41	36,300	9	4	87	-	0.79	
ConocoPhillips	COP	H	65.19	1.43	114,000	14	12	74	-	0.73	
Devon Energy Corporation	DVN	CB	54.74	1.47	32,700	52		48	-	0.68	
<i>Total or Median</i>					<i>1.41</i>	<i>312,000</i>	<i>14</i>		<i>75</i>		<i>0.79</i>
Canada/Norway/Australia											
Woodside Petroleum Ltd.	WOPEY	H	34.58	1.19	34,000		69	31	-	0.97	
Imperial Oil Limited (30%)	IMO	H	42.24	1.26	13,600	2		79	19	0.84	
Cenovus Energy Inc.	CVE	H	29.80	1.33	30,100	13		67	20	0.76	
EnCana Corporation	ECA	CB	17.58	1.66	21,400	84		16	-	0.70	
Statoil ASA (33%)	STO	H	21.66	1.63	37,100		32	68	-	0.68	
Canadian Oil Sands Limited	COSWF	CB	19.78	1.24	11,900			100	-	0.63	
Suncor Energy	SU	H	31.84	1.31	63,300	2		77	21	0.63	
<i>Total or Median</i>					<i>1.31</i>	<i>211,000</i>			<i>68</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\$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 Weekly Analysis of Large Cap Oil and Gas Stocks

July 30, 2013

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		29-Jul 2013	(mm)				
B = Buy, CB (see below)								
Global Integrated								
Exxon Mobil Corporation	XOM	B	94.03	4,485	422,000	102.00	0.15	0.93
Chevron Corporation	CVX	H	126.17	1,944	245,000	150.00	0.11	0.86
PetroChina Company Ltd (14%)	PTR	H	117.22	256	30,000	155.00	0.29	0.83
Royal Dutch Shell plc	RDS-A	H	67.68	3,157	214,000	100.00	0.18	0.74
Petrobras	PBR	H	14.11	6,522	92,000	25.00	0.39	0.74
Total S.A.	TOT	H	52.82	2,274	120,000	80.00	0.20	0.73
Gazprom (50%)	OGZPY	H	7.85	5,735	45,000	20.00	0.15	0.48
Lukoil Oil Company	LUKOY	CB	60.23	776	46,700	135.00	0.03	0.46
<i>Total or Median</i>					<i>1,215,000</i>		<i>0.17</i>	<i>0.74</i>
U.S. Independent								
EOG Resources, Inc.	EOG	H	144.71	272	39,400	160.00	0.13	0.92
Occidental Petroleum Corp.	OXY	H	90.48	805	72,800	108.00	0.10	0.85
Marathon Oil Corporation	MRO	B	36.18	712	25,760	50.00	0.23	0.79
ConocoPhillips	COP	H	65.19	1,215	79,000	100.00	0.22	0.73
Devon Energy Corporation	DVN	CB	54.74	406	22,200	92.00	0.22	0.68
<i>Total or Median</i>					<i>239,200</i>		<i>0.22</i>	<i>0.79</i>
Canada/Norway/Australia								
Woodside Petroleum Ltd.	WOPEY	H	34.58	820	28,400	36.00	0.15	0.97
Imperial Oil Limited (30%)	IMO	H	42.24	255	10,800	52.00	0.17	0.84
Cenovus Energy Inc.	CVE	H	29.80	758	22,600	42.00	0.19	0.76
EnCana Corporation	ECA	CB	17.58	736	12,900	30.00	0.28	0.70
Statoil ASA (33%)	STO	H	21.66	1,050	22,700	38.00	0.26	0.68
Canadian Oil Sands Limited	COSWF	CB	19.78	485	9,600	34.00	0.12	0.63
Suncor Energy	SU	H	31.84	1,521	48,400	56.00	0.15	0.63
<i>Total or Median</i>					<i>155,000</i>		<i>0.17</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\$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 Weekly Analysis of Large Cap Oil and Gas Stocks

July 30, 2013

Table 3									
McDep Large Cap Energy Stocks									
Value Multiples and Dividend Yield									
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Dividend NTM	
	Symbol/Rating		29-Jul 2013	NTM	NTM	NTM	NTM	(%)	
B = Buy, CB (see below)									
Global Integrated									
	Exxon Mobil Corporation	XOM	B	94.03	13.3	6.9	6.5	11	2.7
	PetroChina Company Ltd (14%)	PTR	H	117.22	12.5	6.4	5.3	9	3.9
	Chevron Corporation	CVX	H	126.17	9.1	5.8	5.0	9	2.4
	Total S.A.	TOT	H	52.82	9.8	6.5	4.7	8	5.9
	Petrobras	PBR	H	14.11	11.1	6.3	4.7	5	3.4
	Royal Dutch Shell plc	RDS-A	H	67.68	9.6	6.1	4.5	8	5.3
	Lukoil Oil Company	LUKOY	CB	60.23	15.9	5.3	2.5	4	4.6
	Gazprom (50%)	OGZPY	H	7.85	31.0	4.4	2.1	3	4.7
	<i>Median</i>				11.8	6.2	4.7	8	4.3
U.S. Independent									
	Devon Energy Corporation	DVN	CB	54.74	10.2	9.6	6.6	15	1.2
	EOG Resources, Inc.	EOG	H	144.71	8.0	6.4	5.9	19	0.5
	Occidental Petroleum Corp.	OXY	H	90.48	10.3	6.7	5.7	13	2.8
	ConocoPhillips	COP	H	65.19	11.7	7.5	5.5	10	4.0
	Marathon Oil Corporation	MRO	B	36.18	9.1	6.3	4.9	11	1.9
	<i>Median</i>				10.2	6.7	5.7	13	1.9
Canada/Norway/Australia									
	Imperial Oil Limited (30%)	IMO	H	42.24	21.8	9.6	8.2	10	1.1
	Woodside Petroleum Ltd.	WOPEY	H	34.58	9.8	8.2	7.9	18	4.5
	EnCana Corporation	ECA	CB	17.58	6.7	10.9	7.6		4.6
	Canadian Oil Sands Limited	COSWF	CB	19.78	20.1	9.6	6.1	10	6.8
	Cenovus Energy Inc.	CVE	H	29.80	12.7	8.0	6.1	21	3.1
	Suncor Energy	SU	H	31.84	15.8	7.6	4.8	8	1.8
	Statoil ASA (33%)	STO	H	21.66	6.2	5.7	3.9	8	5.3
	<i>Median</i>				12.7	8.2	6.1	10	4.5
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 June 30, 2014; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses									



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks
July 30, 2013

				Equity						
			Price	Total						
			(\$/sh)	Return	Enterprise Value/					
	Symbol		29-Jul	YTD	52Wk	52Wk	50 Day	200 Day	McDep	
		Rating	2013	(%)	High	Low	Avg.	Avg.	Ratio	
Global Integrated										
	Chevron Corporation	CVX	H	126.17	19	0.99	1.22	1.03	1.08	0.86
	Exxon Mobil Corporation	XOM	B	94.03	10	0.99	1.09	1.02	1.04	0.93
	Total S.A.	TOT	H	52.82	5	0.97	1.12	1.04	1.04	0.73
	Royal Dutch Shell plc	RDS-A	H	67.68	1	0.93	1.06	1.02	1.01	0.74
	Lukoil Oil Company	LUKOY	CB	60.23	(11)	0.89	1.10	1.01	0.96	0.46
	Gazprom (50%)	OGZPY	H	7.85	(19)	0.77	1.14	1.05	0.94	0.48
	PetroChina Company Ltd (14%)	PTR	H	117.22	(17)	0.86	1.11	1.01	0.93	0.83
	Petrobras	PBR	H	14.11	(26)	0.74	1.07	0.96	0.89	0.74
	<i>Median</i>				(5)	0.91	1.11	1.02	0.98	0.74
U.S. Independent										
	EOG Resources, Inc.	EOG	H	144.71	20	0.97	1.42	1.05	1.13	0.92
	Occidental Petroleum Corp.	OXY	H	90.48	19	0.95	1.21	0.99	1.07	0.85
	Marathon Oil Corporation	MRO	B	36.18	19	0.97	1.26	1.01	1.07	0.79
	ConocoPhillips	COP	H	65.19	16	0.99	1.14	1.03	1.06	0.73
	Devon Energy Corporation	DVN	CB	54.74	6	0.90	1.05	0.99	0.99	0.68
	<i>Median</i>				19	0.97	1.21	1.01	1.07	0.79
Canada/Norway/Australia										
	Imperial Oil Limited (30%)	IMO	H	42.24	(1)	0.87	1.11	1.05	1.01	0.84
	Suncor Energy	SU	H	31.84	(3)	0.91	1.14	1.03	1.00	0.63
	Canadian Oil Sands Limited	COSWF	CB	19.84	0	0.88	1.08	1.02	0.98	0.63
	Woodside Petroleum Ltd.	WOPEY	H	34.58	(0)	0.89	1.09	1.01	0.97	0.97
	Cenovus Energy Inc.	CVE	H	29.80	(10)	0.84	1.07	1.00	0.95	0.76
	EnCana Corporation	ECA	CB	17.58	(9)	0.81	1.04	0.99	0.94	0.70
	Statoil ASA (33%)	STO	H	21.66	(9)	0.86	1.05	0.99	0.94	0.68
	<i>Median</i>				(3)	0.87	1.08	1.01	0.97	0.70

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



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

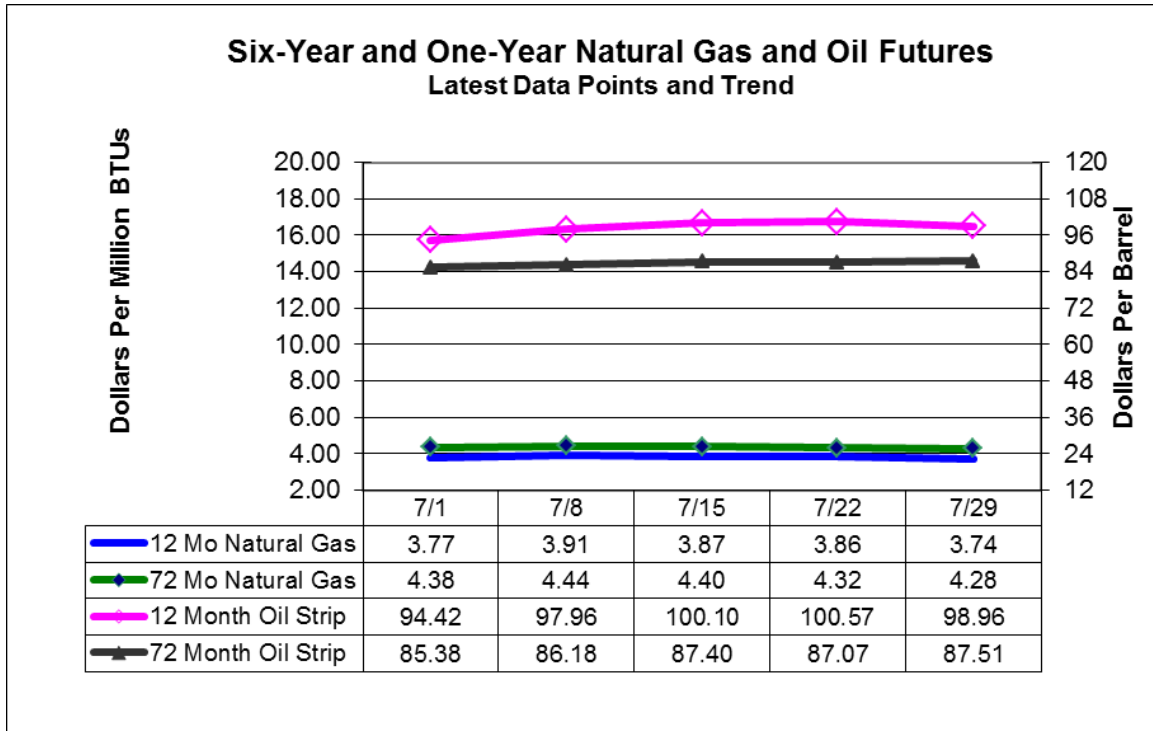
July 30, 2013

Index of Recent Research			
Stock Ideas			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
26-Jul	WLL	Whiting Petroleum	Western Williston and Red Tail (Income and Small Cap Weekly)
23-Jul	WOPEY	Woodside Petroleum, Ltd.	Distributing LNG Cash (Meter Reader)
19-Jul	SJT	San Juan Basin Royalty Trust	Acreage 75% in Liquids-Rich Shale Zone (Income and Small Cap Weekly)
16-Jul	COSWF, SU	Canadian Oil Sands Ltd, Suncor	Buy Canadian Oil Sands, Hold Suncor (Meter Reader)
12-Jul	PBT	Permian Basin Royalty Trust	Stock Price Recovering from Short-Term Overreaction
9-Jul	MRO	Marathon Oil	Bakken Strengthens (Meter Reader)
5-Jul	LINE	Linn Energy	Stock Undervalued while SEC Probes (Income and Small Stock Weekly)
21-Jun	RRC	Range Resources	Superlatives (Income and Small Cap Weekly)
11-Jun	XOM	Exxon Mobil	5% a Year Growth per Share (Meter Reader)
7-Jun	XEC	Cimarex Energy	Uncovering Culberson Value (Income and Small Cap Weekly)
4-Jun	DVN	Devon Energy	Natural Gas Strength, Oil Growth (Meter Reader)
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)
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)
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)
28-Mar	PEYUF	Peyto Exploration and Development	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)
1-Mar	ERF	Enerplus Corporation	Back on Track, Discontinue Buy (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)
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner (Income and Small Cap Weekly)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
23-Jul	WOPEY	Woodside Petroleum, Ltd.	Distributing LNG Cash
16-Jul	COSWF, SU	Canadian Oil Sands Ltd, Suncor	Buy Canadian Oil Sands, Hold Suncor
9-Jul	MRO	Marathon Oil	Bakken Strengthens
2-Jul			Large Cap Oil and Gas Strategy
25-Jun			Reduce Long-Term Oil Price to \$90 a Barrel
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
26-Jul	WLL	Whiting Petroleum	Western Williston and Red Tail
19-Jul	SJT	San Juan Basin Royalty Trust	Acreage 75% in Liquids-Rich Shale Zone
12-Jul	PBT	Permian Basin Royalty Trust	Stock Price Recovering from Short-Term Overreaction
5-Jul	LINE	Linn Energy	Stock Undervalued while SEC Probes
28-Jun			Innovators Profiting from Shale Oil at \$90 a Barrel
For earlier editions, go to mcdep.com , click on Energy Income .			



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks
July 30, 2013



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.