

U.S. Energy Independence Anticipation Advancing

Summary and Recommendation

Favorable progress in 2013 increases the probability of U.S. energy independence by 2020 to 20%, in our assessment. Until now we had thought the chances of the country producing so much oil so soon were nil. For the second year in a row, the U.S. is adding more than a million barrels daily (mmbd) to oil and natural gas liquids (NGL) production. Equating energy independence to oil independence, the country needs another 7 mmbd to displace net imported oil (see chart <u>Trend to Energy Independence</u> on page 2). Our outlook for price to balance supply and demand is unchanged at \$90 a barrel adjusted for inflation. The improving U.S. oil supply outlook reinforces our investment strategy to commit most of the portfolio to equities. While our professional emphasis is entirely on oil and gas, we like the prospects for the whole global stock market as a result of drilling and fracking innovations. Practically all of the stocks in the U.S., Small Cap and RTF groups have beneficial exposure to U.S. Energy Independence.

Gratifying Progress, Formidable Challenge

On the current track, the U.S. may match in 2014 its historical peak oil and NGL production of 11 mmbd achieved in the 1970s. The Energy Information Administration (EIA) estimates that the U.S. surpassed Russia this year and Saudi Arabia last year to become the world's largest producer of petroleum, broadly defined to include not only oil and NGL, but also biofuels and refinery gain. Such achievements seemed out of reach only a few years ago.

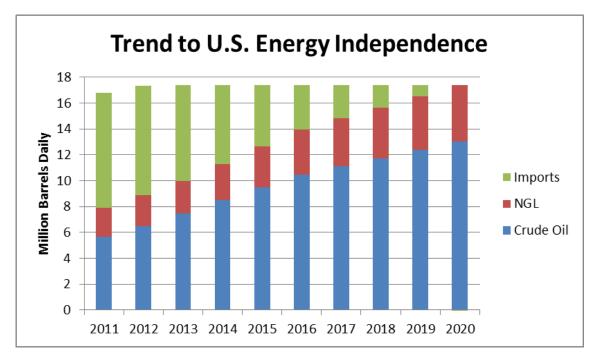
Continued high growth to 2020 would require enormous commitments of hundreds of billions of dollars. The challenge of growth intensifies because new wells decline perhaps 50% in the first year requiring that each year's new production replace previous years' decline before raising the total volume. A reasonable person might readily conclude that energy independence may remain elusive. Yet we have been favorably surprised so far and are optimistic about further gains while paying close attention to current progress.

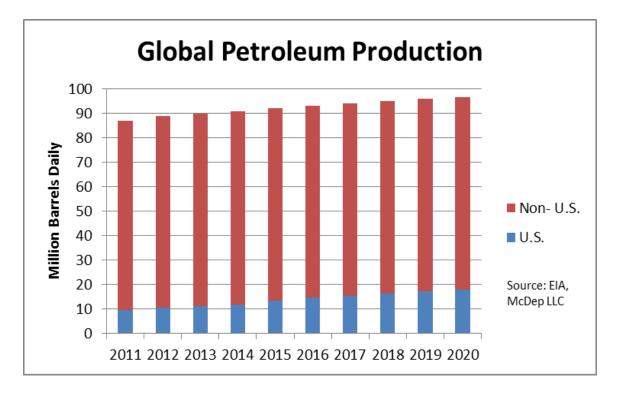
Big Global Market Moderates Price

At energy independence in 2020, the U.S. would have perhaps a 19% share of global petroleum up from about 12% today (see chart <u>Global Petroleum Production</u> on page 2). We think that is enough to dampen any tendency for large increases in today's price of crude oil, but not enough to depress the price below current quotes for long. As a result, our global price outlook remains at \$90 a barrel before adjustment for future inflation. The current futures price is \$88 a barrel for delivery over the next six years. Whether or not the futures quote is a forecast of price is debatable. Nonetheless, it is a widely observed frame of reference. When we translate growing volume and moderate price to stocks we see attractive values (see <u>Tables 1-4</u> on pages 3-6).

Kurt H. Wulff, CFA









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Er	nterpri	se `	Value, S	Segmei	nts, Yield	and Mo	cDep R	atio			
						Drasar	it Value by	Sagma	nt (0/2)		
			Price			North	Rest of	segmer	11 (70)	Dist.	
			(US\$/sh)	EV/	Enterprise	Amer.	World			Yield	
5	mbol/Rat		7-Oct	Market	Value	Natural	Natural	0:1	Down-	NTM	McDe
B = Buy, CH		0	2013	Сар	(\$mm)	Gas	Gas	Prod'n		(%)	Ratio
Global Integrated		0w)	2015	Cup	(\$mm)	Gus	Gus	11001	streum	(70)	Kunt
Exxon Mobil Corporation	XOM	CB	85.90	1.22	464,000	7	19	54	20	2.9	0.87
Chevron Corporation	CVX		117.87	1.16	265,000	4	11	72	13	3.4	0.87
Total S.A.	TOT		58.09	1.10	178,000	4	22	61	13	5.5	0.81
Royal Dutch Shell plc	RDS-A		64.76	1.35	275,000	4	21	55	17	5.6	0.78
Lukoil Oil Company	LUKOY		64.01	1.13	56,200	4	21	75	25	4.4	0.71
Total or Median	LUKUI	D	04.01	1.13	1,238,000			61	19	4.4	0.31
U.S. Independent				1.22	1,238,000			01	19	4.4	0.70
EOG Resources, Inc.	EOG	ц	172.83	1.13	53,200	22	4	74		0.4	0.96
Occidental Petroleum Corp.	OXY		95.28	1.13	86,800	9	4	74	11	2.7	0.90
ConocoPhillips	COP		95.28	1.13	120,000	15	13	79	11	3.9	0.89
Marathon Oil Corporation	MRO		34.72	1.41	35,300	9	4	87		2.2	0.76
Devon Energy Corporation	DVN		58.36	1.42	33,300	49	4	51		1.5	0.70
Total or Median	DVIN	D	36.30	1.43	329,000	15		74		2.2	0.07
Canada/Australia				1.41	529,000	15		/4		2.2	0.77
Woodside Petroleum Ltd.	WODEV	TT	25.20	1 17	24.000		60	21		4.7	0.09
Imperial Oil Limited (30%)	WOPEY		35.30	1.17	34,000	2	69	31 79	18	4.7	0.98
1	IMO CVE		43.01		14,100					3.2	
Cenovus Energy Inc. EnCana Corporation			29.27	1.34	29,700	13		67	20	4.7	0.75
1	ECA		17.10	1.67	21,100	84		16			0.69
Canadian Oil Sands Limited	COSWF	СВ	19.29	1.27	11,900			100		7.0	0.62
Total or Median				1.28	111,000			67		4.7	0.75
Small Cap Independent Produ			(5.24	1.20	2 800	22		(9			1.20
PDC Energy	PDCE	D	65.24	1.39	2,800	32		68		-	1.29
Continental Resources (32%)	CLR		110.61	1.22	8,000	16		84		-	0.94
Cimarex Energy Company	XEC	в	99.63	1.16	10,000	43		57		0.6	0.92
Peyto Exploration and Developr		D	29.86	1.18	5,200	80		20		2.5	0.89
Range Resources	RRC		75.56	1.29	15,700	74		26		0.2	0.87
Whiting Petroleum Corporation		в	62.56	1.31	9,700	8		92		-	0.87
Halcón Resources	HK		4.77	2.48	5,200	8		92		-	0.84
WPX Energy Inc.	WPX	CD	19.63	1.57	6,300	68		32		-	0.83
Birchcliff Energy Ltd.	BIREF	CB	6.76	1.44	1,600	69		31		-	0.65
Total or Median				1.31	65,000	43		57		-	0.87
RTF Cash Payers				105	1 (10						1.00
Freehold Royalties Ltd.	FRHLF	D	22.97	1.05	1,610	16		84		7.1	1.09
Dorchester Minerals, L.P.	DMLP	В	23.98	1.00	740	54		46		7.7	0.92
Sabine Royalty Trust	SBR		52.70	1.00	770	52		48		7.7	0.82
Permian Basin RT	PBT	_	14.41	1.00	670	19		81		8.3	0.80
San Juan Basin Royalty Trust	SJT		16.29	1.00	760	100		-		5.4	0.78
Mesa RoyaltyTrust	MTR		22.41	1.00	40	75		25		8.8	0.75
Enduro Royalty Trust	NDRO		12.41	1.00	410	48		52		12.4	0.73
Cross Timbers Royalty Trust	CRT		29.05	1.00	170	70		30		9.4	0.69
Hugoton RoyaltyTrust	HGT		7.43	1.00	300	90		10		10.7	0.62
Total or Median				1.00	5,500					8.3	0.78
CB=Contrarian Buy, Stock Price	e may be in	n do	wntrend co	ompared to	o 200-day aver	rage. H =	Hold				



	1 7	n	Table 2	64				
	Mc	Dep	Energy	Stocks				
Net	Presen	t Va	lue and	McDep	Ratio			
			Price		16 1 .	Net	D. 1. (
	C 1 1/D	<i></i>	(US\$/sh)	C1	Market	Present	Debt/	MD
	Symbol/R		7-Oct	Shares	Cap	Value	Present	McDe
,	CB (see b	elow)	2013	<i>(mm)</i>	(US\$mm)	(US\$/sh)	Value	Rati
Global Integrated	VOM	CD	85.00	4.433	291.000	102.00	0.16	0.07
Exxon Mobil Corporation	XOM CVX	CB H	85.90 117.87	1,937	381,000 228,000	102.00	0.16	0.87
Chevron Corporation Total S.A.	TOT	H	58.09	2,274	132,000	80.00	0.11	0.81
Royal Dutch Shell plc	RDS-A	н Н	64.76	3,159	205,000	100.00	0.20	0.71
	LUKOY	В	64.01	776	49,700	135.00	0.18	0.71
Lukoil Oil Company Total or Median	LUKUI	D	04.01	//0	996,000	155.00	0.00	0.51
					990,000		0.10	0.76
U.S. Independent EOG Resources, Inc.	EOG	Н	172.83	273	47,200	180.00	0.11	0.96
Occidental Petroleum Corp.	OXY	H	95.28	805	76,700	108.00	0.11	0.90
ConocoPhillips	COP	H	70.88	1,209	86,000	108.00	0.10	0.85
Marathon Oil Corporation	MRO	B	34.72	714	24,790	50.00	0.22	0.76
Devon Energy Corporation	DVN	B	58.36	407	24,790	100.00	0.23	0.70
Total or Median	DVIN	Б	38.30	407	258,500	100.00	0.20	0.07
Canada/Australia					238,300		0.20	0.77
Woodside Petroleum Ltd.	WOPEY	Н	35.30	823	29,100	36.00	0.14	0.98
Imperial Oil Limited (30%)	IMO	H	43.01	255	11,000	52.00	0.14	0.98
Cenovus Energy Inc.	CVE	H	29.27	758	22,200	42.00	0.19	0.80
EnCana Corporation	ECA	CB	17.10	736	12,600	30.00	0.19	0.75
Canadian Oil Sands Limited	COSWF	CB	19.29	485	9,400	34.00	0.28	0.62
Total or Median	COSWF	СБ	19.29	465	9,400	54.00	0.13	0.02
Small Cap Independent Producers					84,000		0.19	0.7.
PDC Energy	PDCE		65.24	31	2,000	45.00	0.36	1.29
Continental Resources (32%)	CLR	В	110.61	59	6,600	120.00	0.17	0.94
Cimarex Energy Company	XEC	B	99.63	87	8,600	110.00	0.17	0.94
Peyto Exploration and Development Corp.		D	29.86	149	4,500	34.00	0.13	0.92
Range Resources	RRC	В	75.56	161	12,200	90.00	0.13	0.87
Whiting Petroleum Corporation	WLL	B	62.56	119	7,400	75.00	0.19	0.87
Halcón Resources	HK	D	4.77	441	2,100	7.00	0.20	0.84
WPX Energy Inc.	WPX		19.63	204	4,000	26.00	0.30	0.83
Birchcliff Energy Ltd.	BIREF	CB	6.76	166	1,100	12.00	0.20	0.65
Total or Median	DIKLI	CD	0.70	100	49,000	12.00	0.20	0.87
RTF Cash Payers					47,000		0.20	0.07
Freehold Royalties Ltd.	FRHLF		22.97	67	1,530	21.00	0.05	1.09
Dorchester Minerals, L.P.	DMLP	В	23.98	31	740	26.00	0.05	0.92
Sabine Royalty Trust	SBR	J	52.70	15	740	64.00	-	0.92
Permian Basin RT	PBT		14.41	47	670	18.00	-	0.82
San Juan Basin Royalty Trust	SJT	В	16.29	47	760	21.00		0.30
Mesa RoyaltyTrust	MTR	D	22.41	2	40	30.00	-	0.75
Enduro Royalty Trust	NDRO		12.41	33	40	17.00	-	0.73
Cross Timbers Royalty Trust	CRT		29.05	6	170	42.00	-	0.7
Hugoton RoyaltyTrust	HGT		7.43	40	300	12.00	-	0.62
Total or Median	101		1.45	40	5,400	12.00	-	0.02
CB=Contrarian Buy, Stock Price may be in							-	0.70

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



		`	Table 3	a, 1				
		-	Energy					
	Value N	Ault	iples and	l Dividen	nd			
	Rai	ıked	l by EV/I	E bitda				
			Price	Adjustd	DL//	TU 7/		D: · /
	1.1/D		(US\$/sh)	Resrvs/	PV/	EV/	D/F	Dividend
•	ymbol/Rat	0	7-Oct	Prod	Ebitda	Ebitda	P/E	NTM
B = Buy, C Global Integrated	B (see bel	.0W)	2013	NTM	NTM	NTM	NTM	(\$/sh
Exxon Mobil Corporation	XOM	CB	85.90	13.2	7.3	6.3	11	2.52
Chevron Corporation	CVX	Н	117.87	9.3	6.3	5.1	9	4.00
Total S.A.	TOT	H	58.09	9.9	6.3	4.9	9	3.20
Royal Dutch Shell plc	RDS-A	H	64.76	9.7	6.5	4.6	9	3.60
Lukoil Oil Company	LUKOY	B	64.01	15.8	6.0	3.0	6	2.79
Median	Lenor		01.01	9.9	6.3	4.9	9	2.79
U.S. Independent								
EOG Resources, Inc.	EOG	Н	172.83	7.3	6.3	6.1	21	2.56
ConocoPhillips	COP	H	70.88	11.4	7.8	6.0	12	0.75
Occidental Petroleum Corp.	OXY	H	95.28	10.1	6.6	5.9	13	2.76
Devon Energy Corporation	DVN	В	58.36	10.1	8.7	5.8	14	0.76
Marathon Oil Corporation	MRO	В	34.72	9.4	6.6	5.0	12	0.88
Median				10.1	6.6	5.9	13	
Canada/Australia								
Woodside Petroleum Ltd.	WOPEY	Η	35.30	9.8	8.2	8.0	17	1.66
Imperial Oil Limited (30%)	IMO	Η	43.01	20.2	9.2	7.9	9	0.47
EnCana Corporation	ECA	CB	17.10	6.6	10.1	7.0	10	0.94
Canadian Oil Sands Limited	COSWF	CB	19.29	19.9	9.4	5.9	9	1.36
Cenovus Energy Inc.	CVE	Η	29.27	12.2	7.7	5.8	19	0.80
Median				12.2	9.2	7.0	10	
Small Cap Independent Producers								
Range Resources	RRC	В	75.56	13.1	15.2	13.2	57	0.16
PDC Energy	PDCE		65.24	15.3	10.2	13.1	68	-
Peyto Exploration and Development Corp.	PEYUF		29.86	8.9	11.2	10.0	21	0.76
Birchcliff Energy Ltd.	BIREF	CB	6.76	18.6	13.1	8.5	29	
WPX Energy Inc.	WPX		19.63	8.0	9.5	7.8		
Continental Resources (32%)	CLR	В	110.61	11.4	8.2	7.7	18	
Cimarex Energy Company	XEC	В	99.63	7.4	7.1	6.5	14	0.56
Halcón Resources	HK		4.77	4.2	6.5	5.5	6	
Whiting Petroleum Corporation	WLL	B	62.56	8.5	4.9	4.2	10	
Median				8.9	9.5	7.8	19	
RTF Cash Payers								
San Juan Basin Royalty Trust	SJT	B	16.29	9.8	17.0	13.2	18	0.89
Sabine Royalty Trust	SBR		52.70	10.1	15.7	13.0	13	4.07
Freehold Royalties Ltd.	FRHLF		22.97	4.8	10.9	11.8	27	1.63
Dorchester Minerals, L.P.	DMLP	B	23.98	7.3	11.5	10.6	17	1.85
Cross Timbers Royalty Trust	CRT		29.05	12.3	14.1	9.8	11	2.72
Mesa RoyaltyTrust	MTR		22.41	5.0	12.4	9.3	11	1.97
Hugoton RoyaltyTrust	HGT		7.43	12.8	12.8	7.9	9	0.80
Permian Basin RT	PBT		14.41	12.7	9.8	7.8	12	1.20
Enduro Royalty Trust	NDRO		12.41	6.2	10.2	7.5	8	1.54
Median				9.8	12.4	9.8	12	
CB=Contrarian Buy, Stock Price may be in	downtren	d com	pared to 200)-day averag	e. $H = Hold$			
EV = Enterprise Value = Market Cap and D	ebt; Ebitda	a = Ea	rnings befor	e interest, ta	ax, depreciat	ion		
and amortization; NTM = Next Twelve Mor	the Ended	Sant		14 D/E C	to als Dai an A			

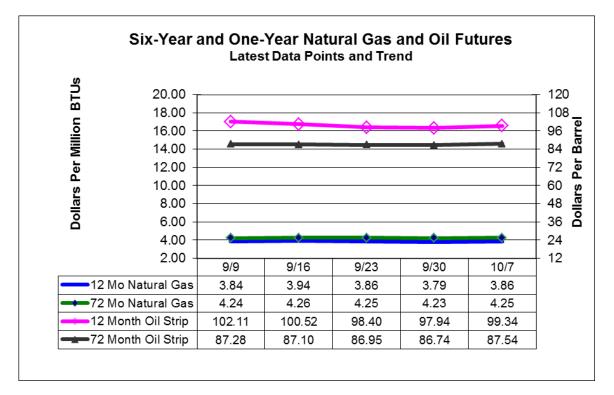


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Equity Equity Equity Enterprise Function Symbol Price Total Enterprise Value Symbol 7-Oct YID 52Wk <		Ranked	l by F	V/200-	Dav Ave	erage				
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$										
Symbol $7-Oct$ YTD $52Wk$ $50Day$ $20Day$ Me Global Integrated 2013 (%) High Low $Avg.$ <th></th> <th></th> <th></th> <th>Price</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>				Price						
Symbol $7-Oct$ YTD $52Wk$ $50Day$ $20Day$ Me Global Integrated 2013 (%) High Low $Avg.$ <td></td> <td></td> <td></td> <td>(\$/sh)</td> <td>Return</td> <td>1</td> <td>Enterpri</td> <td>se Value/</td> <td>·</td> <td></td>				(\$/sh)	Return	1	Enterpri	se Value/	·	
Rating 2013 (%) High Low Arg. Arg. Ref Global Integrated TOT H 58.09 17 0.99 1.18 1.03 1.09 C Lukoil Oil Company LUKOY B 64.01 (3) 0.95 1.16 1.05 1.02 0.09 C Rayal Duch Shell ple RDS-A H 64.76 (2) 0.91 1.02 1.00 0.98 C Royal Duch Shell ple RDS-A H 64.76 (2) 0.91 1.02 1.00 0.98 C ConcocPhillips COP H 772.83 44 0.99 1.50 1.07 1.22 C ConcocPhillips COP H 70.88 26 1.00 1.03 1.00 0.01 1.03 1.08 C Occidental Petroleum Corp. QXY H 95.28 28 0.99 1.21 1.01 1.03 C C C C		Symbol			YTD					McDep
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Lukoil Oil Company LUKOY B 64.01 (3) 0.95 1.16 1.05 1.02 C Chevron Corporation CVX H 117.87 12 0.93 1.14 0.97 0.99 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.00 0.98 0.0 0.97 0.09 0.09 0.09 0.09 0.09 0.09 0.00 0.98 0.0 0.09 0.01 0.09 0.07 0.09 0.07 0.02 0.03 1.14 1.00 0.09 0.00 0.00 0.09 1.02 1.03 1.00 0.09 1.01 1.03 0.00 0.00 0.00 1.03 0.00 0.00 0.00 0.00 1.03 1.00 0.09 1.03 1.00 0.09 1.03 1.08 0.00 0.01 0.03 1.01 0.03 1.01 0.03 1.01<	Global Integrated									
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total S.A.	TOT	Н	58.09	17	0.99	1.18	1.03	1.09	0.78
Royal Dutch Shell plc RDS-A H 64.76 (2) 0.91 1.02 1.00 0.98 C Exxon Mobil Corporation XOM CB 85.90 2 0.92 1.11 0.09 0.97 0.93 1.10 1.03 1.08 0 0 0 0 1.08 0 0 0 0 0 0 0 0 0	Lukoil Oil Company	LUKOY	В	64.01	(3)	0.95	1.16	1.05	1.02	0.51
Exxon Mobil Corporation XOM CB 85.90 2 0.92 1.01 0.97 0.97 0.97 Median 2 0.93 1.14 1.00 0.99 0.97 0.07	Chevron Corporation	CVX	Н	117.87	12	0.93	1.14	0.97	0.99	0.81
Median 2 0.93 1.14 1.00 0.99 0 COG Resources, Inc. EOG H 172.83 44 0.99 1.50 1.00 1.22 0 ConcocPhillips COP H 70.88 26 1.00 1.20 1.03 1.10 0 0 0 0 0.99 1.03 1.10 1.03 0 0 0 0 0 0.95 1.10 1.03 1.08 0	Royal Dutch Shell plc	RDS-A	Н	64.76	(2)	0.91	1.02	1.00	0.98	0.71
US. Independent EOG H IT2.83 It4 0.99 I.50 I.07 I.22 O ConocoPhillips COP H 70.88 26 1.00 1.20 1.03 1.10 0 Concidental Pertoleum Corp. OXY H 95.28 28 0.99 1.27 1.05 1.08 0 Occidental Petroleum Corp. OXY H 95.28 28 0.99 1.20 1.03 1.08 0 Marathon Oil Corporation MRO B 34.72 16 0.99 1.20 1.03 1.08 0 Canada/Australia MO H 43.01 1 0.93 1.11 1.00 0.99 0.96 0 Canadia Oil Sands Limited COSWF CB 19.30 (1) 0.90 1.06 0.99 0.98 0 Canadia Oil Sands Limited COSWF CB 19.30 (1) 0.90 0.60 1.00 0.99 0.96 0	Exxon Mobil Corporation	XOM	CB	85.90	2	0.92	1.01	0.97	0.97	0.87
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$\begin{array}{c c c c c c c c c c c c c c c c c c c $	U.S. Independent									
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		EOG	Н	172.83	44	0.99	1.50	1.07	1.22	0.96
Occidental Petroleum Corp. OXY H 95.28 28 0.99 1.27 1.05 1.08 0 Devon Energy Corporation DVN B 58.36 14 0.95 1.10 1.01 1.03 0 Marathon Oil Corporation MRO B 34.72 16 0.94 1.14 0.99 1.03 1.08 0 Canada/Australia MRO H 43.01 1 0.93 1.12 1.01 1.03 0.02 Woodside Petroleum Ltd. WOPEY H 35.30 5 0.90 1.11 1.00 0.99 0.88 0 Canadian Oil Sands Limited COSWF CB 19.30 (1) 0.90 1.06 0.99 0.98 0 Canadia Corporation ECA CB 17.10 (10) 0.80 1.02 0.99 0.98 0 Small Cap Independent Producers Imperiade Imperiade Imperiade Imperiade Imperiade Imperiade Imperiade </td <td></td> <td>COP</td> <td>Н</td> <td>70.88</td> <td>26</td> <td>1.00</td> <td>1.20</td> <td>1.03</td> <td>1.10</td> <td>0.77</td>		COP	Н	70.88	26	1.00	1.20	1.03	1.10	0.77
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Occidental Petroleum Corp.	OXY	Н		28	0.99	1.27	1.05	1.08	0.89
Marathon Oil Corporation MRO B 34.72 16 0.94 1.14 0.99 1.01 0.01 Median Median Redian 26 0.99 1.20 1.03 1.08 0.01 Imperial Oil Limited (30%) IMO H 43.01 1 0.93 1.12 1.01 1.03 0.02 Canadian Oil Sands Limited COSWF CB 19.30 (11) 0.90 1.06 0.99 0.98 0.02 Canadian Oil Sands Limited COSWF CB 19.30 (11) 0.90 1.06 0.99 0.96 0.02 Canadia Corporation ECA CB 17.10 (10) 0.80 1.02 0.97 0.02 Canadia Corporation ECA CB 91.01 0.100 0.80 1.00 1.00 0.98 1.61 1.14 1.30 0.02 Cimare Senergy Company XEC B 99.63 75 <t< td=""><td></td><td>DVN</td><td>В</td><td>58.36</td><td>14</td><td>0.95</td><td>1.10</td><td>1.01</td><td>1.03</td><td>0.67</td></t<>		DVN	В	58.36	14	0.95	1.10	1.01	1.03	0.67
Canada/Australia Image of the state of the		MRO	В	34.72	16	0.94	1.14	0.99	1.01	0.76
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	Median				26	0.99	1.20	1.03	1.08	0.77
Woodside Petroleum Ltd. WOPEY H 35.30 5 0.90 1.11 1.00 0.99 0.09 Canadian Oil Sands Limited COSWF CB 19.30 (1) 0.90 1.06 0.99 0.98 0.09 Cenovus Energy Inc. CVE H 29.27 (10) 0.86 1.02 0.99 0.96 0.09 Median CCX CB 17.10 (10) 0.80 1.02 0.99 0.96 0.09 Small Cap Independent Producers (1) 0.90 1.06 1.00 0.98 0.61 0.00 0.98 0.61 Small Cap Independent Producers (1) 0.90 1.06 1.00 0.98 0.06 0.98 1.61 1.14 1.30 0.06 Small Cap Independent Producers XEC B 99.63 75 0.98 1.61 1.14 1.30 0.02 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 1	Canada/Australia									
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Canadian Oil Sands Limited COSWF CB 19.30 (1) 0.90 1.06 0.99 0.98 0.00 Cenovus Energy Inc. CVE H 29.27 (10) 0.86 1.05 1.00 0.97 0 EnCana Corporation ECA CB 17.10 (10) 0.80 1.02 0.99 0.96 0 Small Cap Independent Producers Median (1) 0.90 1.06 1.00 0.98 0.98 Small Cap Independent Producers 1 1.14 1.30 0 Cimarex Energy Company XEC B 99.63 75 0.98 1.61 1.14 1.30 0 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 0 Quest Exploration and Development PEYUF 29.86 32 0.95 1.29 1.05 1.09 0 Range Resources RRC B 7	Woodside Petroleum Ltd.	WOPEY	Н	35.30	5	0.90	1.11	1.00	0.99	0.98
EnCana Corporation ECA CB 17.10 (10) 0.80 1.02 0.99 0.96 0.00 Median (1) 0.90 1.06 1.00 0.98 0.06 Small Cap Independent Producers (1) 0.90 1.06 1.00 0.98 0.06 Cimarex Energy Company XEC B 99.63 75 0.98 1.61 1.14 1.30 0.00 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 0.00 Whiting Petroleum Corporation WLL B 62.56 46 0.97 1.38 1.13 1.20 0.00 WPX Energy Inc. WPX 19.63 34 0.95 1.22 1.02 1.08 0.02 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0.02 Median Median 14.41 23 0.95 1.21 1.06	Canadian Oil Sands Limited		CB	19.30	(1)	0.90	1.06	0.99	0.98	0.62
EnCana Corporation ECA CB 17.10 (10) 0.80 1.02 0.99 0.96 0.00 Median (1) 0.90 1.06 1.00 0.98 0.06 Small Cap Independent Producers (1) 0.90 1.06 1.00 0.98 0.06 Cimarex Energy Company XEC B 99.63 75 0.98 1.61 1.14 1.30 0.00 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 0.00 Whiting Petroleum Corporation WLL B 62.56 46 0.97 1.38 1.13 1.20 0.00 WPX Energy Inc. WPX 19.63 34 0.95 1.22 1.02 1.08 0.02 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0.02 Hadion Resources HK 4.77 (31) 0.77 1.03 0.98 </td <td>Cenovus Energy Inc.</td> <td>CVE</td> <td>Н</td> <td>29.27</td> <td>(10)</td> <td>0.86</td> <td>1.05</td> <td>1.00</td> <td>0.97</td> <td>0.75</td>	Cenovus Energy Inc.	CVE	Н	29.27	(10)	0.86	1.05	1.00	0.97	0.75
Median Image: Median </td <td>05</td> <td></td> <td>CB</td> <td></td> <td>(10)</td> <td>0.80</td> <td>1.02</td> <td>0.99</td> <td>0.96</td> <td>0.69</td>	05		CB		(10)	0.80	1.02	0.99	0.96	0.69
Cimarex Energy Company XEC B 99.63 75 0.98 1.61 1.14 1.30 0 PDC Energy PDCE 65.24 96 0.98 1.77 1.09 1.21 1 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 0 Whiting Petroleum Corporation WLL B 62.56 46 0.97 1.38 1.13 1.20 0 Peyto Exploration and Development PEYUF 29.86 32 0.95 1.22 1.02 1.08 0 0 Range Resources RRC B 75.56 22 0.91 1.18 0.98 0.92 0 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.89 0 0 0 Halcón Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0 0 Basin Royalty Trust SBR 52.70 41 0.96 1.36 1.01 1.07 <td>•</td> <td></td> <td></td> <td></td> <td>(1)</td> <td>0.90</td> <td>1.06</td> <td>1.00</td> <td>0.98</td> <td>0.75</td>	•				(1)	0.90	1.06	1.00	0.98	0.75
Cimarex Energy Company XEC B 99.63 75 0.98 1.61 1.14 1.30 0 PDC Energy PDCE 65.24 96 0.98 1.77 1.09 1.21 1 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 0 Whiting Petroleum Corporation WLL B 62.56 46 0.97 1.38 1.13 1.20 0 Peyto Exploration and Development PEYUF 29.86 32 0.95 1.22 1.02 1.08 0 WPX Energy Inc. WPX 19.63 34 0.95 1.22 1.02 1.08 0 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0 0 Halcón Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0 0 Bermian Basin RT PBT 14.41 23 0.95 1.21 1.06 1.09 0 0 <tr< td=""><td>Small Cap Independent Producers</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr<>	Small Cap Independent Producers									
PDC Energy PDCE 65.24 96 0.98 1.77 1.09 1.21 1 Continental Resources (32%) CLR B 110.61 52 0.97 1.49 1.10 1.21 0 Whiting Petroleum Corporation WLL B 62.56 46 0.97 1.38 1.13 1.20 0 Peyto Exploration and Development PEYUF 29.86 32 0.95 1.29 1.05 1.09 0 WPX Energy Inc. WPX 19.63 34 0.95 1.22 1.02 1.08 0 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0 Halcón Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0 0 Brernian Basin RT PBT 14.41 23 0.95 1.21 1.06 1.09 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 <		XEC	В	99.63	75	0.98	1.61	1.14	1.30	0.92
Continental Resources (32%)CLRB110.6152 0.97 1.49 1.10 1.21 CWhiting Petroleum CorporationWLLB 62.56 46 0.97 1.38 1.13 1.20 CPeyto Exploration and DevelopmentPEYUF 29.86 32 0.95 1.29 1.05 1.09 CWPX Energy Inc.WPX 19.63 34 0.95 1.22 1.02 1.08 CRange ResourcesRRCB 75.56 22 0.91 1.18 0.98 0.92 CBirchcliff Energy Ltd.BIREFCB 6.76 (10) 0.82 1.01 0.98 0.92 CHalcón ResourcesHK 4.77 (31) 0.77 1.03 0.98 0.89 CPermian Basin RTPBT 14.41 23 0.95 1.21 1.06 1.09 CSabine Royalty TrustSBR 52.70 41 0.96 1.36 1.01 1.07 CSan Juan Basin Royalty TrustCRT 29.05 14 0.91 1.23 1.01 1.02 CDorchester Minerals, L.P.DMLPB 23.98 25 0.94 1.14 1.01 1.00 1.02 CFreehold Royalties Ltd.FRHLF 22.97 9 0.94 1.14 1.01 1.00 1.98 0.98 0.98 0.98 Loron RoyaltyTrustMTR 22.41 23 0.82 1.20 <t< td=""><td></td><td></td><td></td><td></td><td>96</td><td>0.98</td><td>1.77</td><td>1.09</td><td>1.21</td><td>1.29</td></t<>					96	0.98	1.77	1.09	1.21	1.29
Whiting Petroleum Corporation WLL B 62.56 46 0.97 1.38 1.13 1.20 0 Peyto Exploration and Development PEYUF 29.86 32 0.95 1.29 1.05 1.09 0 WPX Energy Inc. WPX 19.63 34 0.95 1.22 1.02 1.08 0 Range Resources RRC B 75.56 22 0.91 1.18 0.98 0.92 0 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0 Halcón Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0 0 RTF Cash Payers	• 13		В	110.61	52	0.97	1.49	1.10	1.21	0.94
Peyto Exploration and Development PEYUF 29.86 32 0.95 1.29 1.05 1.09 0 WPX Energy Inc. WPX 19.63 34 0.95 1.22 1.02 1.08 0 Range Resources RRC B 75.56 22 0.91 1.18 0.98 1.00 0 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0 Halcón Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0<					46					0.87
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Range Resources RRC B 75.56 22 0.91 1.18 0.98 1.00 0.00 Birchcliff Energy Ltd. BIREF CB 6.76 (10) 0.82 1.01 0.98 0.92 0.01 Halcón Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0.02 Median Image Resources HK 4.77 (31) 0.77 1.03 0.98 0.89 0.00 RTF Cash Payers Image Resources					34	0.95				0.83
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RTF Cash PayersImage: constraint of the line of the l					. ,		1.29	1.05	1.09	0.87
Permin Basin RTPBT14.41230.951.211.061.090Sabine Royalty TrustSBR52.70410.961.361.011.070San Juan Basin Royalty TrustSJTB16.29260.911.320.991.040Cross Timbers Royalty TrustCRT29.05140.911.231.011.020Dorchester Minerals, L.P.DMLPB23.98250.941.211.001.020Freehold Royalties Ltd.FRHLF22.9790.941.141.011.001Mesa RoyaltyTrustMTR22.41230.821.201.000.980Hugoton Royalty TrustHGT7.43110.741.200.930.880Enduro Royalty TrustNDRO12.41(21)0.641.030.830.780										
Sabine Royalty TrustSBR52.70410.961.361.011.070San Juan Basin Royalty TrustSJTB16.29260.911.320.991.040Cross Timbers Royalty TrustCRT29.05140.911.231.011.020Dorchester Minerals, L.P.DMLPB23.98250.941.211.001.020Freehold Royalties Ltd.FRHLF22.9790.941.141.011.001Mesa RoyaltyTrustMTR22.41230.821.201.000.980Hugoton RoyaltyTrustHGT7.43110.741.200.930.880Enduro Royalty TrustNDRO12.41(21)0.641.030.830.780		PBT		14.41	23	0.95	1.21	1.06	1.09	0.80
San Juan Basin Royalty TrustSJTB16.29260.911.320.991.040Cross Timbers Royalty TrustCRT29.05140.911.231.011.020Dorchester Minerals, L.P.DMLPB23.98250.941.211.001.020Freehold Royalties Ltd.FRHLF22.9790.941.141.011.001Mesa RoyaltyTrustMTR22.41230.821.201.000.980Hugoton RoyaltyTrustHGT7.43110.741.200.930.880Enduro Royalty TrustNDRO12.41(21)0.641.030.830.780										0.82
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Hugoton RoyaltyTrust HGT 7.43 11 0.74 1.20 0.93 0.88 0 Enduro Royalty Trust NDRO 12.41 (21) 0.64 1.03 0.83 0.78 0										0.75
Enduro Royalty Trust NDRO 12.41 (21) 0.64 1.03 0.83 0.78 0										0.62
										0.73
Median 23 0.91 1.21 1.00 1.02 0	Median				23	0.91	1.21		1.02	0.78



		Inde	x of Recent Research
641- 1	[]		
Stock 1			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
4-Oct	NDRO	Enduro Royalty Trust	Worth Another Look after Stock Price Decline
27-Sep		WPX Energy	San Juan Basin Innovator (Income and Small Cap Weekly)
24-Sep		Exxon Mobil	Fracking Firms Long-Term Value (Meter Reader)
20-Sep		Whiting Petroleum	Activity Attacts Attention (Income and Small Cap Weekly)
17-Sep		ConocoPhillips	Fracking Upside in Eagle Ford, Bakken and Permian (Meter Reader)
13-Sep		Cross Timbers Royalty Trust	Fracking Upside in Permian and Scoop (Income and Small Cap Weekly)
10-Sep		Occidental Petroleum	Permian Late Bloomer (Meter Reader)
3-Sep	LUKOY	Lukoil	Competitive Trends at Half Price (Meter Reader)
16-Aug		Birchcliff Energy	Buy Natural Gas in Summer
16-Aug		Continental Resources	Raise NPV to \$120 from \$110 on More Oil Growth (ISCW)
13-Aug		Devon Energy	Raise NPV to \$100 from \$92 on Oil Gains (Meter Reader)
9-Aug	DMLP	Dorchester Minerals, L.P.	More Bakken and Permian Oil Cash (Income and Small Cap Weekly)
6-Aug	RDSA	Royal Dutch Shell plc	Value Choice after Latest Results (Meter Reader)
31-Jul	COSWF	Canadian Oil Sands Ltd.	CEO Change May Catalyze Operating Reliability
30-Jul	ECA, IMO	Encana, Imperial Oil	Buy Encana, Hold Imperial Oil (Meter Reader)
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)
7-Jun	XEC	Cimarex Energy	Uncovering Culberson Value (Income and Small Cap Weekly)
31-May	HGT	Hugoton Royalty Trust	Beating the Bear (Income and Small Cap Weekly)
14-May	EOG	EOG Resources	Raise NPV to \$180 on More Big Wells (Meter Reader)
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)
28-Mar	PEYUF	Peyto Exploration and Developm	nen Raise NPV to \$32 for Fracking Winner (Income and Small Cap Weekly)
1-Mar	ERF	Enerplus Corporation	Back on Track, Discontinue Buy (Income and Small Cap Weekly)
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner (Income and Small Cap Weekly)
	For histori	cal research by stock, go to mcde	p.com, click on <u>Stock Ideas</u> , click on stock by name.
	Reader		
1-Oct			Sharpen Focus to Wider Public Ownership and Lower Debt
24-Sep		Exxon Mobil	Fracking Firms Long-Term Value
17-Sep	COP	ConocoPhillips	Fracking Upside in Eagle Ford, Bakken and Permian
10-Sep	OXY	Occidental Petroleum	Permian Late Bloomer
3-Sep	LUKOY	Lukoil	Competitive Trends at Half Price
	For earlier	editions, go to mcdep.com, click	on <u>Meter Reader</u> .
		Cap Weekly (merged into M	Meter Reader 10/1/13)
27-Sep	WPX	WPX Energy	San Juan Basin Innovator
20-Sep	WLL	Whiting Petroleum	Activity Attacts Attention
13-Sep	CRT	Cross Timbers Royalty Trust	Fracking Upside in Permian and Scoop
6-Sep			Shale, McDep and the Portfolio
16-Aug	CLR	Continental Resources	Raise NPV to \$120 from \$110 on More Oil Growth
2		editions, go to mcdep.com, click	on Energy Income





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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.