

Global Oil & Gas Daily

Woodside LNG agreement, Wood Group secures contract from Tullow, PMO asset disposal and more...

In the News Today

WTI continues down ward trend

- Oil (WTI) was down 0.4% yesterday. However, in early trade this morning oil was up 0.3%.

Woodside signs LNG agreement with Corpus Christi

- Woodside in a press release this morning announced that it had signed a binding LNG sale and purchase agreement with Corpus Christi Liquefaction. As per the agreement, Woodside will purchase ~0.85m tonnes of LNG per annum from Corpus Christi on start up of the second train (expected to start in 2019) at the LNG export facility at Corpus Christi, Texas. Woodside will pay a price of 115% of the monthly Henry Hub price plus \$3.50 per MMBtu. The agreement is for a period of 20 years and includes an extension option of up to 10 years. The agreement also provides for Woodside to forgo deliveries with sufficient notice through payment of \$3.50/MMBtu for cancelled quantities.

Premier Oil disposes asset in Indonesia

- Premier Oil announced that it had disposed its wholly owned subsidiary Premier Oil Sumatra North BV to KrisEnergy Asia Holdings. Premier Oil will receive an after tax-consideration of \$40m plus working capital adjustments for the subsidiary. The subsidiary holds a non-operated 41.67% interest in Block A Aceh, onshore North Sumatra in Indonesia.

Wood Group secures contract from Tullow

- Wood Group Kenny in a press release this morning announced that it had been awarded an engineering services contract by Tullow in Ghana. The contract is related to the Tweneboa, Enyenra and Ntomme (TEN) project, situated in the Deepwater Tano area offshore Ghana. As per the contract, company will provide Tullow with project engineering resources, specialist technical support and technical assurance services across the SURF implementation work scope through to first oil (expected in mid-2016).

Polarcus receives LoI for West Africa project

- Polarcus in a press release this morning announced that it had received a Letter of Intent (LoI) for a 3D marine seismic acquisition project from an undisclosed client for offshore West Africa. The project is expected to run for approximately 1 month.

BG to get LNG supply for Egypt from Leviathan field

- Noble Energy in a press release yesterday announced that Leviathan field partners had executed a non-binding Letter of Intent (LoI) with BG for supply of natural gas from Leviathan field, offshore Israel. As per the LoI, Leviathan field will supply BG LNG facilities in Egypt with up to 3.75 trn cubic feet of natural gas over 15-years (~700m cubic feet/day).

Source for above: Bloomberg, Upstreamonline, Reuters.

Global Oil & Gas

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See page 23 for analyst certification and important disclosures, including non-US analyst disclosures.

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Figure 1: Global coverage - upside/downside heat map

SQZ.L	OPHR.L	0196.HK	GAZPq.L	TATN_p.MM	QGEP3.SA	CNE.L	GTE	096770.KS	COG
111%	50%	48%	47%	44%	44%	40%	36%	33%	32%
LUPE.ST	ENQ.L	TATN.MM	SM	LKOHq.L	2883.HK	SNGS.MM	PDCE	ROSNq.L	3337.HK
32%	31%	31%	30%	29%	29%	29%	28%	27%	27%
1251.HK	5020.T	CIE	AFR.L	TLW.L	LPI	RRC	SNGS_p.MM	NBL	ECO.CN
26%	25%	25%	24%	23%	23%	22%	21%	21%	20%
O2C.F	CIU.L	APC	WLL	EC	0857.HK	EDCLq.L	GENL.L	DNR	SIBN.MM
19%	18%	18%	17%	17%	15%	14%	14%	14%	13%
XCO	9532.T	5012.T	RDSa.L	0883.HK	AWE.AX	STL.OL	010950.KS	XEC	RELI.BO
10%	10%	10%	10%	10%	9%	9%	9%	9%	8%
0386.HK	AR	PXD	NVTKq.L	PTTE.BK	CXO	BP.L	EQT	LAM.L	PRE.TO
8%	8%	8%	8%	7%	7%	7%	7%	6%	6%
CAIL.BO	BG.L	5019.T	5002.T	TOTF.PA	TUPRS.IS	STO.AX	TS	SXY.AX	DLS.AX
5%	5%	4%	4%	3%	3%	3%	2%	1%	1%
REP.MC	ROC.AX	SOLJ.J	SIA.L	TOP.BK	GDP	PTT.BK	CLR	SWN	CHK
1%	0%	-1%	-1%	-2%	-2%	-3%	-3%	-3%	-3%
9531.T	WPL.AX	QEP	BANE.MM	DVN	AREX	5007.T	RDSb.L	BANE_p.MM	UPL
-4%	-4%	-4%	-5%	-6%	-8%	-8%	-8%	-9%	-9%
EOG	NFX	GALP.LS	JONE	OMVV.VI	ENI.MI	WPX	TRNFP.MM	DNO.OL	OSH.AX
-9%	-10%	-10%	-12%	-15%	-15%	-16%	-17%	-21%	-23%
BPT.AX	BPCL.BO	ONGC.BO	HK	IOC.BO	HPCL.BO				
-24%	-25%	-29%	-31%	-45%	-50%				

Source: J.P. Morgan. Prices at c.o.b 30-Jun-2014

Figure 2: Global coverage – YTD Total Return (in US\$)

HK	HPCL.BO	NFX	BPCL.BO	IOC.BO	GDP	ONGC.BO	AWE.AX	JONE	CLR
89%	81%	79%	78%	66%	62%	53%	42%	42%	40%
EOG	APC	UPL	XEC	CXO	STL.OL	WLL	LAM.L	ROC.AX	DVN
40%	39%	37%	37%	34%	32%	30%	29%	29%	29%
BANE.MM	OSH.AX	BPT.AX	BANE_p.MM	PXD	SOLJ.J	TUPRS.IS	TOTF.PA	PRE.TO	0386.HK
27%	26%	26%	26%	25%	23%	21%	21%	20%	20%
9531.T	EQT	PDCE	RDSa.L	RELI.BO	AREX	RDSb.L	0857.HK	WPX	ENI.MI
20%	19%	19%	18%	18%	18%	18%	18%	17%	17%
WPL.AX	CAIL.BO	PTT.BK	CHK	PETR4.SA	NBL	DLS.AX	5002.T	3337.HK	5007.T
16%	16%	16%	15%	15%	14%	14%	14%	13%	13%
DNR	XCO	GALP.LS	QEP	REP.MC	PETR3.SA	LPI	BP.L	CIE	GTE
13%	13%	13%	13%	12%	12%	12%	12%	12%	11%
TS	ENQ.L	9532.T	SIA.L	5020.T	5012.T	SNGS_p.MM	STO.AX	TLW.L	PTTE.BK
9%	8%	8%	8%	6%	5%	5%	4%	4%	4%
TATN.MM	LUPE.ST	AR	RRC	SIBN.MM	ECO.CN	SM	EC	QGEP3.SA	BG.L
4%	3%	3%	3%	3%	1%	1%	1%	0%	-1%
SXY.AX	0883.HK	OMVV.VI	GENL.L	5019.T	DNO.OL	TOP.BK	SFY	ROSNq.L	LKOHq.L
-1%	-1%	-2%	-3%	-3%	-3%	-4%	-4%	-4%	-4%
O2C.F	SQZ.L	GAZPq.L	NVTKq.L	SNGS.MM	1251.HK	AFR.L	COG	SWN	TRNFP.MM
-6%	-7%	-8%	-8%	-9%	-10%	-12%	-12%	-14%	-16%
096770.KS	010950.KS	2883.HK	CNE.L	0196.HK	EDCLq.L	OPHR.L	BRU.AX		
-17%	-20%	-20%	-23%	-24%	-30%	-31%	-33%		

Source: Bloomberg. Prices at c.o.b 30-Jun-2014

Table 1: J.P. Morgan – Global Oil & Gas Stock Recommendations:

Sector/Region	OVERWEIGHT		NEUTRAL		UNDERWEIGHT	NOT RATED
Integrations/ Refiners						
Europe	Statoil BP	Tupras TOTAL	BG Group	GALP RD Shell	OMV ENI Repsol	Essar Energy
Rest of World	Tatneft com. Rosneft Lukoil	Sasol SK Innovation Surgutneftegaz pref.	HPCL TNK-BP Holding Cosmo Oil	Surgutneftegaz com. Ecopetrol Bashneft	Transneft Indian Oil Bashneft pref. Sinopec Shanghai Petrochemical	
	Sinopec Gazprom Reliance Ind. TonenGeneral Sekiyu	Tatneft pref. BPCL PetroChina JX Holdings	Gazprom neft Thai Oil Public Co. Idemitsu Kosan S-Oil	TNK-BP Holding pref. Essar Oil Showa Shell Sekiyu		
E&P						
North America	Denbury Resources Anadarko Cabot Oil & Gas Cimarex Goodrich Petroleum Whiting Petroleum Jones Energy EOG Resources EQT Corp RSP Permian	Newfield Exploration Laredo Petroleum Noble Energy PDC Energy Southwestern Energy Continental Res. Cobalt Intl. Pioneer Natural Range Resources EP Energy Corp.	Chesapeake EXCO Resources WPX Energy PetroQuest Energy Concho Resources Devon Energy	QEP Resources Halcón Resources SM Energy Ultra Petroleum	Approach Resources Sandridge Energy	Apache Swift Energy
Europe	Tullow Enquest Ophir Energy	Cairn Energy Lundin Petroleum	DNO Genel Energy	SOCO	Afren Serica	
Rest of World	AWE Gran Tierra PTTEP Santos	Woodside ROC Oil GeoPark	PTT Public Co. HRT ONGC Novatek Aurora Oil & Gas Pacific Rubiales	CNOOC Senex Energy QGEP Cairn India	Beach Energy Oil Search Drillsearch Energy	Buru Energy
Oilfield Services						
North America	Diamond Weatherford Ensco Forum Energy Tech Halliburton Rowan	National Oilwell Bristow Schlumberger Hornbeck Offshore Superior Energy CHC Group	Baker Hughes Dril-Quip Exterran C&J Energy Services Noble Corp Cameron	Dresser-Rand Transocean		
Europe	Lamprell C.A.T. Oil	Eurasia Drilling Co. Cape	Gulf Marine Services	Tenaris		
Rest of World	China Oilfield Ser. Hilong Holdings	Anton Oilfield Ser. SPT Energy Grp.	Honghua Grp.			

Source: J.P. Morgan.

J.P. Morgan Global Energy Research

- [Noble Energy: LOI for Leviathan Gas Positive; First Significant Leviathan Sales Agreement – ALERT](#)
- [Oil Services & Equipment Sector: Marketing Update on Valuation, Performance and Forecasts](#)

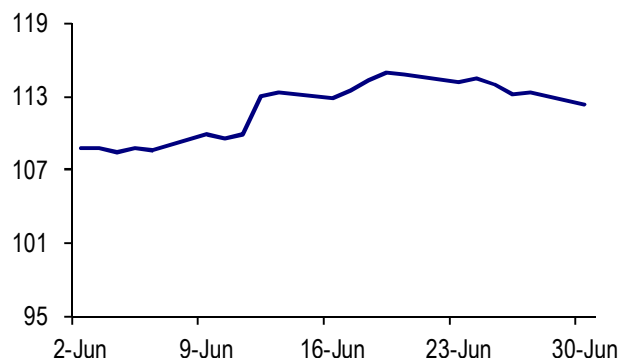
Table 2: Global oil & gas: Macro data points and indices

c.o.b.	WTI	OSX	XLE	SXEP	S&P500
30-Jun-14	105.37	311.02	100.10	371.94	1960.23
27-Jun-14	105.74	308.86	100.02	371.58	1960.96
% Change	-0.3%	0.7%	0.1%	0.1%	0.0%

Source: Bloomberg

Figure 3: Front Month Brent Crude Prices

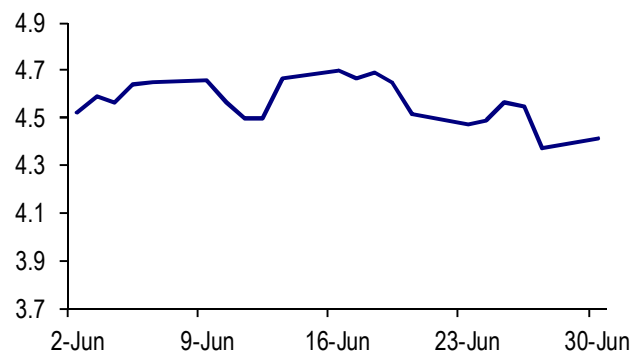
US \$/bbl



Source: Bloomberg.

Figure 4: Henry Hub spot prices

US\$/mcf



Source: Bloomberg

Calendar of Upcoming Events

Date*	Company	Event
July		
02	Tullow	Trading Statement
10	Premier Oil	Trading Update
14	Galp	Trading Update
17	Det Norkse	2Q14 results
	Aker Solutions	2Q14 results
23	OMV	Trading Update
24	Repsol	2Q14 results
25	Statoil	2Q14 results
28	Galp	2Q14 results
29	BP	2Q14 results
30	ENI	2Q14 results
	TOTAL	2Q14 results
31	BG	2Q14 results
	RD Shell	2Q14 results

Source: Company calendars, Bloomberg; * denotes subject to change

Latest Global Energy Research

This note includes excerpts from previously published research. For access to the full reports, including analyst certification and important disclosures, investment thesis, valuation methodology, and risks to rating and price targets, please contact your salesperson or the covering analyst's team or visit www.jpmorganmarkets.com.

Americas Equity Research

Noble Energy: LOI for Leviathan Gas Positive; First Significant Leviathan Sales Agreement - ALERT

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NBL announced an LOI with BG Group for Leviathan gas. This LOI is NBL's first significant sales agreement for Leviathan natural gas. We think the agreement is positive.

- **3.75 Tcf over a 15-year period.** The LOI covers 3.75 Tcf (700 MMcfpd) of gross natural gas volumes over 15 years. We do not know the specific pricing but the company has indicated that it would price new agreements above what it current receives for natural gas. NBL's average realized sales price in Israel in 1Q14 was \$5.60/Mcfe. Further, its previously announced deal with Arab Potash and Jordan Bromine (for Tamar gas) was for at least \$6.50/Mcf with upside linked to Brent. Thus, we expect at least \$6/Mcf for this BG agreement. Apparently, the agreement is scalable with Brent oil (e.g., if Brent is one price or below, NBL and partners might receive \$6/Mcf; if Brent is higher, the partners receive \$6.50, and so forth).
- **Delivery at FPSO.** The agreement calls for gas delivery to happen at the outlet of the FPSO. Therefore, BG (or some third-party midstream company) would incur the pipeline and related costs to take the gas from the FPSO to the Egyptian LNG plant near Idku, Egypt. For gas sales from the FPSO to onshore Israel, NBL and partners likely would incur those pipeline costs or contract the work to a third party. In its December 2013 Analyst Day meeting, NBL estimated the gross cost of a 1.6 Bcf/d FPSO at \$4.6 Bn.

Oil Services & Equipment Sector: Marketing Update on Valuation, Performance and Forecasts

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The OIH was up 130bp this past week, outperforming the S&P500 by 140bp. Among the major oil service categories, Large Caps was the top performing subsector (up 320bp), led by SLB (up 820bp). Over the past month, the Oil Services and Equipment sector has outperformed the broader market by 600bp, and year to date, the group has outperformed by 1420bp. Within our coverage universe, the top three performing stocks YTD have been WFT, CJES and HAL, while the three worst performers have been DO, NE and RIG. Company models begin on page 12.

- **Valuation:** Large cap service is trading at 7.5x our 2015E EBITDA with SLB and HAL having the most upside from accelerating FCF driving multiple expansion, in our view. Capital Equipment is trading at 9.7x our 2015E EBITDA, the low end being NOV at 7.2x, we believe the most undervalued name across the sector. Under conservative assumptions, we believe Offshore Drillers are fairly valued at 6.1x.
- **Commodity prices:** WTI oil prices ended the week at \$105.74/bbl, down \$1.52 since last week and up \$1.63 over the past month. US natural gas prices ended the week at \$4.41/MMbtu, down \$0.12 on the week and down \$0.10 over the past month. The JP Morgan Commodities team is forecasting WTI to end the year at \$91/bbl (Brent \$105/bbl) and average \$85/bbl (Brent \$100/bbl) in 2015. US natural gas prices are forecasted to average \$4.65/MMbtu during 2H14 and \$4.20 in 2015.
- **North America rig count:** The U.S. land rig count rose by 16 to 1,800 rigs last week and is up 124 rigs YTD. Since the beginning of the year, the Permian has led all basins, up 85 to 554 rigs currently drilling. Horizontal oil increased by 160 YTD, while the natural gas rig count is down 51 YTD. Canada was down 29 on the week to 236 rigs, which is 15% up versus last year. We are forecasting the US land rig count to end the year at 1,758 rigs, a 4% increase over the prior year.
- **Offshore drilling dayrates:** Oversupply in the deepwater offshore drilling market are sending dayrates lower. Looking towards year end, 12 ultra deepwater rigs (+10,000ft) will be available to go with eight newbuilds that have yet to be contracted. We are forecasting contract renewals on 6th generation floaters to bottom at \$400k/day and for newbuilds (mid '15 delivery) to bottom at \$500k/day.
- **Upstream spending:** We are forecasting global upstream spending to increase 8% this year, with North America up 7% and International markets up 11%. Assuming WTI oil prices continue to hold up well above internal forecasts, E&Ps will likely increase spending on US onshore unconventional oil to push North America spending above 10% in 2015.

Refining marker margins

Figure 5: US North West (\$/bbl)

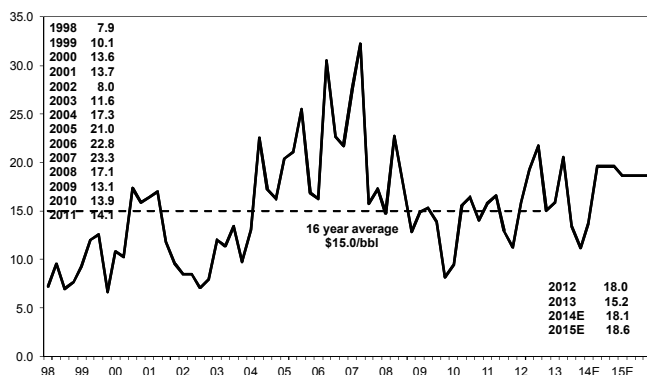


Figure 6: US Mid West (\$/bbl)

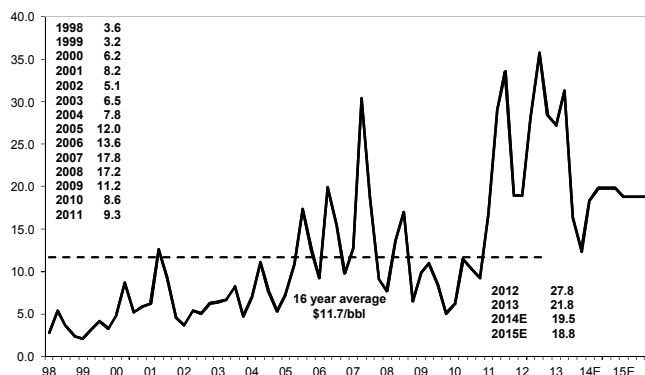


Figure 7: NW Europe (\$/bbl)

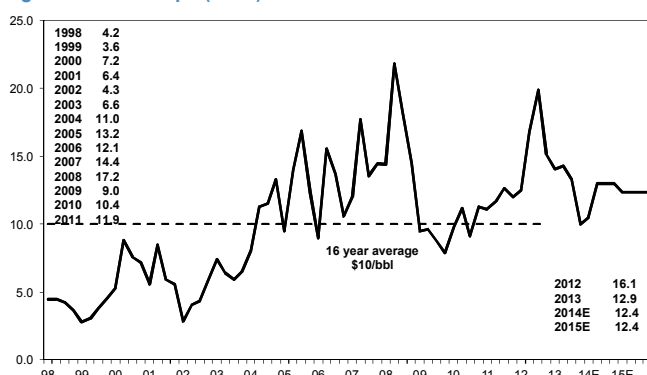


Figure 8: Mediterranean (\$/bbl)

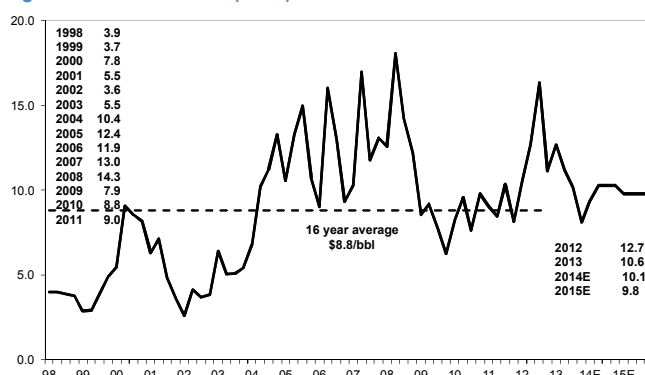
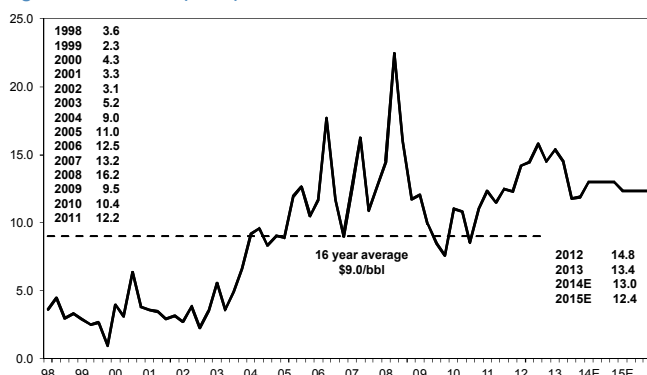


Figure 9: Australia (\$/bbl)



Source for all charts: Bloomberg

Global Sub-Sector Indices

Figure 10: European Integrateds v/s Global Integrateds

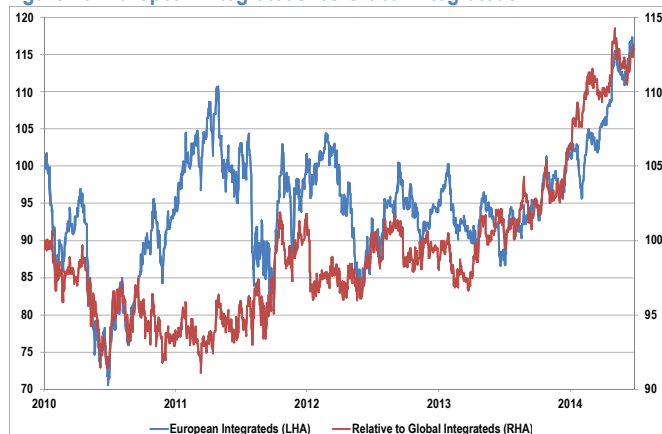


Figure 11: European E&P v/s Global E&P

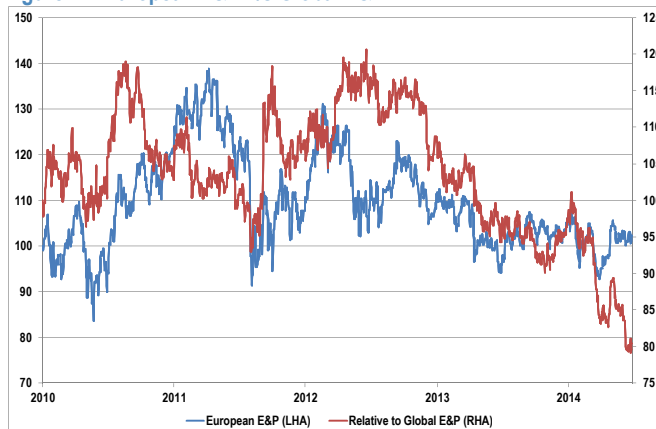


Figure 2: North American Integrateds v/s Global Integrateds

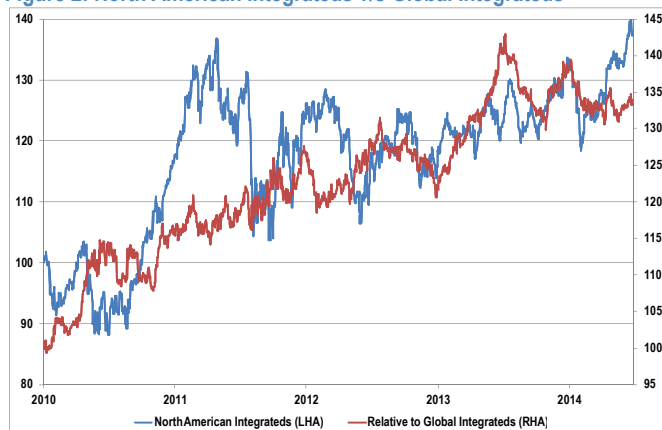


Figure 3: North American E&P v/s Global E&P

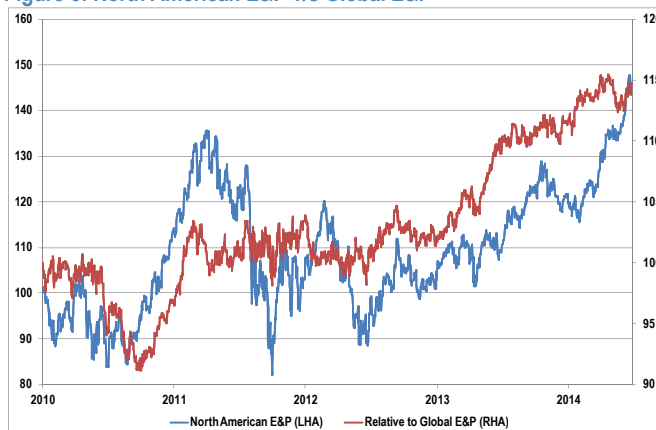


Figure 4: Emerging market Integrateds v/s Global Integrateds

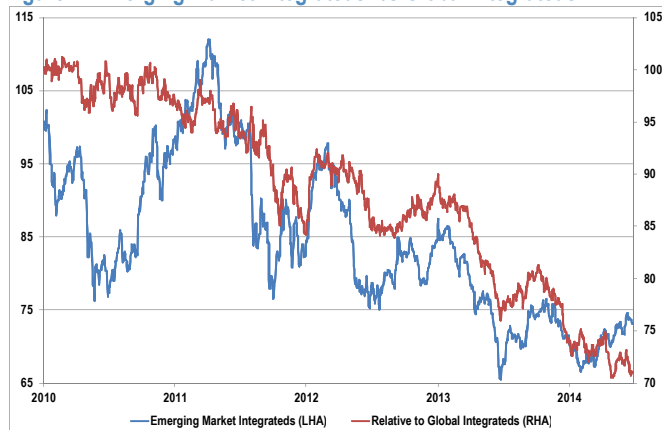
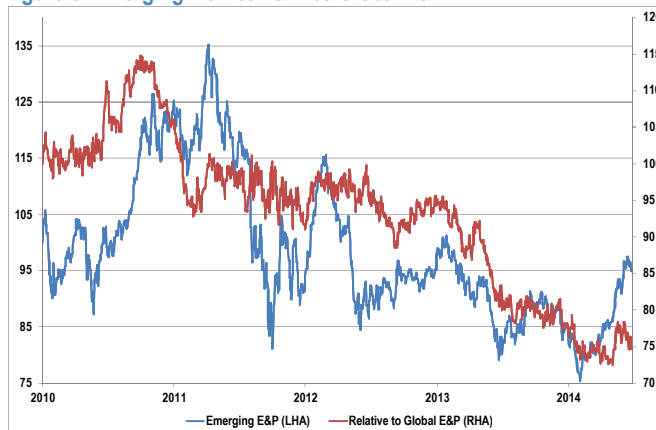


Figure 5: Emerging market E&P v/s Global E&P



Source for all charts: J.P. Morgan, Bloomberg

Global Sub-Sector Indices

Figure 6: European OFS v/s Global OFS

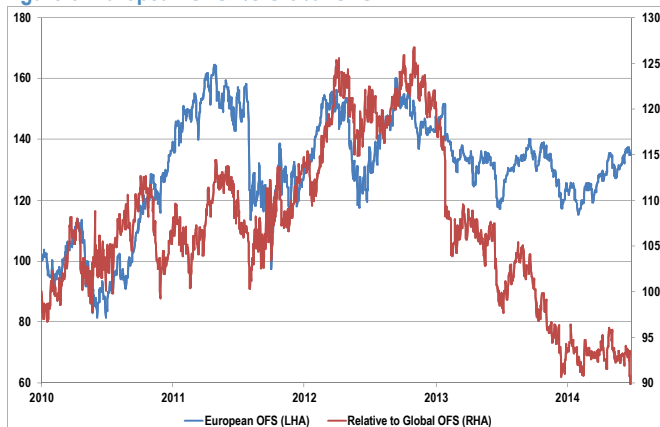


Figure 7: North American OFS v/s Global OFS

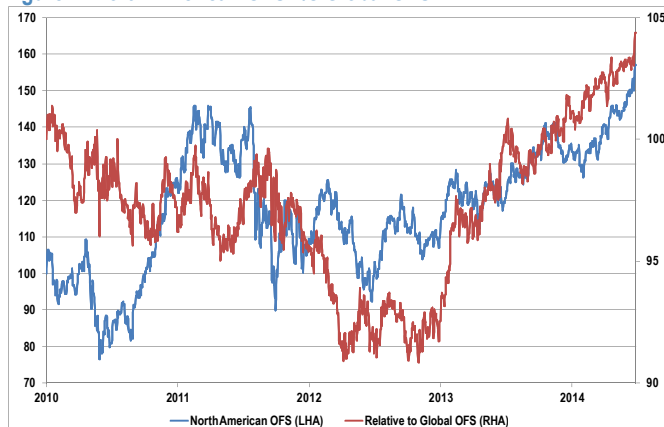
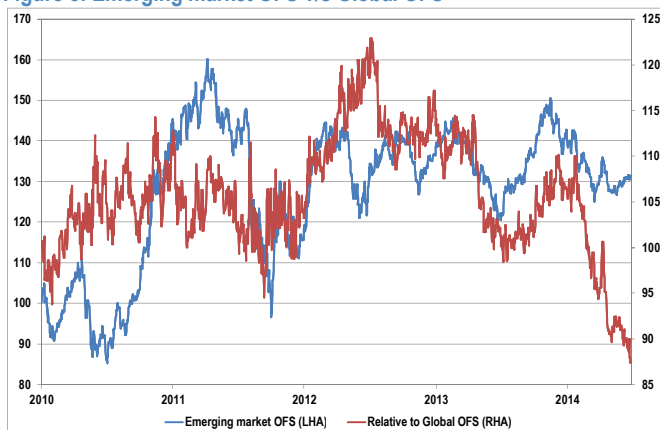


Figure 8: Emerging market OFS v/s Global OFS



Source for all charts: J.P. Morgan, Bloomberg

Oil & gas prices

Figure 9: UK natural gas (pence/therm)

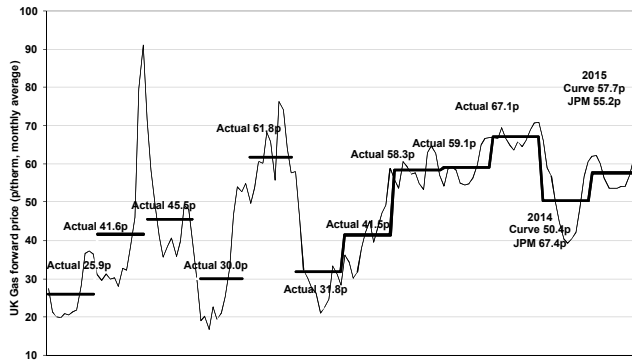


Figure 10: US natural gas (\$/mmbtu)

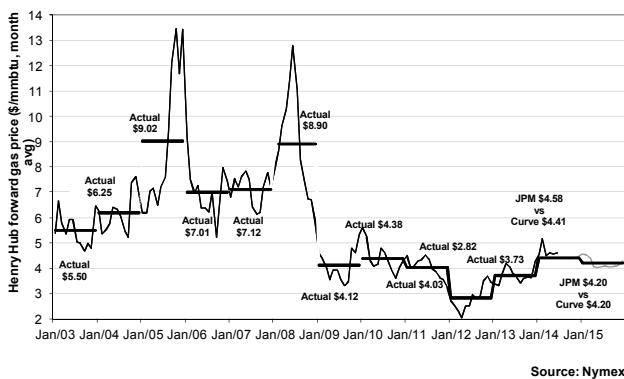


Figure 20: Brent oil (\$/bbl)

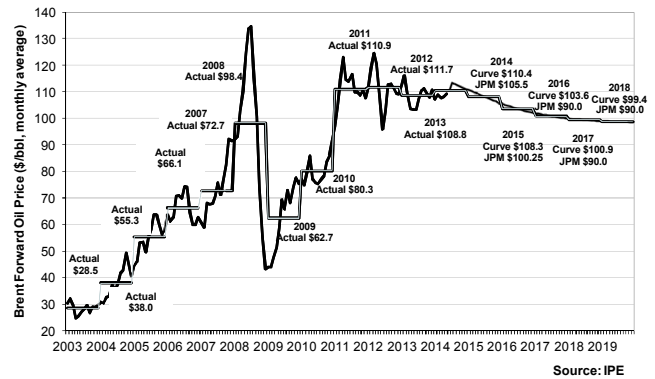


Figure 11: CFTC non commercial long/short oil positions & WTI oil price

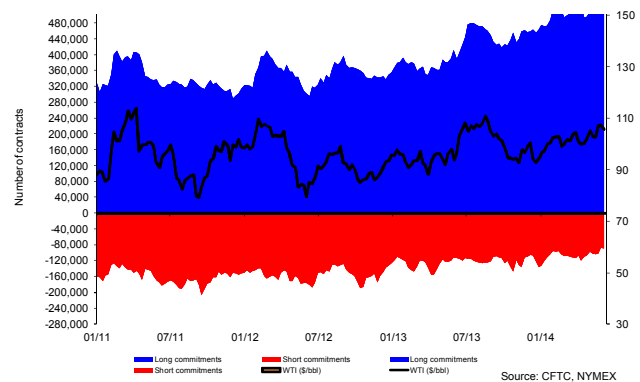


Figure 12: CFTC net non-commercial positions & WTI oil price

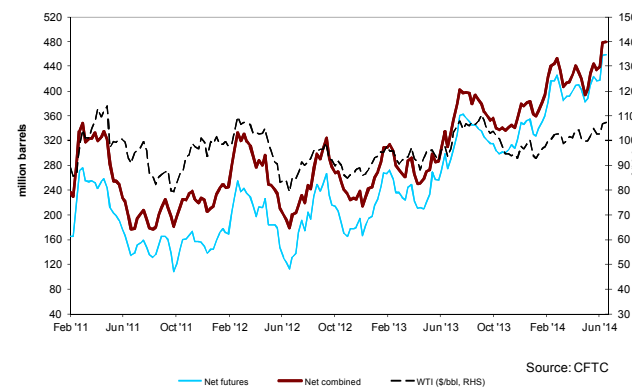
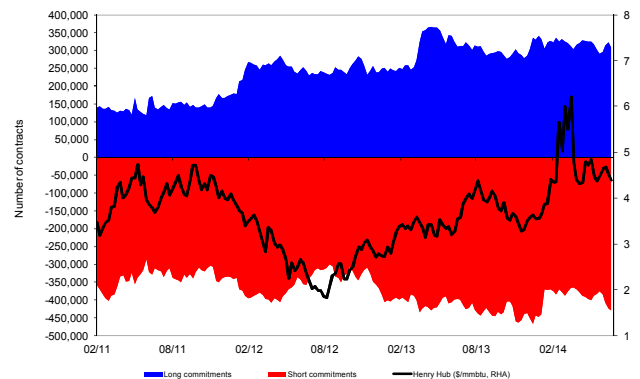


Figure 13: CFTC non-commercial long/short US gas positions & Henry Hub gas price



Source for all charts: Bloomberg

Share price charts

Global Integrations and E&Ps: Top 10 and bottom 10 performers

Figure 14: Integrations- 1 Week v

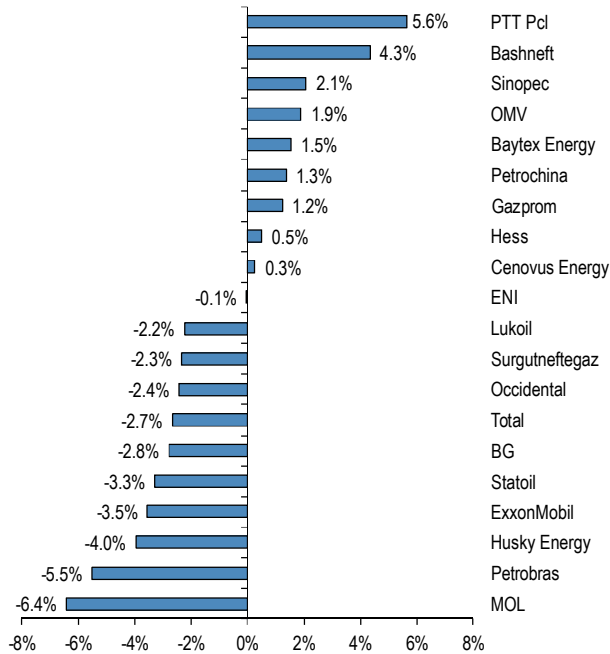


Figure 15: Integrations - 1 Month

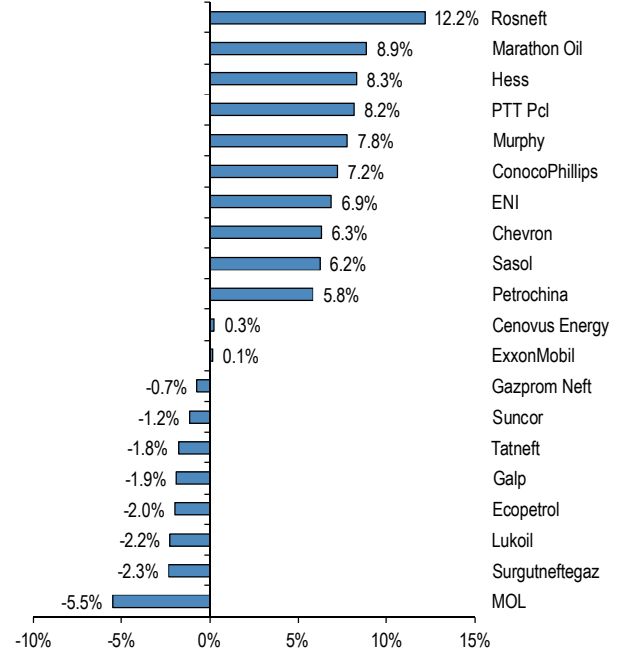


Figure 16: E&P - 1 Week

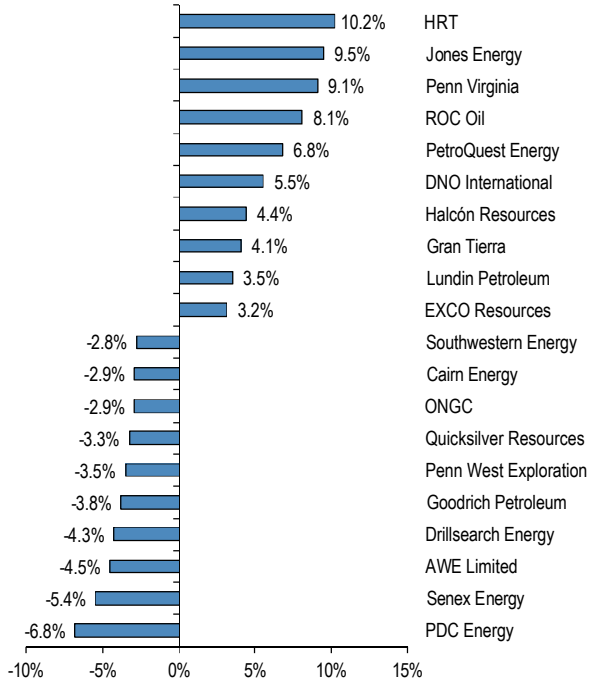
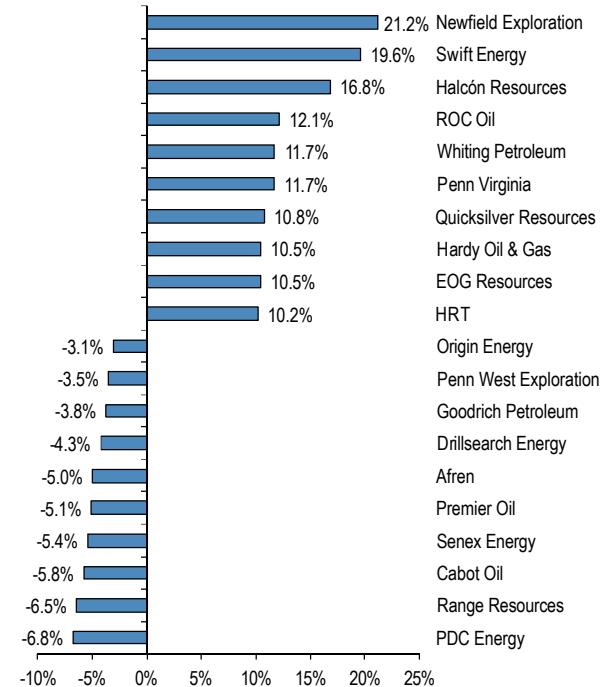


Figure 17: E&P - 1 Month



Source for all charts: Bloomberg

Global Oil Services and Refiners: Top 10 and bottom 10 performers

Figure 18: Oil Services- 1 Week

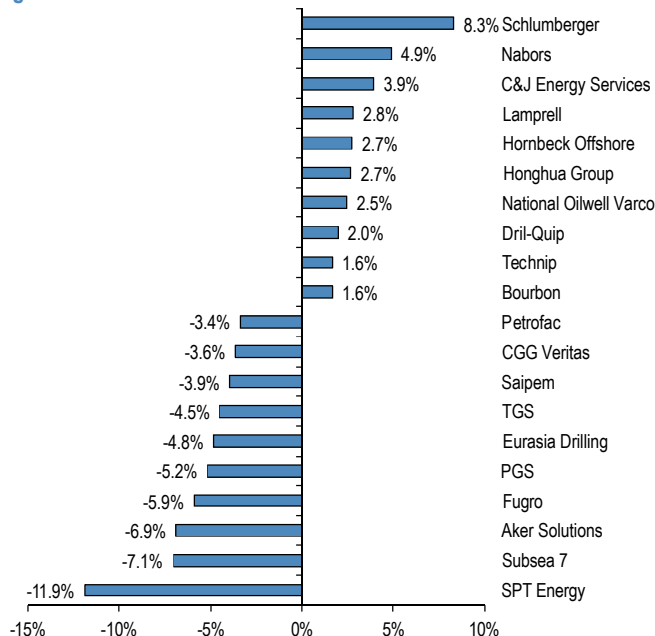


Figure 30: Oil Services- 1 Month

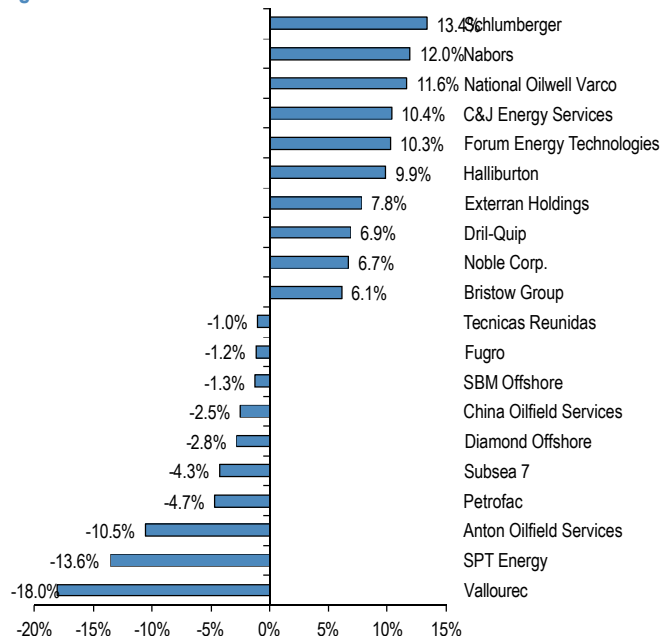


Figure 19: Refiners- 1 Week

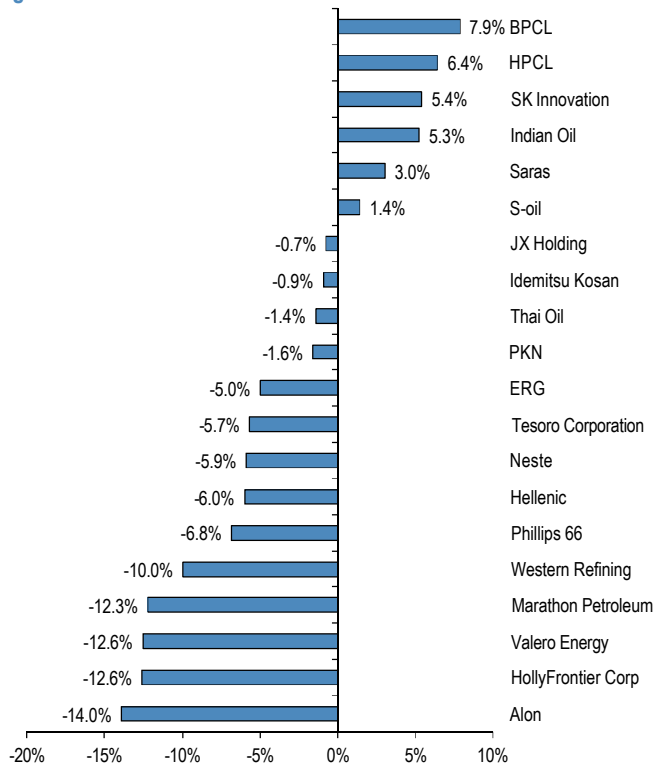
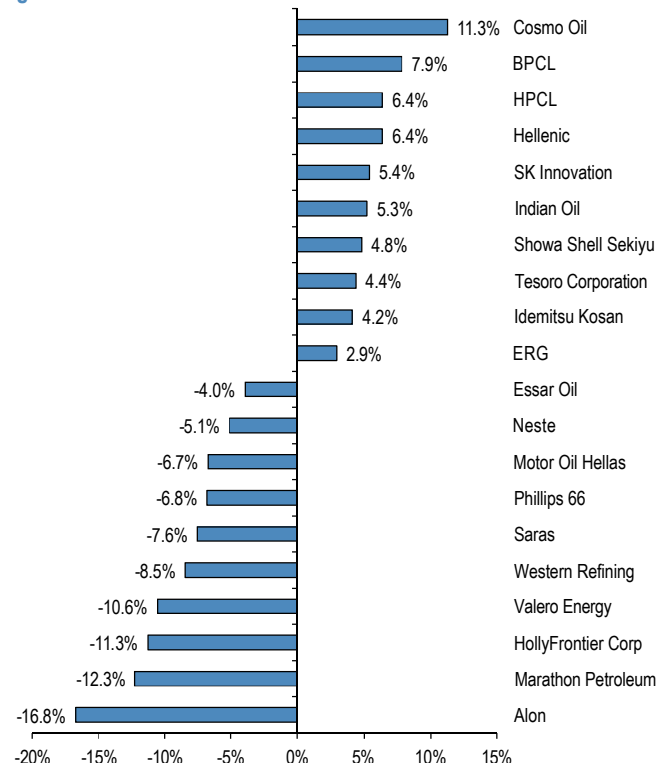


Figure 20: Refiners - 1 Month



Source for all charts: Bloomberg

Sector Performance

Figure 21: MSCI World - 1 Week

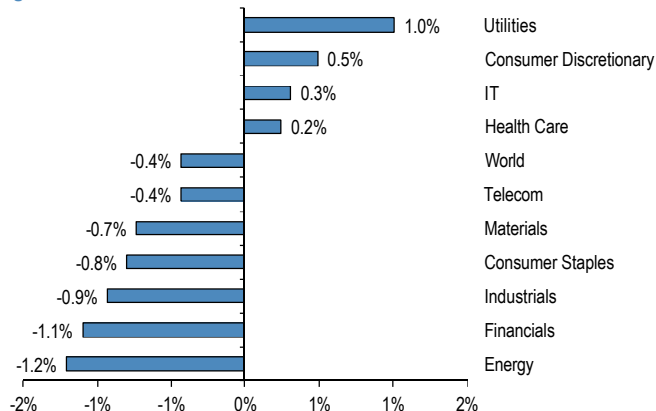


Figure 22: MSCI World - 1 Month

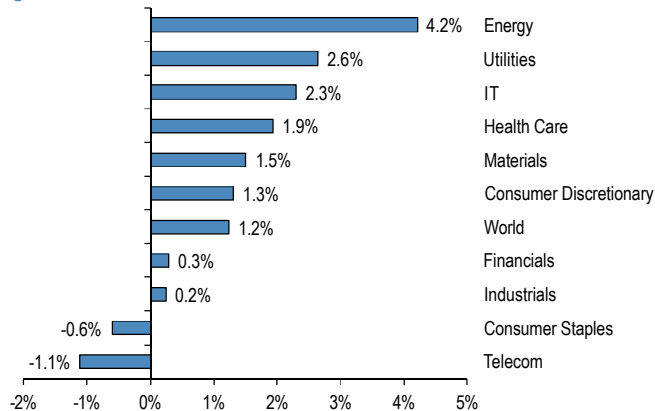


Figure 23: MSCI Euro - 1 Week

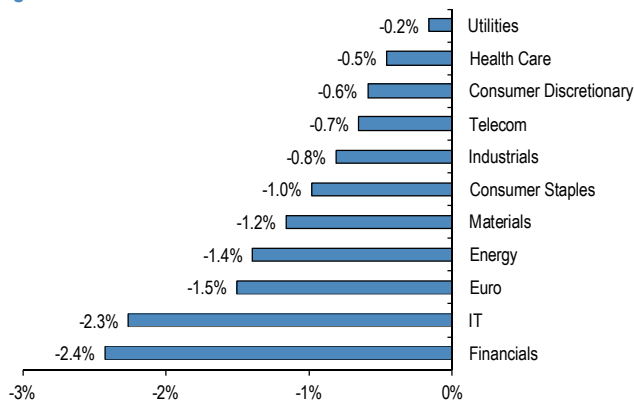
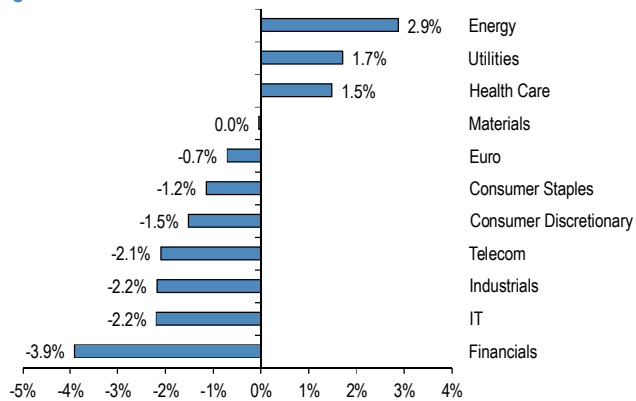


Figure 24: MSCI Euro - 1 Month



Source for all charts: Bloomberg

Coverage stocks – % Upside/ (Downside) to Target Price

Figure 25: Global Integrateds

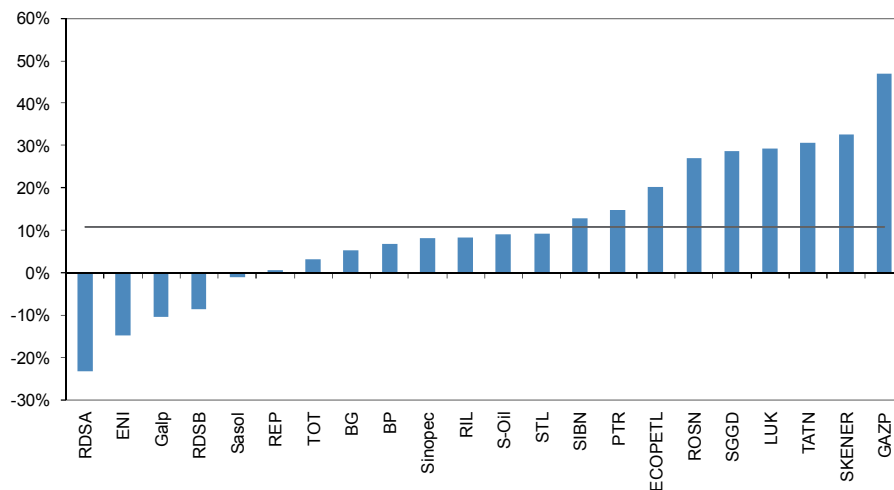


Figure 26: Global Oil Services & Equipment

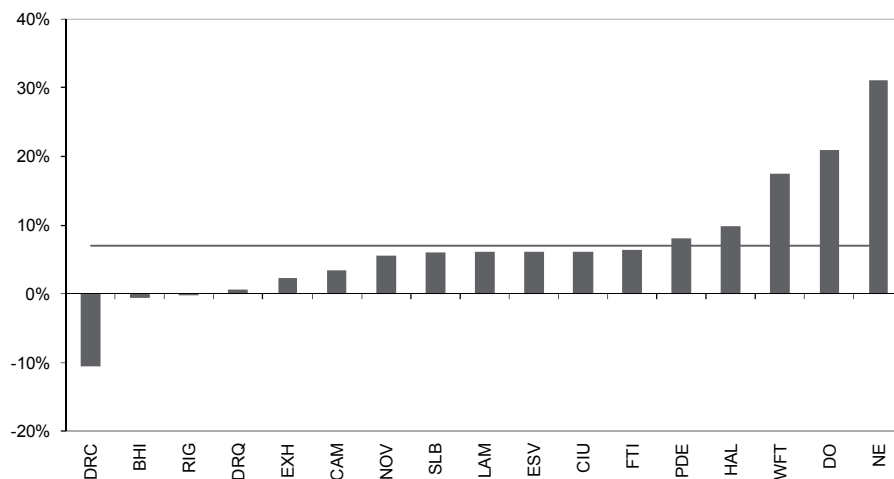
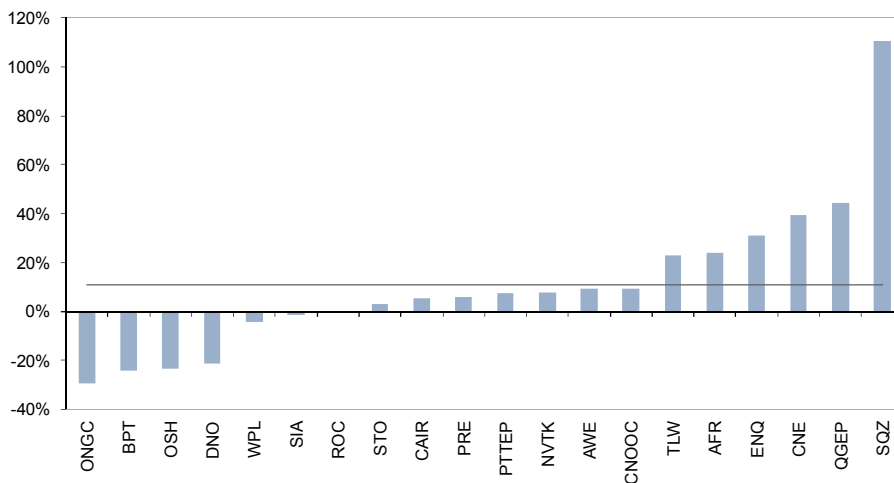


Figure 27: Global E&P's



Source for all charts: Bloomberg, JP Morgan estimates

Global Integrated valuations

Table 3: Summary valuation multiples

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Prices as of c.o.b. 30-Jun-14

Company	Reporting Currency	Trading Currency	Share price	Rec	Shares in issue (m)	MV (\$ m)	MV (m)	EV (m)	EPS			DPS			Post tax CFPS		
									13E	14E	15E	13E	14E	15E	13E	14E	15E
OECD																	
BP	\$	£	514.9	OW	18,611	168,402	98,448	113,177	0.72	0.90	0.88	0.4	0.4	0.5	1.1	1.8	1.8
RD Shell B	\$	£	2,542.5	N	6,295	273,796	160,061	180,444	3.10	3.24	3.04	1.8	1.9	1.9	6.4	6.3	6.6
BG Group	\$	£	1,235.0	N	3,402	71,742	41,941	82,352	1.3	1.0	1.2	0.29	0.32	0.35	2.2	1.7	2.4
ENI	€	€	20.0	UW	3,562	98,939	72,275	87,703	1.22	1.20	1.38	1.10	1.12	1.12	3.1	3.6	3.9
GALP	€	€	13.4	N	829	15,184	11,092	13,266	0.37	0.38	0.45	0.29	0.32	0.36	1.3	1.5	1.5
OMV	€	€	32.8	UW	326	14,662	10,711	14,897	3.41	3.66	3.85	1.22	1.25	1.27	8.6	7.5	8.2
Repsol***	€	€	19.3	UW	1,313	31,972	23,355	35,507	1.41	1.28	1.33	0.98	1.98	0.98	3.7	3.1	3.1
Statoil	Nkr	Nkr	188.4	OW	3,182	97,700	599,206	663,106	14.76	15.22	14.66	7.00	7.35	7.72	31.9	37.6	41.8
TOTAL	€	€	52.8	OW	2,378	170,943	124,874	194,555	6.29	6.70	6.98	3.16	3.38	3.57	12.3	12.8	13.9
Emerging Market																	
Sinopec	CNY	HK\$	7.4	OW	116,565	111,145	861,415	1,229,180	0.53	0.67	0.70	0.24	0.28	0.30	1.3	1.2	1.3
PetroChina	CNY	HK\$	9.8	OW	183,021	231,185	1,791,776	2,346,672	0.71	0.71	0.73	0.32	0.32	0.33	1.5	1.6	1.7
S-Oil	KRW	KRW	56,900	N	113	6,332	6,406,940	9,124,344	2494	4388	5055	1330	2194	2528	2948.5	16492.0	13685.6
SK Innovation	KRW	KRW	113,000	OW	92	10,326	10,448,660	15,658,257	8360	13009	14847	3200	3200	3200	27294.2	25532.4	0.0
Gazprom	Rb	\$	8.7	OW	11,475	100,007	100,007	133,104	3.05	2.88	2.71	0.38	0.41	0.51	0.0	0.0	0.0
Gazprom Neft	\$	Rb	150.5	N	4,741	20,998	713,566	954,861	1.23	1.12	0.99	0.30	0.28	0.25	1.9	1.6	1.6
Lukoil	\$	\$	59.7	OW	755	45,099	45,099	52,829	14.82	15.48	18.59	3.25	3.64	4.04	22.2	25.2	29.0
Rosneft	\$	\$	7.3	OW	9,237	77,524	77,524	148,425	1.27	1.39	1.30	0.35	0.31	0.30	2.6	3.2	3.2
Surgutneftegaz	Rb	Rb	26.4	N	43,428	33,507	1,138,636	669,034	0.16	0.16	0.15	0.02	0.02	0.03	0.2	0.2	0.1
Tatneft	Rb	Rb	221.9	OW	2,326	14,225	483,408	493,774	0.97	1.09	1.11	0.24	0.28	0.29	1.3	1.4	1.5
Sasol*	ZAR	ZAR	63,236	OW	605	35,745	380,238	371,026	6093	8816	6431	1900.0	2100.0	2200.0	58.8	64.9	65.6
Ecopetrol	COP	COP	3,410	N	40,473	73,510	138,011,300	152,950,090	345.3	345.2	441.3	252.1	186.9	238.9	439.7	518.8	594.3
Reliance Industries**	INR	INR	1,015.4	N	3,235	54,578	3,284,819	3,852,449	64.6	69.7	78.4	10.0	10.0	11.0	110.0	83.3	104.4

NB: The reported Market Value (MV) and Enterprise Value (EV) are in trading currencies.

NB: The reported estimates are in reporting currencies except for Gazprom, Surgutneftegaz, Tatneft, MOL and Petrobras which are in \$.

* - Fiscal year end June, ** - Fiscal year end March.

***: 2014 dividend for Repsol includes special dividend

Company	SOTP per share	Premium (Discount)	PER (x)			EV/DACF (x)			Dividend Yield (%)			YENet debt / (cash) (m)			Net Debt / Equity (%)		
			13E	14E	15E	13E	14E	15E	13E	14E	15E	13E	14E	15E	13E	14E	15E
OECD																	
BP	700	(26)%	12.3	9.8	10.0	9.3	5.9	6.0	4.2	4.7	5.1	25,195	29,040	30,481	19	21	21
RD Shell B	2,849	(11)%	14.0	13.4	14.3	7.7	7.8	7.8	4.1	4.3	4.3	34,866	37,945	46,399	19	20	23
Average		(16)%	13.2	12.0	12.7	8.1	7.1	7.1	4.2	4.5	4.7				19	20	22
BG Group	1,483	(17)%	16.5	21.9	18.0	11.1	15.3	11.3	1.4	1.5	1.8	10,610	16,778	18,952	33	48	51
ENI	24.6	(19)%	16.3	16.6	14.5	8.0	7.0	6.8	5.5	5.6	5.6	15,428	17,364	21,940	27	30	38
GALP	16.1	(17)%	35.7	34.9	29.4	12.0	11.4	11.4	2.2	2.4	2.7	2,174	2,731	3,525	42	52	66
OMV	37.6	(13)%	9.6	9.0	8.5	5.3	6.3	6.1	3.7	3.8	3.9	4,186	4,673	5,493	36	38	43
Repsol***	24.2	(20)%	13.6	15.0	14.5	7.4	7.5	7.9	5.1	10.3	5.1	12,152	7,443	8,927	45	26	31
Statoil	205.6	(8)%	12.8	12.4	12.9	6.5	5.7	5.1	3.7	3.9	4.1	63,900	87,389	102,169	18	24	26
TOTAL	58.4	(10)%	11.5	10.8	10.4	6.7	6.3	5.8	4.4	4.7	4.9	23,612	21,898	21,523	24	20	19
Average		(25)%	16.6	17.2	15.4	8.1	8.5	7.8	3.7	4.6	4.0				32	34	39
Emerging Market																	
Sinopec			11.2	8.8	8.5	6.7	7.2	6.4	4.1	4.8	5.0	294,414	352,393	380,350	52	56	56
PetroChina			11.1	11.0	10.7	6.8	6.4	6.1	4.1	4.1	4.2	444,222	538,674	591,230	39	43	44
S-Oil			22.8	13.0	11.3	27.5	4.9	5.9	2.3	3.9	4.4	2,717,404	3,096,736	2,721,786	51	53	45
SK Innovation			13.5	8.7	7.6	6.2	6.6	NM	2.8	2.8	2.8	5,209,597	5,725,995	5,505,262	33	34	31
Gazprom			2.9	3.0	3.2	NA	NA	NA	4.3	4.7	5.9	33,097	20,670	9,391	12	7	3
Gazprom Neft			3.6	3.9	4.5	3.1	3.6	3.7	6.9	6.3	5.6	241,295	309,244	339,297	28	32	32
Lukoil			4.0	3.9	3.2	3.2	2.8	2.4	5.4	6.1	6.8	7,731	6,977	2,126	9	8	2
Rosneft			5.8	5.3	5.6	6.2	5.0	5.0	4.8	4.2	4.2	70,901	73,001	71,376	83	77	68
Surgutneftegaz			4.8	4.9	5.2	2.8	2.9	3.1	2.5	3.2	3.7	-469,602	-514,413	-548,933	-22	-22	-23
Tatneft			6.7	6.0	5.9	4.8	4.6	4.3	3.7	4.3	4.5	10,366	-25,277	-62,159	2	-4	-10
Sasol*			10.4	7.2	9.8	10.4	9.5	9.3	3.0	3.3	3.5	-9,212	-7,173	20,174	-6	-4	11
Ecopetrol			9.9	9.9	7.7	8.6	7.3	6.4	7.4	5.5	7.0	14,938,790	20,063,943	19,366,855	27	34	26
Reliance Industries**			15.7	14.6	13.0	10.8	14.3	11.4	1.0	1.0	1.1	567,630	1,007,770	1,048,341	38	61	57
Average			9.4	7.8	7.4	8.1	6.3	5.8	3.9	4.2	4.5				29	33	32

Source: Company Reports, Bloomberg, J.P. Morgan estimates. Prices at c.o.b 30-Jun-2014

UK & European oilfield services valuations

Table 4: Summary valuation multiples

Pan-European Oilfield Services - Analyst Team

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Prices as of c.o.b. 30-Jun-14

Company	Reporting Currency	Trading Currency	Price	Rec	MV (\$ mn)	MV (mn)	EV (mn)	P/E (x)			Cash Adjusted P/E (x)			EV/EBITDA (x)			EV/Sales (x)			EBIT Margin (%)			P/BV			JPM Cazenove EPS		
								12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E
Lamprell	\$	£	155.5	OW	693	405	369	nm	26.4	16.1	nm	22.2	13.5	nm	10.1	8.0	0.6	0.6	0.6	8.6	3.5	4.9	1.7	1.6	1.5	0.43	0.10	0.17
GMS	\$	£	158.3	N	946	553	744	16.9	11.0	11.0	na	na	na	13.1	10.5	9.5	8.6	6.9	6.1	54.1	56.4	54.5	4.4	4.4	2.6	0.16	0.25	0.25
Average								16.9	16.7	13.6	nm	22.2	13.5	13.1	10.5	8.8	4.6	3.6	3.4				3.0	3.0	2.0			
NB: The reported Market Value (MV) and Enterprise Value (EV 09) in trading currencies.																												
NB: The reported JPM Cazenove EPS are in reporting currencies.																												
Company	Reporting Currency	Trading Currency	Price	Rec	MV (\$ mn)	MV (mn)	EV (mn)	FCF			FCF Yield (%)			DPS			Dividend Yield (%)			Net Debt/Equity (%)			ROE (%)			ROCE (%)		
								12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E	12E	13E	14E
Lamprell	\$	£	155.5	OW	693	405	369	231	27	32	33.3	3.9	4.6	0.0	0.0	0.0	0.0	0.0	0.0	26	14	17	27.4	6.1	9.1	29.8	9.8	13.1
GMS	\$	£	158.3	N	946	553	744	60	61	29	6.2	6.4	-3.1	0.0	0.0	2.3	0.0	0.0	0.8	132	167	76	25.8	40.5	23.8	17.8	21.2	17.0
Average								19.8	1.2	0.8							0.0	0.0	0.4				-0.8	23.3	16.4	-6.0	15.5	15.0

Source: Company Reports, Bloomberg, J.P. Morgan estimates. Prices at c.o.b 30-Jun-2014

North American oilfield services valuations

Table 4: Summary valuation multiples

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Prices as of c.o.b 6/30/2014

Company		Rating	PT	Price	Mkt Cap	EV	EPS		P/E		EBITDA (\$m)		EV/EBITDA		Net Debt/Cap		Return on Capital (net)		
				06/30/14			2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E	2012E	2013E	2012E	2013E	2014E
Services			(\$/shr)		(\$, bn)														
Schlumberger	SLB	OW	\$125	117.95	158.1	163.4	4.24	5.67	27.8x	20.8x	13,071	14,409	12.5x	11.3x	12%	10%	14%	15%	15%
Halliburton	HAL	OW	\$78	71.01	66.1	68.4	2.41	4.02	29.4x	16.5x	6,185	7,310	11.1x	0.3x	12%	26%	16%	15%	16%
Baker Hughes	BHI	N	\$74	74.45	33.1	37.0	2.73	4.03	27.3x	18.5x	4,070	5,045	9.1x	7.3x	18%	13%	8%	7%	9%
Weatherford	WFT	OW	\$27	23.00	17.8	26.1	0.30	1.15	76.8x	20.0x	2,653	3,261	9.8x	8.0x	49%	48%	4%	5%	8%
AVG									40.3x	18.9x			10.6x	6.8x	23%	24%	11%	11%	12%
Capital Equipment																			
Nat'l Oilwell	NOV	OW	\$87	82.35	35.2	35.0	5.52	5.84	14.9x	14.1x	4,223	4,473	8.3x	7.8x	-1%	-1%	12%	10%	10%
Cameron	CAM	N	\$70	67.71	16.8	17.7	3.03	3.85	22.4x	17.6x	1,460	1,594	12.1x	11.1x	13%	12%	12%	10%	10%
FMC Tech.	FTI	OW	\$65	61.07	14.6	15.9	2.12	2.80	28.8x	21.8x	1,066	1,387	14.9x	11.5x	47%	27%	20%	17%	19%
Dresser-Rand	DRC	N	\$57	63.73	4.9	5.8	2.21	2.58	28.8x	24.7x	475	474	12.2x	12.3x	46%	46%	11%	12%	9%
Dril-Quip	DRQ	N	\$110	109.24	4.4	4.2	4.19	4.89	26.1x	22.4x	258	305	16.2x	13.7x	-26%	-33%	12%	15%	15%
AVG									24.2x	20.1x			12.7x	11.3x	16%	10%	14%	13%	13%
Offshore Drillers																			
Transocean	RIG	N	\$45	45.03	16.2	23.5	3.91	4.07	11.5x	11.1x	3,536	3,517	6.7x	6.7x	26%	27%	7%	7%	7%
Ensco	ESV	OW	\$59	55.57	12.8	17.2	6.15	5.95	9.0x	9.3x	2,409	2,417	7.1x	7.1x	27%	27%	8%	9%	8%
Diamond	DO	OW	\$60	49.63	6.9	6.9	3.95	3.25	12.6x	15.3x	1,278	1,126	5.4x	6.1x	0%	6%	12%	10%	7%
Noble	NE	N	\$44	33.56	8.5	12.9	3.25	4.35	10.3x	7.7x	1,952	2,538	6.6x	5.1x	37%	41%	5%	7%	9%
Rowan	RDC	OW	\$37	31.93	4.0	4.9	1.94	2.64	16.5x	12.1x	587	739	8.4x	6.7x	16%	14%	5%	5%	5%
AVG									12.0x	11.1x			6.8x	6.3x	21%	23%	7%	8%	7%
Small Caps																			
C&J	CJES	N	\$35	33.78	1.8	2.0	1.26	1.32	26.8x	25.6x	189	228	10.5x	8.7x	27%	18%	31%	9%	8%
Exterran	EXH	N	\$46	44.99	3.0	4.5	1.80	1.50	24.9x	30.1x	595	639	7.5x	7.0x	49%	47%	5%	5%	5%

Source: Company Reports, Bloomberg, J.P. Morgan estimates. Prices at c.o.b 30-Jun-2014

Global E&P valuations

Table 5: Summary valuation multiples

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Prices as of c.o.b. 30-Jun-14

Company	Analyst	Reporting Currency	Trading Currency	Share price	Rec	NOSH (m)	MV (\$ m)	MV (m)	EV (m)	EPS 13 14E 15E	DPS 13 14E 15E	Post tax CFPS 13 14E 15E	YE Net debt / (cash) (m) 13 14E 15E	Reserves 2P 2P+2C JPM
Europe														
Afren	Thompson	\$	£	145.0	UW	1,081	2,681	1,567	1,957	0.21 0.21 0.35	0.0 0.0 0.0	0.57 0.51 0.79	667 1,022 902	286 1,096 N/A
Cairn Energy	Thompson	\$	£	200.0	OW	597	1,971	1,153	420	(0.48) (0.39) (0.13)	0.0 0.0 0.0	0.07 -0.09 -0.12	-1,253 -631 -158	30 126 N/A
EnQuest	Thompson	\$	£	141.2	OW	765	1,925	1,125	1,338	0.27 0.27 0.27	0.0 0.0 0.0	0.80 1.11 1.17	363 296 73	195 316 N/A
Genel Energy	Thompson	\$	£	1,015.0	N	281	4,885	2,856	2,447	0.67 1.01 1.47	0.0 0.0 0.0	1.11 1.80 2.83	-700 -525 -237	453 1,541 N/A
Ophir Energy	Thompson	\$	£	220.3	OW	588	2,216	1,296	906	(0.42) (0.14) (0.13)	0.0 0.0 0.0	-0.03 -0.06 -0.06	-667 -1,154 -720	N/A 1,250 N/A
Serica	Thompson	\$	£	11.9	UW	183	37	22	6	(0.02) (0.02) (0.02)	0.0 0.0 0.0	0.02 -0.03 -0.02	-27 -5 25	N/A 6 N/A
SOCO	Thompson	\$	£	412.6	N	328	2,314	1,353	1,235	0.65 0.63 0.61	0.6 0.0 0.0	0.89 0.85 0.71	-202 -245 -221	130 N/A 129
Tullow	Thompson	\$	£	853.5	OW	910	13,285	7,766	9,687	0.19 0.48 0.43	0.2 0.2 0.2	1.92 1.58 1.50	1,921 2,951 4,018	382 1,049 N/A
Lundin Petroleum	Thompson	\$	SEK	135.2	OW	311	6,282	41,985	49,820	0.41 0.55 0.83	0.0 0.0 0.0	2.81 3.06 4.29	1,172 1,968 2,099	194 1,124 840
DNO International	Thompson	\$	NOK	23.6	N	1,023	3,936	24,142	24,667	1.08 2.75 2.52	0.0 0.0 0.0	1.76 3.91 4.50	86 -1,385 -4,547	520 563 N/A
Asia														
ONOC	Darling	CNY	HKD	13.9	N	44,669	80,228	621,795	768,612	1.26 1.26 1.36	0.4 0.4 0.4	2.75 2.84 2.54	117,534 174,912 191,341	N/A N/A N/A
ONGC*	Darling	INR	INR	424.9	N	8,556	60,393	3,634,825	3,646,685	28.3 28.2 36.5	9.5 9.5 11.5	46.0 53.8 53.8	11,188 276,569 276,640	10,453 N/A N/A
PTTEP	Darling	THB	THB	167.5	OW	3,970	20,499	664,973	719,638	14.8 17.7 18.7	6.0 6.6 6.8	32.8 29.8 0.0	54,666 74,821 75,763	1,749 2,399 2,399
Australia														
AWE*	Wilson	AUD	AUD	1.80	OW	522	887	940	975	0.04 0.18 0.11	0.00 0.00 0.00	0.23 0.19 0.33	35 -51 28	56 245 N/A
Beach Energy**	Wilson	AUD	AUD	1.68	UW	1,269	2,012	2,133	1,905	0.12 0.21 0.22	0.03 0.04 0.06	0.21 0.39 0.40	-228 -225 -514	93 559 N/A
Oil Search	Wilson	\$	AUD	9.67	UW	1,343	12,223	12,958	16,773	0.15 0.38 0.66	0.04 0.04 0.10	0.27 0.75 0.96	3,815 4,077 3,085	552 1,500 N/A
ROC Oil	Wilson	\$	AUD	0.60	OW	686	387	410	345	0.07 0.15 0.07	0.00 0.00 0.00	0.15 0.25 0.24	-65 -112 -165	15 38 N/A
Santos	Wilson	AUD	AUD	14.3	OW	972	12,989	13,770	18,897	0.53 0.57 1.07	0.30 0.35 0.55	1.56 1.73 2.14	1,527 7,558 7,079	1,406 3,371 N/A
Woodside	Wilson	\$	AUD	41.1	N	824	31,920	33,838	35,379	2.13 2.98 2.61	2.49 2.39 2.09	4.04 4.94 5.06	1,541 431 -456	1,544 3,154 N/A
Latam														
Gran Tierra	Carvalho	\$	\$	8.1	OW	287	2,335	2,335	1,906	0.44 0.52 0.60	0.0 0.0 0.0	NM NM NM	-429 -458 -303	57 N/A N/A
HRT	Carvalho	BRL	BRL	1.2	N	6	160	353	262	(4.57) 0.01 0.14	0.0 0.0 0.0	NM NM NM	-91 28 442	N/A N/A 1,888
Pacific Rubiales	Carvalho	\$	CAD	21.7	N	322	6,561	7,002	10,187	1.43 2.46 2.75	0.7 0.7 0.8	NM NM NM	3,186 3,172 2,964	588 N/A 232
QGP	Carvalho	BRL	BRL	9.0	N	266	1,080	2,392	2,202	0.72 0.45 0.48	0.0 0.0 0.0	NM NM NM	-190 -215 26	63 169 N/A
Russia														
Novatek	Gromadin	Rb	\$	124.4	N	304	37,772	37,772	42,566	8.19 10.32 13.04	0.24 0.27 0.33	NM NM NM	4,794 1,646 421	15,597 22,355 N/A

NB: The reported Market Value (MV) and Enterprise Value (EV) in trading currencies.

NB: The reported estimates are in reporting currencies except for OGX and Novatek which are in \$.

NB: PTTEP reports only 1P/Preserves data, hence 2P and 2P+2C are necessarily JPMs.

* - Fiscal year end March, ** - Fiscal year end June.

Company	Core NAV : per share	Premium (Discount)	RENAV per share	Premium (Discount)	TNAV per share	Premium (Discount)	Production (kboepd) 12 13E 14E	PER (x) 13 14E 15E	Dividend Yield (%) 13 14E 15E	EV/DACF (x) 13 14E 15E	Net Debt / Equity (%) 13 14E 15E	EV per boe 2P 2P+2C JPM
Europe												
Afren	144	1%	211	(31)%	370	(61)%	42 47 50	11.6 11.5 7.1	0.0 0.0 0.0	5.5 6.8 4.2	39 53 39	11.7 3.1 NM
Cairn Energy	312	(36)%	389	(49)%	793	(75)%	0 0 0	NM NM NM	0.0 0.0 0.0	18.3 NM NM	-39 -22 -6	23.9 5.7 NM
EnQuest	168	(16)%	218	(35)%	330	(57)%	23 23 32	8.9 9.1 8.9	0.0 0.0 0.0	3.7 2.6 2.2	24 17 4	11.7 7.2 NM
Genel Energy	839	21%	1,252	(19)%	2,535	(60)%	44 44 67	26.1 17.2 11.8	0.0 0.0 0.0	13.4 8.6 5.8	-17 -12 -5	9.2 2.7 NM
Ophir Energy	246	(10)%	373	(41)%	1,016	(78)%	NM NM NM	NM NM NM	0.0 0.0 0.0	NM NM NM	-40 -44 -29	NM 1.2 NM
Serica	28	(57)%	47	(75)%	224	(95)%	1 0 0	NM NM NM	0.0 0.0 0.0	3.5 NM NM	-26 -5 27	NM 1.7 NM
SOCO	362	14%	407	1%	521	(21)%	15 17 18	10.9 11.2 11.6	8.9 0.0 0.0	7.3 7.4 9.0	-17 -20 -18	16.2 NM 16.4
Tullow	516	66%	1,000	(15)%	1,919	(56)%	79 84 81	78.6 30.6 34.1	1.3 1.3 1.3	8.7 11.3 12.7	36 53 69	43.3 15.8 NM
Lundin Petroleum	162	(17)%	209	(35)%	335	(60)%	36 34 37	49.3 36.6 24.4	0.0 0.0 0.0	8.5 8.7 6.3	90 133 121	38.4 6.6 8.9
DNO International	15	54%	21	14%	28	(16)%	38 43 78	21.9 8.6 9.4	0.0 0.0 0.0	13.5 5.7 4.3	2 -17 -43	7.7 7.1 NM
Average		(2)%		(30)%		(59)%		28.6 18.0 14.7	1.0 0.1 0.1	8.8 8.9 6.9	8 18 22	20.1 5.4 9.9
Asia												
ONOC	13	7%	-	-	-	-	884 1177 1244	11.0 11.0 10.2	2.9 2.7 2.9	5.0 5.3 6.1	34 52 57	NM NM NM
ONGC*	-	-	-	-	-	-	1184 1231 NM	15.0 15.1 11.6	2.2 2.2 2.7	7.4 6.9 6.9	1 16 15	5.8 NM NM
PTTEP	157	7%	-	-	-	-	276 310 340	11.4 9.5 9.0	3.6 3.9 4.1	5.5 6.3 NM	14 17 16	12.7 9.2 9.2
Average		(29)%		-		-		12.5 11.9 10.3	2.9 3.0 3.2	6.0 6.2 6.5	16 29 25	9.2 9.2 9.2
Australia												
AWE*	1.3	43%	1.8	(2)%	2.3	(22)%	13 14 16	47.0 10.1 16.2	0.0 0.0 0.0	8.2 9.2 5.5	4 -5 3	16.4 3.8 NM
Beach Energy**	1.4	17%	1.5	10%	1.5	10%	21 24 28	13.0 7.6 7.4	1.6 2.2 3.8	7.2 3.8 3.2	-13 -11 -23	19.3 3.2 NM
Oil Search	7.2	34%	8.9	9%	9.5	2%	17 18 24	59.4 24.1 13.7	0.4 0.4 1.1	45.7 16.8 12.4	112 81 52	29.1 10.7 NM
ROC Oil	0.5	20%	0.7	(9)%	0.8	(28)%	6 7 7	8.6 3.8 7.9	0.0 0.0 0.0	3.4 1.7 1.5	-24 -30 -39	21.4 8.5 NM
Santos	17.0	(16)%	16.9	(15)%	19.0	(25)%	143 155 164	26.7 25.2 13.4	2.1 2.5 3.9	12.4 12.7 10.0	50 72 63	12.7 5.3 NM
Woodside	38.9	6%	45.2	(9)%	61.7	(33)%	232 254 252	18.2 13.0 14.8	6.4 6.2 5.4	10.6 8.4 8.0	10 3 -3	21.7 10.6 NM
Average		17%		(3)%		(16)%		28.8 14.0 12.2	1.8 1.9 2.4	14.6 8.8 6.8	23 18 9	20.1 7.0 NM
Latam												
Gran Tierra	-	-	-	-	4	93%	16 20 22	18.4 15.6 NM	0.0 0.0 0.0	2.9 14.8 NM	-30 -30 -22	33.6 NM NM
HRT	-	-	-	-	-	-	NM NM NM	NM NM NM	0.0 0.0 0.0	NM NM NM	-4 1 15	NM NM 0.0
Pacific Rubiales	-	-	-	-	36	(40)%	100 130 141	14.2 8.3 NM	3.3 3.6 4.1	8.1 5.8 NM	76 74 66	16.6 NM 42.0
QGP	11	0	-	-	17	(47)%	0 0 0	12.4 19.9 18.8	0.0 0.0 0.0	5.8 7.9 22.1	-8 -10 1	14.1 5.3 NM
Average		-		-		(24)%		15.0 14.8 18.8	0.8 0.9 1.0	5.8 9.5 22.1	9 9 15	21.5 5.3 21.0
Russia												
Novatek	58.6	112%	-	-	-	-	1106 1165 1277	15.2 12.1 9.5	1.9 2.2 2.7	13.1 11.0 9.2	43 12 3	2.7 1.9 NM
Average		112%		-		-		15.2 12.1 9.5	1.9 2.2 2.7	13.1 11.0 9.2	43 12 3	2.7 1.9 NM

Source: Company Reports, Bloomberg, J.P. Morgan estimates. Prices at c.o.b 30-Jun-2014

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