**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.

Figure : Global coverage - upside/downside heat map



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

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



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

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

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

Source: J.P. Morgan.

**J.P. Morgan Global Energy Research**

* [Noble Energy: LOI for Leviathan Gas Positive; First Significant Leviathan Sales Agreement – ALERT](#_Noble_Energy:_LOI)
* [Oil Services & Equipment Sector: Marketing Update on Valuation, Performance and Forecasts](#_Oil_Services_&_3)

Table : 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.](file:///\\169.76.182.114\eqresnew\SHARE\EQUITY%20RESEARCH\Rahul%20Bhat\Oil%20&%20Gas\O&G%20Daily\Oil%20rags\www.jpmorganmarkets.com.)

Americas Equity Research

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

*Analyst: Joseph Allman, CFA*

*(1-212) 622-4864, joseph.d.allman@jpmorgan.com, This report can be accessed by clicking* [*here*](https://jpmorganmarkets.com/research/content/GPS-1429109-0)*, or at www.morganmarkets.com*

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, an 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

*Analyst: J. David Anderson, PE, CFA*

*(1-212) 622-6684, jdavid.anderson@jpmorgan.com, This report can be accessed by clicking* [*here*](https://jpmorganmarkets.com/research/content/GPS-1429187-0)*, or at www.morganmarkets.com*

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 : North American Integrateds v/s Global Integrateds | Figure : North American E&P v/s Global E&P |
| Figure : Emerging market Integrateds v/s Global Integrateds | Figure : Emerging market E&P v/s Global E&P |

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

# Global Sub-Sector Indices

|  |  |
| --- | --- |
| Figure : European OFS v/s Global OFS | Figure : North American OFS v/s Global OFS |
| Figure : Emerging market OFS v/s Global OFS |  |

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

# Oil & gas prices

|  |  |
| --- | --- |
| Figure : UK natural gas (pence/therm) | Figure 20: Brent oil ($/bbl) |
| Figure : US natural gas ($/mmbtu) | Figure : CFTC non commercial long/short oil positions & WTI oil price |
| Figure : CFTC net non-commercial positions & WTI oil price | Figure : CFTC non-commercial long/short US gas positions & Henry Hub gas price |

Source for all charts: Bloomberg

# Share price charts

## Global Integrateds and E&Ps: Top 10 and bottom 10 performers

|  |  |  |  |
| --- | --- | --- | --- |
| Figure : Integrateds– 1 Week v | | Figure : Integrateds - 1 Month | |
| Figure : E&P - 1 Week | Figure : E&P - 1 Month | |

Source for all charts: Bloomberg

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

|  |  |  |  |
| --- | --- | --- | --- |
| Figure : Oil Services– 1 Week | | Figure 30: Oil Services- 1 Month | |
| Figure : Refiners- 1 Week | Figure : Refiners - 1 Month | |

Source for all charts: Bloomberg

## Sector Performance

|  |  |
| --- | --- |
| Figure : MSCI World - 1 Week | Figure : MSCI World - 1 Month |
| Figure : MSCI Euro - 1 Week | Figure : MSCI Euro - 1 Month |

Source for all charts: Bloomberg

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

|  |
| --- |
| Figure : Global Integrateds |
| Figure : Global Oil Services & Equipment |
| Figure : Global E&P’s |

Source for all charts: Bloomberg, JP Morgan estimates

## Global Integrateds valuations

Table : Summary valuation multiples



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

## UK & European oilfield services valuations

Table : Summary valuation multiples



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



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



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

# Access to Online Research and Valuation Statistics

We would like to encourage all clients to use our online facilities to access our financial valuation statistics for the energy sector, as well as the J. P. Morgan energy equity research.

For access to all J. P. Morgan’s research on energy simply click on [www.morganmarkets.com](http://www.morganmarkets.com)

## J.P. Morgan Global Energy Coverage

|  |  |
| --- | --- |
| UK Integrateds  Fred Lucas  (44-20) 7134-5943  [fred.lucas@jpmorgan.com](mailto:fred.lucas@jpmorgan.com)  UK Exploration &Production  James Thompson  (44-20) 7134-5942  [James.a.thompson1@jpmorgan.com](mailto:James.a.thompson1@jpmorgan.com)  European Integrateds  Nitin Sharma  (44-20) 7134-5947  [nitin.sharma@jpmorgan.com](mailto:nitin.sharma@jpmorgan.com)  European Oilfield Services  Rahul Bhat  (44-20) 7134-9059  rahul.bhat@jpmorgan.com  Emerging Oils – Russia & Turkey  Andrey Gromadin, CFA  (7-495) 967 1037  andrey.gromadin@jpmorgan.com  Neeraj Kumar  (971) 4428-1740  neeraj.z.kumar@jpmorgan.com  Emerging Oils – Asia + Japan  Scott Darling  (852) 2800 8578  scott.darling@jpmorgan.com  Samuel Lee  (852) 2800-8536  samuel.sw.lee@jpmorgan.com  Yuji Nishiyama  (81-3) 6736-8617  yuji.nishiyama@jpmorgan.com  Australian Oils  Benjamin Wilson  (61-2) 9220 1384  benjamin.x.wilson@jpmorgan.com  Daniel Butcher  (61-2) 9220 1405  daniel.butcher@jpmorgan.com  Indian Oils  **Neil Gupte**  (91-22) 6157 3592  [neil.x.gupte@jpmorgan.com](mailto:neil.x.gupte@jpmorgan.com)  For Specialist Sales advice, please contact:  **Ian Mitchell**  (44-20) 7134 1356  ian.e.mitchell@jpmorgan.com | Americas Exploration and Production  Joseph Allman, CFA  (1-212) 622 4864  joseph.d.allman@jpmorgan.com  Jeanine Wai  (1-212) 622-6489  jeanine.wai@jpmorgan.com  **Jessica Lee**  (1-212) 622-9812  jessica.s.lee@jpmorgan.com  Americas Oil Services & Equipment  J.David Anderson, PE, CFA  (1-212) 622-6684  [jdavid.anderson@jpmchase.com](mailto:jdavid.anderson@jpmchase.com)  Samantha Hoh, CFA  (1-212) 622-5248  samantha.k.hoh@jpmchase.com  William S Thompson  (1-212) 622-9978  william.s.thompson@jpmorgan.com  Americas Integrated Oils & Refiners  Timothy Li  (1-212) 622-6490  [timothy.li@jpmorgan.com](mailto:timothy.li@jpmorgan.com)  Emerging Oils – LatAm  Caio Carvalhal  (55-11) 3048-3946  caio.m.carvalhal@jpmchase.com  Felipe Dos Santos  (55-11) 4950-3796  felipe.dossantos@jpmorgan.com  South African Oils  Alex Comer  (44-20) 7325 1964  alex.r.comer@jpmorgan.com  Head of Global Commodity Research  **Colin Fenton**  (1-212) 834-5648  colin.p.fenton@jpmorgan.com  Energy Strategy – Oil  David G Martin  (44-20) 7777-0211  [david.g.martin@jpmorgan.com](mailto:david.g.martin@jpmorgan.com)  Energy Strategy – Gas  **Scott Speaker**  (1-212) 834-3878  scott.c.speaker@jpmorgan.com |

## J.P. Morgan Oil & Gas Coverage Names

|  |  |
| --- | --- |
| UK Integrateds - Fred Lucas  BG Group, BP, RD Shell A & B, Gulf Marine Services  European Integrateds - Nitin Sharma  ENI, Essar Energy, Galp Energia, OMV, Repsol, Statoil, TOTAL  UK Exploration & Production – James Thompson  Afren, Cairn Energy, Enquest, Genel Energy Plc, Ophir Energy, Serica Energy, Soco International, Tullow Oil, Lundin Petroleum, Lamprell  Emerging Oils – Russia  Andrey Gromadin, CFA  Alliance Oil Company, Bashneft, Bashneft (pref), Gazprom Neft, Lukoil, Rosneft, Surgutneftegaz, Surgutneftegaz Prefs, Tatneft, Tatneft Prefs, TNK-BP, TNK-BP Prefs, Transneft, Gazprom, Novatek  Emerging Oils – Turkey – Neeraj Kumar  Tupras  Emerging Oils – Asia – Scott Darling  CNOOC, China Oilfield Services Limited, Inpex Corporation, MIE Holdings, PetroChina, Sinopec, PTT, PTTEP, Sinopec Corp – H, Anton Oilfield Services, SPT Energy, Honghua Group, ONGC, Cairn India  Emerging Oils – Asia Refiners – Samuel Lee  S-OIL Crop, SK Innovation, Formosa Petrochemical, Reliance Industries Ltd., Thai Oil, Reliance Industries  Emerging Oils – Japan – Yuji Nishiyama  JX Holdings, Cosmo Oil, Idemitsu Kosan, TonenGeneral Sekiyu, Showa Shell Sekiyu  Australian Oils - Benjamin Wilson, Daniel Butcher  AWE Limited, Beach Energy, Buru Energy, Oil Search, ROC Oil, Santos, Woodside Petroleum, Aurora Oil & Gas, Drillsearch Energy, Senex Energy | Americas Exploration & Production - Joseph Allman, CFA  Anadarko Petroleum, Apache Corp., Approach Resources, Berry Petroleum, Cabot Oil & Gas, Carrizo Oil & Gas, Chesapeake Energy, Cimarex Energy Co., Cobalt International Energy, Concho Resources, Continental Resources, Denbury Resources, Devon Energy, EOG Resources, EQT Corp., EXCO Resources, Goodrich Petroleum, Halcón Resources, Jones Energy, Laredo Petroleum, Newfield Exploration, Noble Energy, PDC Energy, Penn Virginia Corp., PetroQuest Energy, Pioneer Natural Resources, QEP Resources, Quicksilver Resources, Range Resources Corp., SM Energy, SandRidge Energy, Southwestern Energy, Swift Energy, Ultra Petroleum, Whiting Petroleum Corp., WPX Energy, RPS Permian  Americas Oil Services & Equipment - J.David Anderson, PE, CFA  Baker Hughes, Bristow Group, C&J Energy Services, Cameron Int’l, Core Laboratories, Diamond Offshore, Dresser-Rand, Dril-Quip, Ensco, Exterran Holdings, FMC Technologies, Forum Energy Technologies, Halliburton, Hornbeck Offshore, National Oilwell Varco, Noble Corp, Rowan Companies, Schlumberger, Transocean, Weatherford Inernational  Emerging Oils – LatAm – Caio Carvalhal  Ecopetrol, Gran Tierra Energy, HRT, OGX, Petrobras, Pacific Rubiales, QGEP, GeoPark  South African Oils - Alex Comer  Sasol  Indian Oils – Neil Gupte  BPCL, Essar Oil, HPCL, Indian Oil |

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**Research excerpts**: 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>.

**Important Disclosures**

**Company-Specific Disclosures:** Important disclosures, including price charts, are available for compendium reports and all J.P. Morgan–covered companies by visiting<https://jpmm.com/research/disclosures>, calling 1-800-477-0406, or e-mailing [research.disclosure.inquiries@jpmorgan.com](mailto:research.disclosure.inquiries@jpmorgan.com) with your request. J.P. Morgan’s Strategy, Technical, and Quantitative Research teams may screen companies not covered by J.P. Morgan. For important disclosures for these companies, please call 1-800-477-0406 or e-mail [research.disclosure.inquiries@jpmorgan.com](mailto:research.disclosure.inquiries@jpmorgan.com).

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**Coverage Universe: Lucas, Frederick G**: BG Group (BG.L), BP (BP.L), Gulf Marine Services (GMS.L), Royal Dutch Shell A (RDSa.L), Royal Dutch Shell B (RDSb.L)

**J.P. Morgan Equity Research Ratings Distribution, as of June 30, 2014**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Overweight** (buy) | **Neutral** (hold) | **Underweight** (sell) |
| J.P. Morgan Global Equity Research Coverage | 45% | 43% | 11% |
| IB clients\* | 55% | 49% | 34% |
| JPMS Equity Research Coverage | 46% | 47% | 7% |
| IB clients\* | 75% | 66% | 54% |

\*Percentage of investment banking clients in each rating category.  
For purposes only of FINRA/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above.

**Equity Valuation and Risks:** For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at <http://www.jpmorganmarkets.com>, contact the primary analyst or your J.P. Morgan representative, or email [research.disclosure.inquiries@jpmorgan.com](mailto:research.disclosure.inquiries@jpmorgan.com).

**Equity Analysts' Compensation:** The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

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