

## ***Meter Reader***

*A Weekly Analysis of Energy Stocks Using the McDep Ratio*

September 24, 2001

# **Energy Stocks Oversold**

## **Summary and Recommendation**

Energy stocks have become fundamentally more attractive following the turmoil of the past two weeks on the basis of changes in the commodity and debt markets during the same time. Our Strong Buys are **Marathon Oil (MRO)** and **Burlington Resources (BR)**. Our Buys in oil and gas stocks include **PanCanadian Energy (PCX)**, **PetroChina (PTR)** and **Energy Partners (EPL)**. We revise our rating to Neutral from Buy on **Louis Dreyfus Natural Gas (LD)** following favorable relative performance since its takeover offer from Dominion Resources. Among power stocks our Buys are **American Electric Power (AEP)** and **Exelon (EXC)** and our Sell continues to be **Calpine (CPN)**.

## **Stock Market Values Down More Than Fundamental Values**

For five small cap stocks we let futures prices, interest rates and inflation rates drive a weekly value calculation we have been doing for nearly the past two years (see *MR Tables*, a separate publication downloadable from [www.mcdep.com](http://www.mcdep.com)). For those issues, unlevered stock price is down a median 13%. Yet by our calculations, next twelve months distributions are down 9% and present value of all future cash flow is down only 4%. Those numbers mean that stock market values are down more than business prospects. Specifically, McDep Ratios, which relate stock market values to fundamental values, are down by a median 7% in the past week. As a result, stocks are more attractive for purchase.

We can be emphatic about the objectivity of that conclusion as far as it goes. What we can't know is where markets are headed. Nor do we necessarily agree that the futures market forecasts oil and gas prices correctly or that interest rates and inflations rates in the market place are appropriate indications of future economic conditions. Regardless, we do believe that now is an attractive time to invest in energy.

## **Risks Remain**

Yet few investors should be fully concentrated in energy. We emphasize energy investments as part of a diversified portfolio that offers the appropriate amount of growth along with deflation protection and inflation protection.

While oversold now, the stock market still has above normal risk through the end of October on a traditional seasonal basis. Moreover, energy pricing may not become firm until late in the winter and in the spring.

Kurt H. Wulff, CFA

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**Table L-1**  
**Mega Cap and Large Cap Energy Companies**  
**Rank by McDep Ratio: Market Cap and Debt to Present Value**

|                                  | <i>Symbol/<br/>Rating</i> | <i>Price<br/>(\$/sh)<br/>21-Sep<br/>2001</i> | <i>Shares<br/>(mm)</i> | <i>Market<br/>Cap<br/>(\$mm)</i> | <i>Net<br/>Present<br/>Value<br/>(\$/sh)</i> | <i>Debt/<br/>Present<br/>Value</i> | <i>McDep<br/>Ratio</i> |
|----------------------------------|---------------------------|--|------------------------|----------------------------------|--|------------------------------------|------------------------|
| <b>Mega Cap</b>                  |                           |  |                        |                                  |  |                                    |                        |
| Exxon Mobil Corporation          | XOM                       | 35.83  | 6,963                  | 250,000                          | 36.00  | 0.04                               | 1.00                   |
| Chevron (incl. Texaco)           | CHV                       | 84.01  | 1,063                  | 89,300                           | 87.70  | 0.17                               | 0.96                   |
| BP PLC                           | BP                        | 44.25  | 3,744                  | 166,000                          | 47.80  | 0.15                               | 0.94                   |
| Royal Dutch/Shell                | RD                        | 44.00  | 3,544                  | 156,000                          | 51.50  | 0.06                               | 0.86                   |
| TOTAL Fina Elf S.A.              | TOT                       | 61.75  | 1,406                  | 87,000                           | 75.60  | 0.16                               | 0.85                   |
|                                  | <i>Total or Median</i>    |  |                        | <i>748,000</i>                   |  | <i>0.15</i>                        | <i>0.94</i>            |
| <b>Power</b>                     |                           |  |                        |                                  |  |                                    |                        |
| Enron Corp.                      | ENE                       | 28.30  | 891                    | 25,200                           | 5.40   | 0.86                               | 1.60                   |
| Dynegy Inc.                      | DYN                       | 33.02  | 338                    | 11,200                           | 15.40  | 0.63                               | 1.43                   |
| Duke Energy Corporation          | DUK                       | 37.17  | 779                    | 29,000                           | 19.90  | 0.62                               | 1.33                   |
| Calpine Corporation              | CPN 4                     | 22.75  | 318                    | 7,200                            | 14.40  | 0.60                               | 1.23                   |
| Mirant Corporation               | MIR                       | 22.60  | 353                    | 8,000                            | 12.70  | 0.73                               | 1.21                   |
| Williams Companies               | WMB                       | 26.00  | 485                    | 12,600                           | 16.60  | 0.69                               | 1.17                   |
| American Electric Power Co. Inc. | AEP 2                     | 45.60  | 322                    | 14,700                           | 33.20  | 0.68                               | 1.12                   |
| AES Corporation                  | AES                       | 24.25  | 538                    | 13,000                           | 17.40  | 0.71                               | 1.11                   |
| Southern Company                 | SO                        | 25.55  | 683                    | 17,500                           | 22.20  | 0.47                               | 1.08                   |
| El Paso Corporation              | EPG                       | 44.49  | 532                    | 23,700                           | 38.40  | 0.53                               | 1.08                   |
| Dominion Resources               | D                         | 58.98  | 247                    | 14,600                           | 63.40  | 0.50                               | 0.97                   |
| Exelon Corporation               | EXC 2                     | 51.05  | 324                    | 16,500                           | 71.30  | 0.44                               | 0.84                   |
|                                  | <i>Total or Median</i>    |  |                        | <i>193,000</i>                   |  | <i>0.62</i>                        | <i>1.15</i>            |
| <b>Natural Gas and Oil</b>       |                           |  |                        |                                  |  |                                    |                        |
| Occidental Petroleum             | OXY                       | 23.80  | 372                    | 8,900                            | 25.30  | 0.52                               | 0.97                   |
| Phillips (incl. Tosco)           | P                         | 54.17  | 383                    | 20,700                           | 75.90  | 0.31                               | 0.80                   |
| Burlington Resources, Inc        | BR 1                      | 35.13  | 215                    | 7,600                            | 48.50  | 0.19                               | 0.78                   |
| Anadarko Petroleum Corp.         | APC                       | 47.30  | 263                    | 12,400                           | 66.30  | 0.24                               | 0.78                   |
| Conoco Inc.                      | COC.B                     | 27.30  | 636                    | 17,400                           | 43.70  | 0.31                               | 0.74                   |
| ENI S.p.A.                       | E                         | 52.50  | 800                    | 42,000                           | 91.90  | 0.10                               | 0.61                   |
|                                  | <i>Total or Median</i>    |  |                        | <i>109,000</i>                   |  | <i>0.27</i>                        | <i>0.78</i>            |
| <b>Service</b>                   |                           |  |                        |                                  |  |                                    |                        |
| Baker Hughes Inc.                | BHI                       | 28.75  | 338                    | 9,700                            | 24.50  | 0.13                               | 1.15                   |
| Schlumberger Ltd.                | SLB                       | 46.96  | 581                    | 27,300                           | 44.00  | 0.12                               | 1.06                   |
| Halliburton Company              | HAL                       | 22.58  | 430                    | 9,700                            | 27.20  | 0.13                               | 0.85                   |

Buy/Sell rating after symbol: 1 - Strong Buy, 2 - Buy, 4 - Sell

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

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**Table L-2**  
**Mega Cap and Large Cap Energy Companies**  
**Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.**

|                            | <i>Symbol</i>                    | <i>Price<br/>(\$/sh)<br/>21-Sep<br/>2001</i> | <i>EV/<br/>Sales<br/>2001E</i> | <i>EV/<br/>Ebitda<br/>NTM</i> | <i>P/E<br/>NTM</i> | <i>Dividend or<br/>Distribution<br/>NTM<br/>(%)</i> | <i>PV/<br/>Ebitda<br/>NTM</i> |            |
|----------------------------|----------------------------------|--|--------------------------------|-------------------------------|--------------------|---|-------------------------------|------------|
| <b>Mega Cap</b>            |                                  |  |                                |                               |                    |   |                               |            |
|                            | Exxon Mobil Corporation          | XOM  | 35.83                          | 1.2                           | 8.0                | 16  | 2.6                           | 8.0        |
|                            | Chevron (incl. Texaco)           | CHV  | 84.01                          | 1.1                           | 7.7                | 17  | 3.1                           | 8.0        |
|                            | BP PLC                           | BP   | 44.25                          | 1.0                           | 7.5                | 16  | 3.0                           | 8.0        |
|                            | Royal Dutch/Shell                | RD   | 44.00                          | 0.9                           | 6.9                | 14  | 3.2                           | 8.0        |
|                            | TOTAL Fina Elf S.A.              | TOT  | 61.75                          | 1.2                           | 6.8                | 13  | 3.0                           | 8.0        |
|                            | <i>Median</i>                    |  |                                | <i>1.1</i>                    | <i>7.5</i>         | <i>16</i>   | <i>3.0</i>                    | <i>8.0</i> |
| <b>Power</b>               |                                  |  |                                |                               |                    |   |                               |            |
|                            | Enron Corp.                      | ENE  | 28.30                          | 0.3                           | 12.8               | 14  | 1.8                           | 8.0        |
|                            | Dynegy Inc.                      | DYN  | 33.02                          | 0.3                           | 11.4               | 16  | 0.9                           | 8.0        |
|                            | Duke Energy Corporation          | DUK  | 37.17                          | 0.9                           | 10.6               | 14  | 3.0                           | 8.0        |
|                            | Calpine Corporation              | CPN 4  | 22.75                          | 2.0                           | 9.8                | 12  | -                             | 8.0        |
|                            | Mirant Corporation               | MIR  | 22.60                          | 0.6                           | 9.7                | 11  | -                             | 8.0        |
|                            | Williams Companies               | WMB  | 26.00                          | 3.0                           | 9.4                | 11  | 2.3                           | 8.0        |
|                            | American Electric Power Co. Inc. | AEP 2  | 45.60                          | 0.7                           | 8.9                | 12  | 5.3                           | 8.0        |
|                            | AES Corporation                  | AES  | 24.25                          | 3.2                           | 8.9                | 11  | -                             | 8.0        |
|                            | Southern Company                 | SO   | 25.55                          | 2.9                           | 8.7                | 16  | 5.2                           | 8.0        |
|                            | El Paso Corporation              | EPG  | 44.49                          | 0.9                           | 8.6                | 12  | 1.9                           | 8.0        |
|                            | Dominion Resources               | D  | 58.98                          | 3.4                           | 7.7                | 13  | 4.4                           | 8.0        |
|                            | Exelon Corporation               | EXC 2  | 51.05                          | 2.3                           | 6.7                | 11  | 3.3                           | 8.0        |
|                            | <i>Median</i>                    |  |                                | <i>1.4</i>                    | <i>9.2</i>         | <i>12</i>   | <i>2.1</i>                    | <i>8.0</i> |
| <b>Natural Gas and Oil</b> |                                  |  |                                |                               |                    |   |                               |            |
|                            | Burlington Resources, Inc        | BR 1   | 35.13                          | 4.2                           | 7.0                | 34  | 1.6                           | 9.0        |
|                            | Occidental Petroleum             | OXY  | 23.80                          | 1.4                           | 5.8                | 7   | 4.2                           | 7.0        |
|                            | Phillips (incl. Tosco)           | P  | 54.17                          | 0.8                           | 5.6                | 9   | 2.7                           | 7.0        |
|                            | Conoco Inc.                      | COC.B  | 27.30                          | 0.8                           | 5.2                | 9   | 2.8                           | 7.0        |
|                            | Anadarko Petroleum Corp.         | APC  | 47.30                          | 2.1                           | 4.7                | 8   | 0.4                           | 6.0        |
|                            | ENI S.p.A.                       | E  | 52.50                          | 1.0                           | 3.1                | 5   | 3.0                           | 5.0        |
|                            | <i>Median</i>                    |  |                                | <i>1.2</i>                    | <i>5.4</i>         | <i>8</i>  | <i>2.7</i>                    | <i>7.0</i> |
| <b>Service</b>             |                                  |  |                                |                               |                    |   |                               |            |
|                            | Baker Hughes Inc.                | BHI  | 28.75                          | 1.8                           | 9.2                | 20  | 1.6                           | 8.0        |
|                            | Schlumberger Ltd.                | SLB  | 46.96                          | 2.4                           | 8.5                | 23  | 1.6                           | 8.0        |
|                            | Halliburton Company              | HAL  | 22.58                          | 0.8                           | 6.8                | 15  | 2.2                           | 8.0        |

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2002; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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|---------------------------------|---------------------------|--|------------------------|----------------------------------|--|------------------------------------|------------------------|------|
| <b>Power</b>                    |                           |  |                        |                                  |  |                                    |                        |      |
| Consol Energy Inc.              | CNX                       | 22.44  | 79                     | 1,800                            | 27.80  | 0.57                               | 0.92                   |      |
| Sempra Energy                   | SRE                       | 24.30  | 203                    | 4,900                            | 32.40  | 0.57                               | 0.89                   |      |
| CMS Energy Corporation          | CMS                       | 21.00  | 128                    | 2,700                            | 34.00  | 0.70                               | 0.89                   |      |
| Constellation Energy Group      | CEG                       | 25.50  | 152                    | 3,900                            | 46.80  | 0.40                               | 0.73                   |      |
| <i>Total or Median</i>          |                           |  |                        | <i>13,300</i>                    |  | <i>0.57</i>                        | <i>0.89</i>            |      |
| <b>Natural Gas and Oil</b>      |                           |  |                        |                                  |  |                                    |                        |      |
| Valero Energy Corp.(with UDS)   | VLO                       | 34.59  | 110                    | 3,800                            | 54.50  | 0.49                               | 0.81                   |      |
| PanCanadian Energy              | PCX_w                     | 2  | 24.95                  | 262                              | 6,540  | 32.30                              | 0.14                   | 0.80 |
| Petro-Canada                    | PCZ                       | 24.92  | 267                    | 6,700                            | 33.00  | 0.08                               | 0.77                   |      |
| Ocean Energy, Inc.              | OEI                       | 17.08  | 177                    | 3,000                            | 24.40  | 0.25                               | 0.77                   |      |
| Unocal Corporation              | UCL                       | 31.85  | 257                    | 8,200                            | 47.80  | 0.30                               | 0.77                   |      |
| Devon Energy (incl MND,AXN)     | DVN                       | 37.34  | 165                    | 6,200                            | 64.50  | 0.39                               | 0.75                   |      |
| Marathon Oil Corporation        | MRO                       | 1  | 26.75                  | 310                              | 8,300  | 42.60                              | 0.26                   | 0.73 |
| PetroChina Company Ltd (10%)    | PTR                       | 2  | 19.65                  | 176                              | 3,500  | 32.50                              | 0.15                   | 0.66 |
| Norsk Hydro ASA (49%)           | NHY                       | 36.50  | 128                    | 4,700                            | 61.60  | 0.16                               | 0.66                   |      |
| <i>Total or Median</i>          |                           |  |                        | <i>50,900</i>                    |  | <i>0.25</i>                        | <i>0.77</i>            |      |
| <b>Small Cap</b>                |                           |  |                        |                                  |  |                                    |                        |      |
| Quicksilver Resources Inc.      | KWK                       | 13.55  | 19.3                   | 260                              | 10.80  | 0.59                               | 1.11                   |      |
| Spinnaker Exploration Company   | SKE                       | 35.90  | 28.4                   | 1,020                            | 38.40  | -                                  | 0.93                   |      |
| Southwestern Energy Company     | SWN                       | 11.05  | 25.7                   | 280                              | 14.30  | 0.48                               | 0.88                   |      |
| Louis Dreyfus Natural Gas Corp. | LD                        | 3  | 38.10                  | 44.8                             | 1,710  | 45.90                              | 0.22                   | 0.87 |
| XTO Energy Inc.                 | XTO                       | 14.11  | 123.0                  | 1,740                            | 17.80  | 0.29                               | 0.85                   |      |
| Swift Energy Company            | SFY                       | 23.25  | 25.7                   | 600                              | 33.80  | 0.21                               | 0.75                   |      |
| Encore Acquisition Corp. (25%)  | EAC                       | 12.35  | 7.5                    | 93                               | 17.40  | 0.14                               | 0.75                   |      |
| Newfield Exploration Company    | NFX                       | 29.38  | 49.3                   | 1,450                            | 46.80  | 0.18                               | 0.69                   |      |
| Forest Oil Corporation          | FST                       | 25.11  | 50.2                   | 1,260                            | 42.10  | 0.21                               | 0.68                   |      |
| Stone Energy Company            | SGY                       | 33.70  | 26.5                   | 890                              | 51.90  | 0.09                               | 0.68                   |      |
| Penn Virginia Corporation       | PVA                       | 27.60  | 8.8                    | 240                              | 44.20  | 0.00                               | 0.63                   |      |
| <i>Total or Median</i>          |                           |  |                        | <i>9,540</i>                     |  | <i>0.21</i>                        | <i>0.75</i>            |      |
| <b>Trusts and Partnerships</b>  |                           |  |                        |                                  |  |                                    |                        |      |
| TEPPCO Partners, L.P.           | TPP                       | 28.50  | 38                     | 1,080                            | 13.20  | 0.65                               | 1.40                   |      |
| Dorchester Hugoton, Ltd.        | DHULZ                     | 13.05  | 10.7                   | 140                              | 10.90  | -                                  | 1.20                   |      |
| Cross Timbers Royalty Trust     | CRT                       | 16.24  | 6.0                    | 97                               | 16.80  | -                                  | 0.96                   |      |
| Hugoton RoyaltyTrust            | HGT                       | 11.61  | 40.0                   | 460                              | 14.20  | -                                  | 0.82                   |      |
| San Juan Basin Royalty Trust    | SJT                       | 10.76  | 46.6                   | 500                              | 14.70  | -                                  | 0.73                   |      |
| <i>Total or Median</i>          |                           |  |                        | <i>2,280</i>                     |  | <i>-</i>                           | <i>0.96</i>            |      |
| <b>Micro Cap</b>                |                           |  |                        |                                  |  |                                    |                        |      |
| Abraxas Petroleum Corporation   | ABP                       | 1.99   | 23.6                   | 47                               | 1.70   | 0.89                               | 1.02                   |      |
| Purcell Energy, Ltd. (US\$)     | PEL.TO                    | 1.89   | 26.6                   | 50                               | 3.60   | 0.09                               | 0.57                   |      |
| Energy Partners Ltd.(30%)       | EPL                       | 2  | 7.65                   | 8.1                              | 62   | 15.50                              | 0.08                   | 0.53 |

Buy/Sell rating after symbol: 1 - Strong Buy, 2 - Buy, 3 - Neutral

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#### Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

|                                 | Symbol/<br>Rating | Price<br>(\$/sh)<br>21-Sep<br>2001 | EV/<br>Sales<br>2001E | EV/<br>Ebitda<br>NTM | P/E<br>NTM  | Dividend or<br>Distribution<br>NTM<br>(%) | PV/<br>Ebitda<br>NTM |             |
|---------------------------------|-------------------|------------------------------------|-----------------------|----------------------|-------------|---|----------------------|-------------|
| <b>Power</b>                    |                   |                                    |                       |                      |             |   |                      |             |
| Consol Energy Inc.              | CNX               | 22.44                              | 2.0                   | 7.3                  | 7           | 5.0                                       | 8.0                  |             |
| Sempra Energy                   | SRE               | 24.30                              | 1.1                   | 7.1                  | 9           | 4.1                                       | 8.0                  |             |
| CMS Energy Corporation          | CMS               | 21.00                              | 0.8                   | 7.1                  | 8           | 7.0                                       | 8.0                  |             |
| Constellation Energy Group      | CEG               | 25.50                              | 1.7                   | 5.8                  | 8           | 1.9                                       | 8.0                  |             |
|                                 | <i>Median</i>     |                                    | <i>1.4</i>            | <i>7.1</i>           | <i>8</i>    | <i>4.6</i>                                | <i>8.0</i>           |             |
| <b>Natural Gas and Oil</b>      |                   |                                    |                       |                      |             |   |                      |             |
| Valero Energy Corp.(with UDS)   | VLO               | 34.59                              | 0.3                   | 5.7                  | 5           | 0.9                                       | 7.0                  |             |
| Unocal Corporation              | UCL               | 31.85                              | 2.2                   | 5.4                  | 14          | 2.5                                       | 7.0                  |             |
| PanCanadian Energy              | PCX_w             | 24.95                              | 1.1                   | 5.2                  | 10          | 1.0                                       | 6.5                  |             |
| Ocean Energy, Inc.              | OEI               | 17.08                              | 3.2                   | 5.0                  | 11          | 0.9                                       | 6.5                  |             |
| Petro-Canada                    | PCZ               | 24.92                              | 1.3                   | 4.6                  | 10          | 1.1                                       | 6.0                  |             |
| Devon Energy (incl MND,AXN)     | DVN               | 37.34                              | 2.6                   | 4.5                  | 11          | 0.5                                       | 6.0                  |             |
| Marathon Oil Corporation        | MRO               | 1                                  | 26.75                 | 0.4                  | 3.6         | 6   | 3.4                  | 5.0         |
| Norsk Hydro ASA (49%)           | NHY               |                                    | 36.50                 | 0.7                  | 3.3         | 7   | 2.8                  | 5.0         |
| PetroChina Company Ltd (10%)    | PTR               | 2                                  | 19.65                 | 1.4                  | 2.7         | 4   | 8.7                  | 4.0         |
|                                 | <i>Median</i>     |                                    | <i>1.3</i>            | <i>4.6</i>           | <i>10</i>   | <i>1.1</i>                                | <i>6.0</i>           |             |
| <b>Small Cap</b>                |                   |                                    |                       |                      |             |   |                      |             |
| Quicksilver Resources Inc.      | KWK               |                                    | 13.55                 | 4.4                  | 9.9         | -   | 9.0                  |             |
| Louis Dreyfus Natural Gas Corp. | LD                | 3                                  | 38.10                 | 5.4                  | 7.8         | 22  | -                    | 9.0         |
| Spinnaker Exploration Company   | SKE               |                                    | 35.90                 | 6.4                  | 7.5         | 29  | -                    | 8.0         |
| Southwestern Energy Company     | SWN               |                                    | 11.05                 | 2.4                  | 7.1         | 32  | -                    | 8.0         |
| XTO Energy Inc.                 | XTO               |                                    | 14.11                 | 4.5                  | 6.8         | 15  | 0.3                  | 8.0         |
| Encore Acquisition Corp. (25%)  | EAC               |                                    | 12.35                 | 3.7                  | 6.0         | 14  | -                    | 8.0         |
| Swift Energy Company            | SFY               |                                    | 23.25                 | 3.9                  | 5.3         | 12  | -                    | 7.0         |
| Forest Oil Corporation          | FST               |                                    | 25.11                 | 2.0                  | 4.8         | 18  | -                    | 7.0         |
| Newfield Exploration Company    | NFX               |                                    | 29.38                 | 3.3                  | 4.2         | 14  | -                    | 6.0         |
| Stone Energy Company            | SGY               |                                    | 33.70                 | 3.2                  | 4.1         | 17  | -                    | 6.0         |
| Penn Virginia Corporation       | PVA               |                                    | 27.60                 | 2.7                  | 3.8         | 8   | 3.3                  | 6.0         |
|                                 | <i>Median</i>     |                                    |                       | <i>3.7</i>           | <i>6.0</i>  | <i>16</i>                                 | <i>-</i>             | <i>8.0</i>  |
| <b>Trusts and Partnerships</b>  |                   |                                    |                       |                      |             |   |                      |             |
| Dorchester Hugoton, Ltd.        | DHULZ             |                                    | 13.05                 | 8.5                  | 12.8        | 17  | 22.0                 | 10.7        |
| TEPPCO Partners, L.P.           | TPP               |                                    | 28.50                 | 0.7                  | 11.2        | 14  | 7.4                  | 8.0         |
| Cross Timbers Royalty Trust     | CRT               |                                    | 16.24                 | 6.2                  | 10.7        | 11  | 8.7                  | 11.1        |
| Hugoton RoyaltyTrust            | HGT               |                                    | 11.61                 | 5.6                  | 8.8         | 13  | 7.6                  | 10.7        |
| San Juan Basin Royalty Trust    | SJT               |                                    | 10.76                 | 6.3                  | 8.3         | 12  | 8.3                  | 11.4        |
|                                 | <i>Median</i>     |                                    |                       | <i>6.2</i>           | <i>10.7</i> | <i>13</i>                                 | <i>8.3</i>           | <i>10.7</i> |
| <b>Micro Cap</b>                |                   |                                    |                       |                      |             |   |                      |             |
| Abraxas Petroleum Corporation   | ABP               |                                    | 1.99                  | 4.8                  | 7.2         | -   | -                    | 7.0         |
| Purcell Energy, Ltd. (US\$)     | PEL.TO            |                                    | 1.89                  | 2.5                  | 3.4         | 8   | -                    | 6.0         |
| Energy Partners Ltd.(30%)       | EPL               | 2                                  | 7.65                  | 1.7                  | 3.3         | 58  | -                    | 6.1         |

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2002; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy analysis by Kurt Wulff doing business as McDep Associates is accessible at <http://www.mcdep.com>. Owning shares in energy stocks, neither Mr. Wulff nor his spouse act contrary to a buy or sell rating. Mr. Wulff is not paid by covered companies.