

## Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 18, 2002

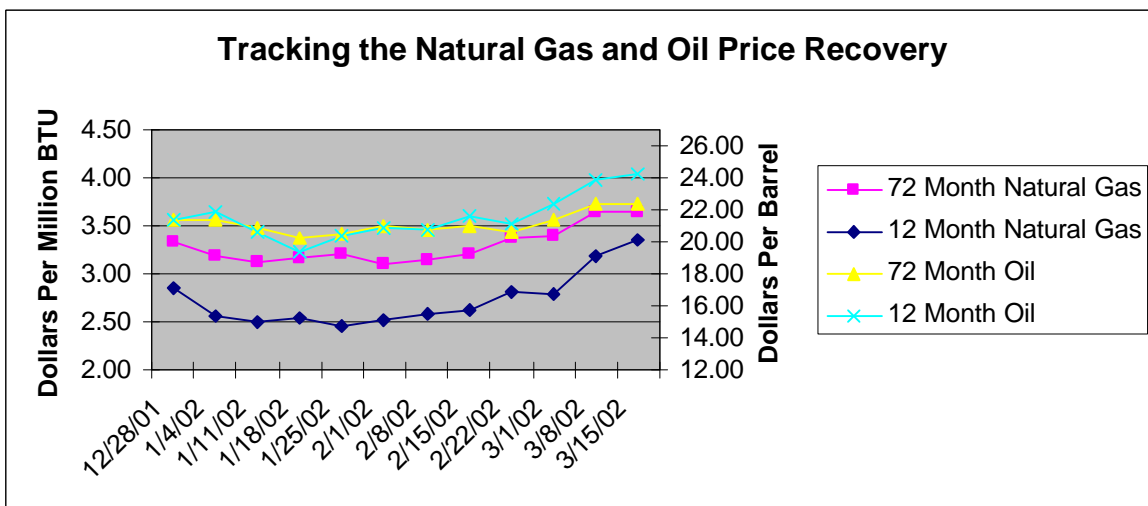
# Bad Inflation Investment

## Summary and Recommendation

With inflation expectations perking up in the bond market, we call attention to another disadvantage to investors in Strong Sell Recommendations **Kinder Morgan (KMI, KMP, KMR)** and **El Paso Energy Partners (EPN)**. Because the general partner tax is not indexed for inflation, limited partners forgo most of any adjustments to distribution reflecting inflation. On the contrary, our positive energy recommendations provide strong protection against declining monetary value, an important consideration in a diversified investment portfolio even if stable prices are the most likely outcome. We have confidence in recommended natural gas producers including **Encana Corporation (PCX/AOG)** and **San Juan Basin Royalty Trust (SJT)**. Recommended **PetroChina (PTR)** and **CNOOC Limited (CEO)** would not only benefit from strengthening energy pricing around the world, but also from the more rapid growth expected in developing countries. We give a testimonial to futures traders in gratitude for natural gas price discovery that has, in our opinion, helped overcome what would otherwise have been a weak period after a warm winter. For perspective on sell and buy ideas for energy representation in a diversified portfolio, see our valuation ranking of 71 stocks (Tables L-1, L-2, M-1, M-2, S-1 and S-2).

## Testimonial to Natural Gas Futures

A widely anticipated collapse in natural gas price from unsold inventory being dumped after a warm winter has yet to occur. One-year futures advanced further last week while six-year natural gas price leveled to \$3.65 from \$3.64 in the past week (see Chart). Six-year oil price leveled to \$22.41 from \$22.43.



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We credit futures traders with a major constructive contribution to reducing potential waste in natural gas. Historically the amount of natural gas in seasonal inventories has had an exaggerated influence on pricing just as corn and wheat supplies at the end of harvest season wreaked havoc on agricultural economics. Futures trading in agricultural commodities made that industry more efficient by bringing together principals and speculators to set objective prices. This winter we have seen the most dramatic evidence of the benefit of futures trading in natural gas and oil.

There has been no natural gas price collapse in our opinion because any producer can see in the futures market that the commodity is more valuable if the holder can exercise minimal patience. Normally we would have thought that the price for immediate delivery would have declined to less than \$2.00 per mmbtu. Indeed one-year futures bumped along at \$2.50 in January and February. Yet during that time six-year futures declined to no less than \$3.00. Now in the last two weeks one-year futures have zoomed past \$3.00 partly closing the "contango" with six-year futures.

In our opinion the commodity price recovery is still in its early stages and we are enthusiastic about our recommended stocks. At the same time investor interest may be shifting away from entities that have stressed their lack of exposure to commodity pricing. The targets of our sell recommendations have not only emphasized that characteristic but go further in expropriating even ordinary inflationary adjustments.

### **General Partner Tax Not Indexed For Inflation**

Practically all of the eloquent arguments critical of excessive government taxation apply, in our opinion, to the taxation by the general partner in KMP, KMR and EPN. Even "taxation without representation" applies to a degree because limited partner often means limited rights in a governance sense. The objection we focus on this week is the naked exposure of limited partners to inflation.

Though limited partners tend to be individual investors, there are institutional investors in KMR and KMI. While KMI is actually on the other side of the general partner tax, we are concerned that if stock market values erode for KMP, the bullish case for KMI also erodes.

Fortunately inflation is currently running at a low rate. Yet it is not negligible and even at a low rate the cumulative effect is meaningful. The short term trend is not favorable as inflation expectations as measured in the Treasury debt market widened further in the past week to almost 2.0% per year up from a low of 1.3% only four months ago.

Moreover one can always be surprised. President Johnson thought that inflation could be kept at low levels despite his policy of "guns and butter". Instead simultaneous spending on the Viet Nam War and the Great Society helped turn modest inflation into rampant

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inflation. Now President Bush is engaged in a military buildup at the same time government spending is high for other purposes. We further note rumblings that a little inflation might be good for corporate profits that are needed to keep economic growth humming.

Recall how the general partner tax works. Any increase in the distribution of income or principal to unit holders is taxed 50% by the general partner of KMP, KMR and EPN. The unit holders further pay income taxes that are mostly deferred in the early years, but bite hard in the later years when inflation also bites. Thus if the assets of the partnership generate an extra dollar of distributable cash purely because of inflation, the general partner gets \$0.50 as an "incentive". The government would get \$0.15 at a 30% tax rate and the limited partners would keep just \$0.35 of the dollar of inflation.

The unfairness of government taxation of inflation has been widely argued. In partial deference to fairness, some income levels at which higher taxes apply are indexed to inflation. Thus in some cases, at least, the tax rate does not go higher because of inflation, but taxation of inflation still takes place.

There is no indexing for inflation of the trigger levels for higher general partner tax. As in government taxation, indexing would not eliminate taxation of inflation, but it would make a dent, more so as time goes on.

The lack of indexing of general partner tax for inflation is just another indication of the one-sided investment proposition. The tax rate, 50%, is higher than the maximum government tax rate. And we repeat that the tax also applies to depreciation, which is technically a return of principal and not usually taxed by government.

The socialist governments around the world with high tax rates inevitably lagged behind economically. The same prospects are in store, in our opinion, for KMI, KMP, KMR and EPN. The stocks are highest on the Greed Gauge that measures general partner taxation and are also the most over valued stocks on the McDep Ratio.

## **Kinder Morgan Leaps from the Credit Crunch Fire to the Long Term Debt Frying Pan**

It wasn't supposed to happen this way. When management announced its \$750 million acquisition late last year we got the impression that it would be financed by now with a new equity issue. Some large investors apparently balked at the equity issue and the company was forced into debt financing.

Along the way it became necessary to renegotiate covenants to bank loans to permit more debt than previously contemplated. When the acquisition closed it was financed with commercial paper. We became concerned about a credit crunch, as we could not see how

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Kinder Morgan could be a viable borrower in the commercial paper market. Apparently our concerns were well founded. After only a few days Kinder Morgan floated a \$750 million long-term debt issue. Some of the same banks instrumental in approving the debt change apparently were also involved as underwriters in that financing.

Now that the long term financing is in place, the Kinder Morgan entities are more highly leveraged than management was suggesting only a few months ago. Bank covenants have had to be renegotiated. Following the "smoking gun" we found earlier, those are signs of a deteriorating investment situation. One need look no further than the high debt power companies AES and Calpine for examples of how a loss of confidence progresses.

Ironically, the new Kinder Morgan debt is a better investment, in our opinion, than Kinder Morgan stock. The yields are higher for the time being and the debt holders theoretically get paid before the general partner extracts its tax. We expect the credit ratings to be lowered eventually thus implying that there is likely to be a loss in market value of principal, but less of a loss than we expect in the stocks.

Because the general partner tax takes so much of the upside, if any, KMP stock is more like debt in that the distribution is like the interest on a bond that doesn't go up. In contrast to a bond, there is much less asset coverage for the stock. Thus KMP stock is more like a low rated junk bond where the risk of default is high. Such bonds have yields on the order of 12% or more. The distribution yield on KMP and KMR is currently about 6.5%.

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**

	Symbol/ Rating		Price (\$/sh) 15-Mar 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Mega Cap</b>								
Exxon Mobil Corporation	XOM		43.61	6,924	302,000	36.00	0.09	1.19
BP plc	BP		52.20	3,738	195,000	47.00	0.16	1.09
Royal Dutch/Shell	RD	3	54.79	3,520	193,000	55.00	0.04	1.00
TotalFinaElf S.A.	TOT		76.00	1,382	105,000	80.00	0.15	0.96
ChevronTexaco Corporation	CVX		89.80	1,062	95,400	110.00	0.14	0.84
		<i>Total or Median</i>			890,000		0.14	1.00
<b>Energy Infrastructure</b>								
American Electric Power Co. Inc.	AEP	3	44.77	322	14,400	42.10	0.64	1.02
Williams Companies	WMB		22.41	521	11,700	22.70	0.58	0.99
El Paso Corporation	EPG		43.80	532	23,300	44.80	0.49	0.99
Duke Energy Corporation	DUK		35.24	781	27,500	36.30	0.44	0.98
Southern Company	SO		26.32	683	18,000	27.40	0.42	0.98
Dominion Resources	D		62.00	247	15,300	79.40	0.45	0.88
Exelon Corporation	EXC	2	52.42	323	17,000	84.00	0.40	0.78
		<i>Total or Median</i>			113,000		0.44	0.98
<b>Natural Gas and Oil</b>								
Anadarko Petroleum Corp.	APC		56.70	266	15,100	56.00	0.26	1.01
Unocal Corporation	UCL		38.60	257	9,900	39.00	0.34	0.99
ENI S.p.A.	E		74.15	789	58,500	75.00	0.19	0.99
Occidental Petroleum Corp.	OXY		28.85	372	10,700	30.00	0.48	0.98
Devon Energy	DVN		46.90	165	7,700	55.00	0.48	0.92
Burlington Resources	BR	1	40.79	201	8,200	48.00	0.33	0.90
Encana Corporation	PCX	2	30.28	490	14,800	35.00	0.19	0.89
ConocoPhillips	P		62.72	680	42,700	80.00	0.32	0.85
OAo Lukoil	LUKOY		54.95	299	16,400	70.00	0.08	0.80
Marathon Oil Corporation	MRO	1	29.57	310	9,200	42.00	0.27	0.78
		<i>Total or Median</i>			178,000		0.32	0.90
<b>Service</b>								
Baker Hughes Inc.	BHI		38.23	338	12,900	24.50	0.13	1.49
Schlumberger Ltd.	SLB		60.30	581	35,000	44.00	0.12	1.32
Halliburton Company	HAL		16.67	429	7,200	24.90	0.12	0.71

Buy/Sell rating after symbol: 1-Strong Buy, 2-Buy, 3-Neutral, 4-Sell, 5-Strong 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.**

	Symbol/ Rating	Price (\$/sh) 15-Mar 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
<b>Mega Cap</b>							
Exxon Mobil Corporation	XOM	43.61	1.6	12.1	26	2.1	10.1
BP plc	BP	52.20	1.3	9.9	17	2.5	9.0
TotalFinaElf S.A.	TOT	76.00	1.4	8.8	17	2.4	9.2
Royal Dutch/Shell	RD	3	54.79	1.2	8.7	19	8.7
ChevronTexaco Corporation	CVX	89.80	1.3	7.5	15	3.1	8.9
	<i>Median</i>		1.3	8.8	17	2.5	9.0
<b>Energy Infrastructure</b>							
American Electric Power Co. Inc.	AEP	3	44.77	0.7	10.2	16	5.4
Williams Companies	WMB		22.41	2.4	9.9	15	3.6
El Paso Corporation	EPG		43.80	0.9	8.9	13	1.9
Duke Energy Corporation	DUK		35.24	0.8	8.9	13	3.1
Southern Company	SO		26.32	2.9	8.8	16	5.1
Dominion Resources	D		62.00	3.5	7.9	14	4.2
Exelon Corporation	EXC	2	52.42	2.3	7.0	11	3.2
	<i>Median</i>			2.3	8.9	14	3.6
<b>Natural Gas and Oil</b>							
Anadarko Petroleum Corp.	APC		56.70	3.2	8.2	18	0.5
Occidental Petroleum Corp.	OXY		28.85	1.5	7.9	14	3.5
Burlington Resources	BR	1	40.79	4.7	7.5		1.3
Devon Energy	DVN		46.90	3.0	6.8	47	0.4
ENI S.p.A.	E		74.15	1.7	6.8	14	2.4
Unocal Corporation	UCL		38.60	2.6	6.6	22	2.1
Encana Corporation	PCX	2	30.28	1.9	6.4	16	0.8
ConocoPhillips	P		62.72	0.9	6.3	14	2.3
Marathon Oil Corporation	MRO	1	29.57	0.4	4.2	7	3.1
OAO Lukoil	LUKOY		54.95	1.4	3.9	8	2.0
	<i>Median</i>			1.8	6.7	14	2.0
<b>Service</b>							
Baker Hughes Inc.	BHI		38.23	2.4	11.9	27	1.2
Schlumberger Ltd.	SLB		60.30	3.1	10.6	30	1.2
Halliburton Company	HAL		16.67	0.6	5.7	12	3.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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**Mid Cap Energy Companies**  
**Rank by McDep Ratio: Market Cap and Debt to Present Value**

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 15-Mar 2002</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
<b>Energy Infrastructure</b>								
Kinder Morgan Management, LLC	KMR	5	33.98	30	1,000	12.30	0.42	2.02
Kinder Morgan Energy Partners, L.P.	KMP	5	33.80	136	4,600	12.30	0.42	2.01
Kinder Morgan, Inc.	KMI	5	49.53	120	5,900	16.10	0.77	1.48
Enterprise Products Part.	EPD		48.81	87	4,300	31.70	0.23	1.42
Dynegy Inc.	DYN		28.98	339	9,800	20.60	0.57	1.17
AES Corporation	AES		7.86	543	4,300	8.80	0.83	0.98
Calpine Corporation	CPN	3	11.50	377	4,300	12.50	0.66	0.97
Valero Energy Corporation	VLO		47.53	104	4,900	60.00	0.46	0.89
Mirant Corporation	MIR		12.40	353	4,400	18.60	0.65	0.88
Consol Energy Inc.	CNX		26.55	79	2,100	35.90	0.51	0.87
CMS Energy Corporation	CMS		22.32	128	2,900	43.80	0.62	0.82
Sempra Energy	SRE		24.15	203	4,900	41.70	0.50	0.79
Constellation Energy Group	CEG		30.40	152	4,600	56.50	0.35	0.70
			<i>Total or Median</i>		<i>53,400</i>		<i>0.54</i>	<i>0.98</i>
<b>Natural Gas and Oil</b>								
Murphy Oil Corporation	MUR		88.36	46	4,000	82.00	0.18	1.06
Imperial Oil Limited (30%)	IMO		29.00	119	3,500	30.00	0.11	0.97
Ocean Energy, Inc.	OEI		19.10	178	3,400	20.00	0.30	0.97
Norsk Hydro ASA (49%)	NHY		47.17	127	6,000	54.00	0.18	0.90
PetroChina Company Ltd (10%)	PTR	2	20.85	176	3,700	28.00	0.16	0.79
Petro-Canada	PCZ		25.14	267	6,700	33.00	0.08	0.78
			<i>Total or Median</i>		<i>27,300</i>		<i>0.17</i>	<i>0.93</i>

Buy/Sell rating after symbol: 1 - Strong Buy, 2 - Buy, 3 - Neutral, 5 - Strong Sell

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**Table M-2**  
**Mid Cap Energy Companies**  
**Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.**

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 15-Mar 2002</i>	<i>EV/ Sales NTM</i>	<i>EV/ Ebitda NTM</i>	<i>P/E NTM</i>	<i>Dividend or Distribution NTM (%)</i>	<i>PV/ Ebitda NTM</i>
<b>Energy Infrastructure</b>								
Kinder Morgan Management, LLC	KMR	5	33.98	4.8	18.2	23	6.5	9.0
Kinder Morgan Energy Partners, L.P.	KMP	5	33.80	4.7	18.1	23	6.5	9.0
Enterprise Products Part.	EPD		48.81	1.7	12.8	14	5.1	9.0
Kinder Morgan, Inc.	KMI	5	49.53	4.2	13.3	21	0.4	9.0
Dynegy Inc.	DYN		28.98	0.5	10.6	14	1.0	9.0
Calpine Corporation	CPN	3	11.50	1.8	8.8	7	-	9.0
AES Corporation	AES		7.86	3.1	8.8	6	-	9.0
Mirant Corporation	MIR		12.40	0.5	7.9	6	-	9.0
Consol Energy Inc.	CNX		26.55	2.1	7.8	9	4.2	9.0
CMS Energy Corporation	CMS		22.32	0.8	7.3	11	6.5	9.0
Sempra Energy	SRE		24.15	1.1	7.1	9	4.1	9.0
Constellation Energy Group	CEG		30.40	1.8	6.3	9	1.6	9.0
Valero Energy Corporation	VLO		47.53	0.3	6.0	9	0.8	6.8
	<i>Median</i>			<i>1.8</i>	<i>8.8</i>	<i>9</i>	<i>1.6</i>	<i>9.0</i>
<b>Natural Gas and Oil</b>								
Imperial Oil Limited (30%)	IMO		29.00	1.1	10.7	27	1.9	11.1
Murphy Oil Corporation	MUR		88.36	1.0	8.5	42	1.7	8.0
Ocean Energy, Inc.	OEI		19.10	4.5	7.6	33	0.8	7.8
Petro-Canada	PCZ		25.14	1.4	5.4	12	1.0	6.9
Norsk Hydro ASA (49%)	NHY		47.17	0.9	5.4	17	2.2	6.0
PetroChina Company Ltd (10%)	PTR	2	20.85	1.9	4.2	11	8.8	5.4
	<i>Median</i>			<i>1.3</i>	<i>6.5</i>	<i>22</i>	<i>1.8</i>	<i>7.4</i>

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**Small Cap Energy Companies**  
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<b>Energy Infrastructure</b>								
El Paso Energy Partners	EPN	5	37.20	36.0	1,340	7.90	0.50	2.85
Enbridge Energy Partners,	EEP		44.81	31.0	1,390	16.60	0.58	1.72
Northern Border Partners	NBP		40.00	42.0	1,680	20.30	0.56	1.42
Plains All Amer. Pipeline	PAA		25.61	38.0	970	14.30	0.47	1.42
Penn Virginia Res. Part, L.P.(48%)	PVR		23.89	7.7	180	16.50	0.13	1.39
TEPPCO Partners, L.P.	TPP		31.72	39	1,230	15.60	0.69	1.32
Penn Virginia Corporation	PVA		37.20	9.0	340	35.00	0.10	1.06
AmeriGas Partners, L.P.	APU		21.54	44.0	950	19.50	0.54	1.05
<i>Total or Median</i>					8,100		0.52	1.41
<b>Natural Gas and Oil</b>								
Quicksilver Resources Inc.	KWK		20.05	19.3	390	10.00	0.60	1.40
Dorchester Hugoton, Ltd.	DHULZ		13.80	10.7	148	11.30	-	1.22
Spinnaker Exploration Company	SKE		43.47	28.3	1,230	40.00	-	1.09
Newfield Exploration Company	NFX		37.18	48.6	1,810	39.00	0.22	0.96
Encore Acquisition Corp. (25%)	EAC		14.04	7.5	105	16.00	0.22	0.90
Stone Energy Company	SGY		37.15	26.4	980	42.00	0.11	0.90
Pogo Producing Company	PPP		25.76	60.5	1,560	32.00	0.29	0.86
Southwestern Energy Company	SWN		10.97	25.6	280	15.00	0.47	0.86
Forest Oil Corporation	FST	2	27.95	46.7	1,310	35.00	0.29	0.86
Swift Energy Company	SFY		18.70	24.8	460	25.00	0.29	0.82
XTO Energy Inc.	XTO		19.55	124.0	2,420	26.00	0.21	0.80
Magnum Hunter Resources, Inc.	MHR		7.55	36.8	280	11.00	0.35	0.80
CNOOC Limited (19%)	CEO	2	23.20	78	1,810	30.00	-	0.77
<i>Total or Median</i>					12,800		0.22	0.86
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		18.69	6.0	112	19.20	-	0.97
San Juan Basin Royalty Trust	SJT	2	11.64	46.6	540	15.20	-	0.77
Hugoton RoyaltyTrust	HGT		11.82	40.0	470	15.60	-	0.76
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		1.22	23.6	29	0.50	0.96	1.05
Energy Partners Ltd.(30%)	EPL	2	8.08	8.1	65	10.00	0.34	0.87
Purcell Energy, Ltd. (US\$)	PEL.TO	2	2.17	27.4	60	3.50	0.09	0.66

Buy/Sell rating after symbol: 1 - Strong Buy, 2 - Buy, 3 - Neutral, 4 - Sell, 5 - Strong Sell

McDep Ratio = Market cap and Debt to 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 investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://www.mcdep.com). Mr. Wulff is not paid by covered companies. Owning shares in energy stocks, neither Mr. Wulff nor his spouse act contrary to a buy or sell rating.

## Meter Reader

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

March 18, 2002

**Table S-2**  
**Small Cap Energy Companies**  
**Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.**

			Price (\$/sh)	EV/ Sales	EV/ Ebitda	Dividend or Distribution	PV/ Ebitda
Symbol/ Rating		15-Mar 2002	NTM	NTM	P/E NTM	NTM (%)	NTM
<b>Energy Infrastructure</b>							
El Paso Energy Partners	EPN	5	37.20	19.9	25.7	52	9.0
Enbridge Energy Partners,	EEP		44.81	6.9	15.4	86	9.0
Northern Border Partners	NBP		40.00	8.0	12.8	18	9.0
Plains All Amer. Pipeline	PAA		25.61	0.2	12.8	17	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		23.89	9.2	12.5	14	9.0
TEPPCO Partners, L.P.	TPP		31.72	0.7	11.9	15	9.0
AmeriGas Partners, L.P.	APU		21.54	1.4	9.4	18	9.0
Penn Virginia Corporation	PVA		37.20	4.2	7.2	24	6.9
	<i>Median</i>			<i>5.6</i>	<i>12.6</i>	<i>18</i>	<i>9.0</i>
<b>Natural Gas and Oil</b>							
Quicksilver Resources Inc.	KWK		20.05	6.5	17.8	-	12.7
Dorchester Hugoton, Ltd.	DHULZ		13.80	9.3	14.3	19	11.7
Encore Acquisition Corp. (25%)	EAC		14.04	5.0	9.3	36	10.3
Spinnaker Exploration Company	SKE		43.47	7.7	9.1	42	8.4
XTO Energy Inc.	XTO		19.55	3.9	8.5	22	10.5
Forest Oil Corporation	FST	2	27.95	4.0	7.9	-	9.2
Swift Energy Company	SFY		18.70	5.3	7.7	34	9.4
Pogo Producing Company	PPP		25.76	4.3	7.5	74	8.7
Newfield Exploration Company	NFX		37.18	4.5	6.5	79	6.8
Southwestern Energy Company	SWN		10.97	2.7	6.2	22	7.3
Magnum Hunter Resources, Inc.	MHR		7.55	3.6	6.2	-	7.8
CNOOC Limited (19%)	CEO	2	23.20	4.5	6.1	13	7.9
Stone Energy Company	SGY		37.15	4.0	5.4	27	6.0
	<i>Median</i>			<i>4.5</i>	<i>7.7</i>	<i>31</i>	<i>8.7</i>
<b>Natural Gas Royalty Trusts</b>							
Cross Timbers Royalty Trust	CRT		18.69	6.4	11.0	12	11.3
San Juan Basin Royalty Trust	SJT	2	11.64	6.2	8.0	11	10.5
Hugoton RoyaltyTrust	HGT		11.82	4.9	7.4	10	9.8
<b>Micro Cap</b>							
Abraxas Petroleum Corporation	ABP		1.22	6.5	12.4	-	11.8
Energy Partners Ltd.(30%)	EPL	2	8.08	2.8	6.2	-	7.1
Purcell Energy, Ltd. (US\$)	PEL.TO	2	2.17	3.0	4.1	10	6.2

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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