

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

June 3, 2002

Got Income?

Summary and Recommendation

Among the 25 stocks in our coverage that distribute more than 4% of value annually, Buy recommendations **San Juan Basin Royalty Trust (SJT)** and **PetroChina (PTR)** may distribute more than 10% and 6% respectively and also have low McDep Ratios and none to low debt. At the other extreme Strong Sell recommendations **Kinder Morgan (KMP, KMR)** and **El Paso Energy Partners (EPN)** may distribute near 7%, but have extraordinarily high McDep Ratios and have high debt. **Canadian Oil Sands Trust (COS_u.TO)**, newly added to coverage at a modest McDep Ratio and low debt, distributes near 5% while holding back some cash flow for capital spending. The predominance of debt pyramids and misleading promises among income partnerships leads to our complaints of recent pronouncements by **El Paso (EP)**. We urge investors to reconsider investment in any company that sponsors a high greed partnership. Our valuation ranking of 77 stocks is intended to help investors make money and avoid losses in a diversified energy portfolio (see Tables L-1, L-2, M-1, M-2, S-1 and S-2).

Cash Cows

Long before the days of Mr. Ponzi, investors have sought high income from their investments. Theoretically it should not matter what is distributed if an investment earns a decent total return in distribution and appreciation. Practically it seems that promoters too often exploit income investors. We have seen that happen with energy income partnerships two decades ago and with the first wave of master limited partnerships about one decade ago. Now we believe we are seeing flagrant abuses of trust in a new energy income boom in what we call the “high greed gauge” master limited partnerships.

At the same time there appears to be very little objective research on income investments. Nearly all of the analysis of high greed partnerships is produced by the agents who are conflicted by their compensation from churning of assets and recycling of funds. Worse, the deceptive partnerships are the yet unchallenged legacy of Enron, Arthur Andersen and Vinson & Elkins.

Besides the bad stuff we have identified, there must be more good income stuff out there. Our coverage is expanding and we are optimistic about including more income ideas. From our current valuation tables we extract some of the most relevant investment parameters for stocks that distribute more than 4% of value annually (see table).

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Arbitrarily we draw a line at **Provident Energy Trust (PVX)**. Since we identified that stock as relative good stuff a few weeks ago, it has appreciated a bit and we would be careful about chasing the price. Stocks in the upper half of the table have McDep Ratios and ratios of debt higher than PVX and higher than we would want in our portfolio. Conversely we would be willing to consider owning stocks in the lower half of the table to deliver more than 4% income.

Energy Income Stocks

	<i>Symbol/</i>	<i>Rating</i>	<i>Price</i> <i>(\$/sh)</i> <i>30-May</i> <i>2002</i>	<i>Market</i> <i>Cap</i> <i>(\$mm)</i>	<i>Debt/</i> <i>Present</i> <i>Value</i>	<i>McDep</i> <i>Ratio</i>	<i>Dividend or</i> <i>Distribution</i> <i>NTM</i> <i>(%)</i>
Kinder Morgan Energy Partners, L.P.	KMP	5	33.57	4,570	0.48	1.90	7.0
Kinder Morgan Management, LLC	KMR	5	33.50	1,010	0.48	1.90	7.0
El Paso Energy Partners	EPN	5	33.53	1,340	0.59	1.83	7.8
Enbridge Energy Partners,	EEP		43.40	1,350	0.58	1.68	8.1
TEPPCO Partners, L.P.	TPP		30.10	1,400	0.61	1.52	7.6
Plains All Amer. Pipeline	PAA		26.25	1,090	0.39	1.47	7.8
Northern Border Partners	NBP		39.06	1,640	0.57	1.41	8.2
Enterprise Products Part.	EPD		22.17	3,860	0.23	1.31	5.6
Williams Companies	WMB		14.00	26,070	0.78	1.08	5.7
Southern Company	SO		27.30	33,750	0.47	1.07	4.9
American Electric Power Co. Inc.	AEP		43.35	37,100	0.63	1.01	5.5
AmeriGas Partners, L.P.	APU		22.31	1,090	0.47	0.97	9.9
Consol Energy Inc.	CNX		24.10	1,900	0.51	0.84	4.6
CMS Energy Corporation	CMS		18.14	2,320	0.62	0.78	8.0
Provident Energy Trust	PVX		7.08	260	0.46	1.23	15.7
Dorchester Hugoton, Ltd.	DHULZ		13.75	148	(0.17)	1.22	8.7
Penn Virginia Res. Part, L.P.(48%)	PVR		21.45	160	0.12	1.17	9.3
Torch Energy Royalty Trust	TRU		5.50	47	-	0.99	18.9
Enel S.p.a. (32%)	EN		30.21	19,870	0.39	0.95	5.4
ENI S.p.A.	E		76.55	73,860	0.18	0.92	4.4
Canadian Oil Sands Trust (US\$)	COS_u.TO		26.33	1,500	0.15	0.90	4.9
Cross Timbers Royalty Trust	CRT		16.45	99	-	0.83	10.4
PetroChina Company Ltd (10%)	PTR	2	20.10	3,530	0.17	0.72	6.3
Hugoton RoyaltyTrust (46%)	HGT		10.78	200	-	0.71	10.3
San Juan Basin Royalty Trust	SJT	2	10.91	510	-	0.70	10.7

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

Just as it is no surprise that we are already recommending sale of three of the least desirable income stocks, we are already recommending purchase of two of the most desirable income stocks by our analysis. Perhaps there is little surprise that two of the best appearing alternatives are the other two royalty trusts we cover in detail each week, **Hugoton Royalty Trust (HGT)** and **Cross Timbers Royalty Trust (CRT)**.

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The newest income idea in our coverage is Canadian Oil Sands Trust, owner of 22% of Syncrude, the producer of Syncrude Sweet Blend in Fort McMurray, Alberta. Unlimited reserves are offset by somewhat high capital and operating costs along with some environmental degradation at the source. Middle East oil symbolizes both the project's opportunity and its risk. Additional capacity under construction will be completed in a few years. Incremental volumes would add to cash flow depending on oil price and a higher proportion of cash flow would be distributed after spending is complete. Distributions would perhaps double and last indefinitely. Administrative charges are nominal. The latter point takes on increasingly positive significance in these times of rampant general partner greed.

Insull Debt Pyramids and Ponzi Income Schemes

Reading the glowing (and false, in our opinion) statements by El Paso (EP) as it announces yet another effort to come clean we have to repeat our concerns. One of the intended steps to "strengthen" the company is to "sell" assets to its master limited partnership, EPN. EP owns most of EPN and for what it doesn't own it receives the proceeds of an obscene general partner tax on income and principal. EPN would pay for the properties with debt that does not get reflected on EP's balance sheet. EPN in turn also has assets whose debt does not show on its balance sheet just as in the Insull energy infrastructure pyramids that collapsed 70 years ago. Yet the debt-rating agencies, paid by the companies they rate, apparently bless the debt pyramid.

As for the price of the transfer, EP may point to a recent transaction whereby **Duke Energy (DUK)**, through its partnership, **TEPPCO (TPP)**, bought infrastructure in the same area. The two general partners essentially act as shills for each other to set high prices. DUK benefits because it can hype the distribution on its partnership and apply the 50% incremental general partner tax. EP benefits doubly by receiving the full proceeds and from being able to hype the distribution on EPN and also apply the 50% incremental general partner tax.

Further, EPN looks to us like a 21st century version of a Ponzi income scheme. If distributions are hyped, as they appear to be, then by definition they cannot be sustained. New principal supports income payments to existing investors. A Ponzi scheme usually looks good until it doesn't.

Finally, we see irony in the position of Oscar Wyatt as highlighted in The New York Times. Mr. Wyatt was a major stockholder in El Paso by virtue of El Paso acquiring Coastal Corporation where Mr. Wyatt also was a major stockholder. Now that El Paso appears to be failing, the former owners of Coastal who still have El Paso stock are seeing their profits disappear. The irony is that thirty years ago Mr. Wyatt was on the other side when his company, Coastal States Gas, acquired Colorado Interstate Gas while

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Coastal was on shaky footing. Colorado Interstate owners saw the Coastal stock they received fall in price by some 80% and then be suspended from trading for six months.

Sponsors of High Greed Partnerships Are Tainted

We often ask ourselves whether our concern about apparent fraud in partnerships is overdone. We seem to be a lonely voice. When we remind ourselves that fraud isn't usually proven until after investors lose their investment we have new justification to continue pointing out our concerns.

At the same time even thirty or forty billion dollars is not much in the context of the stock market. Yet a larger issue seems to be taking shape. With the further erosion of confidence in partnership sponsors Kinder Morgan, El Paso, **Williams, Dynegy** and Duke, the connection appears to be growing between willingness to set up a partnership to fleece investors and willingness to engage in other questionable practices. We urge investors to reconsider their investment in any company that sponsors a high greed partnership. Some of the sponsors we have mentioned have much larger market capitalization than their partnerships and are owned by investors who may not actually own partnership units. There are sponsors we have not mentioned among refining companies and coal companies among others. If you know of a company contemplating a high greed partnership, tell them not to do it. If they already have one, tell them to scale back the general partner tax, rein in their greed, tone down the hype, collapse the debt pyramid and disclose honestly the current and potential dilutive effect not only on reported income, but also on EBITDA, cash flow per share and book value

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/ Rating</i>	<i>Price (\$/sh) 30-May 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>	
Mega Cap								
Exxon Mobil Corporation	XOM	39.35	6,858	270,000	36.00	0.09	1.08	
BP plc	BP	50.53	3,734	189,000	50.00	0.15	1.01	
Royal Dutch/Shell	RD	3	54.53	3,502	191,000	60.00	0.12	0.92
TotalFinaElf S.A.	TOT	76.36	1,352	103,300	90.00	0.14	0.87	
ChevronTexaco Corporation	CVX	2	86.80	1,062	92,200	110.00	0.16	0.82
	<i>Total or Median</i>			846,000		0.14	0.92	
Energy Infrastructure								
Williams Companies	WMB	14.00	521	7,300	10.20	0.78	1.08	
Southern Company	SO	27.30	701	19,100	23.90	0.47	1.07	
Duke Energy Corporation	DUK	31.78	792	25,200	30.40	0.48	1.02	
American Electric Power Co. Inc.	AEP	3	43.35	322	14,000	42.20	0.63	1.01
El Paso Corporation	EP	25.50	546	13,900	27.30	0.61	0.97	
Enel S.p.a. (32%)	EN	30.21	388	11,700	32.70	0.39	0.95	
Dominion Resources	D	65.08	269	17,500	76.20	0.45	0.92	
Exelon Corporation	EXC	2	54.50	323	17,600	69.30	0.46	0.88
	<i>Total or Median</i>			119,000		0.47	0.97	
Natural Gas and Oil								
OAO Lukoil	LUKOY	71.25	299	21,300	70.00	0.08	1.02	
Occidental Petroleum Corp.	OXY	29.77	372	11,100	30.00	0.48	1.00	
Devon Energy	DVN	50.65	165	8,400	55.00	0.48	0.96	
Anadarko Petroleum Corp.	APC	50.52	266	13,400	56.00	0.26	0.93	
ENI S.p.A.	E	76.55	776	59,400	85.00	0.18	0.92	
Encana Corporation	ECA	2	30.25	484	14,600	35.00	0.25	0.90
Unocal Corporation	UCL	36.38	245	8,900	45.00	0.33	0.87	
ConocoPhillips	P	2	57.00	680	38,700	80.00	0.32	0.80
Burlington Resources	BR	1	40.27	202	8,100	57.00	0.32	0.80
Marathon Oil Corporation	MRO	1	27.22	310	8,400	40.00	0.36	0.80
	<i>Total or Median</i>			171,000		0.32	0.90	
Service								
Baker Hughes Inc.	BHI	36.30	338	12,300	24.50	0.13	1.42	
Schlumberger Ltd.	SLB	51.93	581	30,200	44.00	0.12	1.16	
Halliburton Company	HAL	18.47	430	7,900	25.00	0.14	0.77	

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

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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/ Rating</i>	<i>Price (\$/sh) 30-May 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>	
Mega Cap								
Exxon Mobil Corporation	XOM	39.35	1.6	11.0	24	2.3	10.1	
BP plc	BP	50.53	1.5	9.3	19	2.7	9.2	
TotalFinaElf S.A.	TOT	76.36	1.3	8.2	16	2.8	9.4	
ChevronTexaco Corporation	CVX	2	86.80	1.3	7.5	15	3.2	9.1
Royal Dutch/Shell	RD	3	54.53	1.4	7.4	14	2.6	8.1
	<i>Median</i>		<i>1.4</i>	<i>8.2</i>	<i>16</i>	<i>2.7</i>	<i>9.2</i>	
Energy Infrastructure								
Williams Companies	WMB	14.00	2.5	9.7	12	5.7	9.0	
Southern Company	SO	27.30	3.3	9.7	16	4.9	9.0	
Duke Energy Corporation	DUK	31.78	0.9	9.2	12	3.5	9.0	
American Electric Power Co. Inc.	AEP	3	43.35	0.6	9.1	12	5.5	9.0
El Paso Corporation	EP	25.50	0.7	8.8	14	3.5	9.0	
Enel S.p.a. (32%)	EN	30.21	2.3	8.6	36	5.4	9.0	
Dominion Resources	D	65.08	3.5	8.3	13	4.0	9.0	
Exelon Corporation	EXC	2	54.50	2.4	8.0	12	3.2	9.0
	<i>Median</i>		<i>2.4</i>	<i>8.9</i>	<i>13</i>	<i>4.4</i>	<i>9.0</i>	
Natural Gas and Oil								
Occidental Petroleum Corp.	OXY	29.77	1.6	8.1	14	3.4	8.1	
ConocoPhillips	P	2	57.00	0.9	7.7	18	2.5	9.5
Anadarko Petroleum Corp.	APC	50.52	3.0	7.5	16	0.6	8.1	
Devon Energy	DVN	50.65	3.2	7.1	51	0.4	7.4	
ENI S.p.A.	E	76.55	1.6	6.7	15	4.4	7.3	
Encana Corporation	ECA	2	30.25	3.8	5.9	12	0.8	6.5
Marathon Oil Corporation	MRO	1	27.22	0.4	5.8	12	3.4	7.3
Burlington Resources	BR	1	40.27	4.1	5.6	12	1.4	7.0
Unocal Corporation	UCL	36.38	2.4	5.4	13	2.2	6.2	
OAOLukoil	LUKOY	71.25	1.8	5.0	10	1.5	4.9	
	<i>Median</i>		<i>2.1</i>	<i>6.3</i>	<i>14</i>	<i>1.9</i>	<i>7.3</i>	
Service								
Baker Hughes Inc.	BHI	36.30	2.3	11.4	26	1.3	9.0	
Schlumberger Ltd.	SLB	51.93	2.7	9.3	26	1.4	9.0	
Halliburton Company	HAL	18.47	0.7	6.3	14	2.7	8.2	

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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Table M-1
Mid Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 30-May 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>
Energy Infrastructure								
Kinder Morgan Energy Partners, L.P.	KMP	5	33.57	136	4,600	12.40	0.48	1.90
Kinder Morgan Management, LLC	KMR	5	33.50	30	1,000	12.40	0.48	1.90
Kinder Morgan, Inc.	KMI	5	43.52	125	5,400	16.00	0.78	1.39
Enterprise Products Part.	EPD		22.17	174	3,900	15.80	0.23	1.31
Calpine Corporation	CPN	3	9.64	375	3,600	5.00	0.87	1.12
AES Corporation	AES		6.48	543	3,500	8.80	0.83	0.96
Consol Energy Inc.	CNX		24.10	79	1,900	35.90	0.51	0.84
Mirant Corporation	MIR		9.05	353	3,200	18.60	0.65	0.82
Valero Energy Corporation	VLO		39.29	104	4,100	60.00	0.46	0.81
Sempra Energy	SRE		24.88	203	5,100	41.70	0.50	0.80
Dynegy Inc.	DYN		8.75	419	3,700	14.90	0.51	0.80
CMS Energy Corporation	CMS		18.14	128	2,300	43.80	0.62	0.78
Constellation Energy Group	CEG		30.37	152	4,600	56.50	0.35	0.70
	<i>Total or Median</i>				<i>42,300</i>		<i>0.51</i>	<i>0.90</i>
Natural Gas and Oil								
Murphy Oil Corporation	MUR		91.82	46	4,200	82.00	0.18	1.10
Ocean Energy, Inc.	OEI		21.66	178	3,900	20.00	0.30	1.06
Imperial Oil Limited (30%)	IMO		30.36	114	3,500	30.00	0.14	1.01
Suncor Energy	SU		17.17	454	7,800	17.00	0.25	1.01
Norsk Hydro ASA (49%)	NHY		51.76	126	6,500	54.00	0.18	0.97
Petro-Canada	PCZ		27.30	262	7,200	31.00	0.11	0.89
XTO Energy Inc.	XTO	2	20.01	124	2,500	26.00	0.21	0.82
PetroChina Company Ltd (10%)	PTR	2	20.10	176	3,500	30.00	0.17	0.72
	<i>Total or Median</i>				<i>33,100</i>		<i>0.18</i>	<i>1.01</i>

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

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

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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) 30-May 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>	
Energy Infrastructure								
Kinder Morgan Energy Partners, L.P.	KMP	5	33.57	4.4	17.0	23	7.0	9.0
Kinder Morgan Management, LLC	KMR	5	33.50	4.4	17.0	23	7.0	9.0
Calpine Corporation	CPN	3	9.64	2.2	12.7	9	-	11.4
Enterprise Products Part.	EPD		22.17	1.6	11.8	13	5.6	9.0
Kinder Morgan, Inc.	KMI	5	43.52	3.9	11.7	15	0.5	8.4
AES Corporation	AES		6.48	3.0	8.6	5	-	9.0
Consol Energy Inc.	CNX		24.10	2.0	7.5	8	4.6	9.0
Mirant Corporation	MIR		9.05	0.4	7.4	4	-	9.0
Sempra Energy	SRE		24.88	1.1	7.2	10	4.0	9.0
Dynegy Inc.	DYN		8.75	0.3	7.2	9	3.4	9.0
CMS Energy Corporation	CMS		18.14	0.8	7.0	9	8.0	9.0
Constellation Energy Group	CEG		30.37	1.8	6.3	9	1.6	9.0
Valero Energy Corporation	VLO		39.29	0.2	5.5	7	1.0	6.8
	<i>Median</i>			<i>1.8</i>	<i>7.5</i>	<i>9</i>	<i>3.4</i>	<i>9.0</i>
Natural Gas and Oil								
Suncor Energy	SU		17.17	3.6	10.9	24	1.3	10.8
Imperial Oil Limited (30%)	IMO		30.36	1.4	10.4	24	1.8	10.3
Murphy Oil Corporation	MUR		91.82	1.0	8.8	43	1.6	8.0
Ocean Energy, Inc.	OEI		21.66	4.9	8.3	37	0.7	7.8
Petro-Canada	PCZ		27.30	1.7	6.6	17	0.9	7.4
XTO Energy Inc.	XTO	2	20.01	3.4	6.4	13	0.2	7.8
Norsk Hydro ASA (49%)	NHY		51.76	0.9	4.6	14	2.0	4.8
PetroChina Company Ltd (10%)	PTR	2	20.10	1.6	3.7	7	6.3	5.1
	<i>Median</i>			<i>2.5</i>	<i>8.5</i>	<i>24</i>	<i>1.1</i>	<i>7.9</i>

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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Table S-1
Small Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/</i>		<i>Price</i>		<i>Market</i>	<i>Net</i>	<i>Debt/</i>	
	<i>Rating</i>	<i>30-May</i>	<i>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>McDep</i>
		<i>2002</i>		<i>(mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Value</i>	<i>Ratio</i>
						<i>(\$/sh)</i>		
Energy Infrastructure								
El Paso Energy Partners	EPN	5	33.53	39.9	1,340	11.10	0.59	1.83
Enbridge Energy Partners,	EEP		43.40	31.0	1,350	16.60	0.58	1.68
TEPPCO Partners, L.P.	TPP		30.10	46.5	1,400	12.90	0.61	1.52
Plains All Amer. Pipeline	PAA		26.25	41.6	1,090	14.90	0.39	1.47
Northern Border Partners	NBP		39.06	42.0	1,640	20.10	0.57	1.41
Penn Virginia Res. Part, L.P.(48%)	PVR		21.45	7.7	160	17.90	0.12	1.17
Penn Virginia Corporation	PVA		34.75	9.0	310	35.00	0.10	0.99
AmeriGas Partners, L.P.	APU		22.31	49.0	1,090	23.50	0.47	0.97
	<i>Total or Median</i>				<i>8,400</i>		<i>0.52</i>	<i>1.44</i>
Natural Gas and Oil								
Provident Energy Trust	PVX		7.08	36.0	260	5.00	0.46	1.23
Dorchester Hugoton, Ltd.	DHULZ		13.75	10.7	148	11.60	(0.17)	1.22
Quicksilver Resources Inc.	KWK		23.64	19.4	460	20.00	0.43	1.10
Spinnaker Exploration Company	SKE		37.18	28.5	1,060	35.00	0.03	1.06
Newfield Exploration Company	NFX		35.31	48.6	1,720	33.00	0.25	1.05
Stone Energy Company	SGY		40.78	26.4	1,080	42.00	0.29	0.98
Southwestern Energy Company	SWN		14.10	25.6	360	17.00	0.44	0.91
Canadian Oil Sands Trust (US\$)	COS_u.TO		26.33	56.9	1,500	30.00	0.15	0.90
CNOOC Limited (19%)	CEO	2	26.75	78.0	2,090	30.00	-	0.89
Forest Oil Corporation	FST	3	29.20	46.8	1,370	35.00	0.30	0.88
Unit Corporation	UNT		18.15	36.2	660	21.00	0.03	0.87
Pogo Producing Company	PPP		25.76	60.5	1,560	32.00	0.27	0.86
Encore Acquisition Corp. (25%)	EAC		15.58	7.5	117	20.00	0.18	0.82
Magnum Hunter Resources, Inc.	MHR		7.32	71.5	520	11.00	0.46	0.82
Swift Energy Company	SFY		14.96	24.8	370	22.00	0.32	0.78
	<i>Total or Median</i>				<i>13,300</i>		<i>0.27</i>	<i>0.90</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		16.45	6.0	99	19.80	-	0.83
Hugoton Royalty Trust (46%)	HGT		10.78	18.4	200	15.20	-	0.71
San Juan Basin Royalty Trust	SJT	2	10.91	46.6	510	15.60	-	0.70
Micro Cap								
Torch Energy Royalty Trust	TRU		5.50	8.6	47	5.50	-	0.99
Abraxas Petroleum Corporation	ABP		0.68	27.0	18	2.00	0.84	0.89
Energy Partners Ltd.(30%)	EPL	2	7.60	8.2	62	10.00	0.38	0.85
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.82	29.0	53	3.00	0.14	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. 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

June 3, 2002

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

	Symbol/ Rating	Price (\$/sh) 30-May 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
Energy Infrastructure								
El Paso Energy Partners	EPN	5	33.53	11.7	16.4	28	7.8	9.0
Enbridge Energy Partners,	EEP		43.40	6.8	15.1	83	8.1	9.0
TEPPCO Partners, L.P.	TPP		30.10	1.1	13.7	19	7.6	9.0
Plains All Amer. Pipeline	PAA		26.25	0.2	13.2	19	7.8	9.0
Northern Border Partners	NBP		39.06	8.0	12.7	17	8.2	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		21.45	7.9	10.6	11	9.3	9.0
AmeriGas Partners, L.P.	APU		22.31	1.5	8.7	12	9.9	9.0
Penn Virginia Corporation	PVA		34.75	3.1	4.8	12	2.6	4.8
	<i>Median</i>			5.0	12.9	18	7.9	9.0
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		13.75	6.7	10.0	14	8.7	8.2
Quicksilver Resources Inc.	KWK		23.64	4.9	8.8	21	-	8.0
Provident Energy Trust	PVX		7.08	3.7	7.5	92	15.7	6.1
Canadian Oil Sands Trust (US\$)	COS_u.TO		26.33	3.9	7.3	7	4.9	8.1
Forest Oil Corporation	FST	3	29.20	4.1	6.9	24	-	7.8
Magnum Hunter Resources, Inc.	MHR		7.32	3.3	6.8	21	-	8.3
Swift Energy Company	SFY		14.96	4.3	6.4	31	-	8.1
Pogo Producing Company	PPP		25.76	3.7	6.2	36	0.5	7.3
Encore Acquisition Corp. (25%)	EAC		15.58	4.0	6.0	13	-	7.4
CNOOC Limited (19%)	CEO	2	26.75	4.5	5.8	12	0.9	6.5
Unit Corporation	UNT		18.15	3.1	5.8	13	-	6.6
Southwestern Energy Company	SWN		14.10	2.4	5.7	14	-	6.3
Spinnaker Exploration Company	SKE		37.18	4.4	5.1	16	-	4.8
Stone Energy Company	SGY		40.78	3.7	4.9	12	-	5.0
Newfield Exploration Company	NFX		35.31	3.5	4.9	20	-	4.7
	<i>Median</i>			3.9	6.2	16	-	7.3
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		16.45	6.2	8.9	10	10.4	10.7
Hugoton RoyaltyTrust (46%)	HGT		10.78	4.6	6.8	10	10.3	9.7
San Juan Basin Royalty Trust	SJT	2	10.91	5.2	6.7	9	10.7	9.5
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.68	4.3	6.2		-	6.9
Energy Partners Ltd.(30%)	EPL	2	7.60	2.5	4.8		-	5.7
Torch Energy Royalty Trust	TRU		5.50	3.9	4.6	5	18.9	4.6
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.82	3.1	4.3	12	-	6.4

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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