

## Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

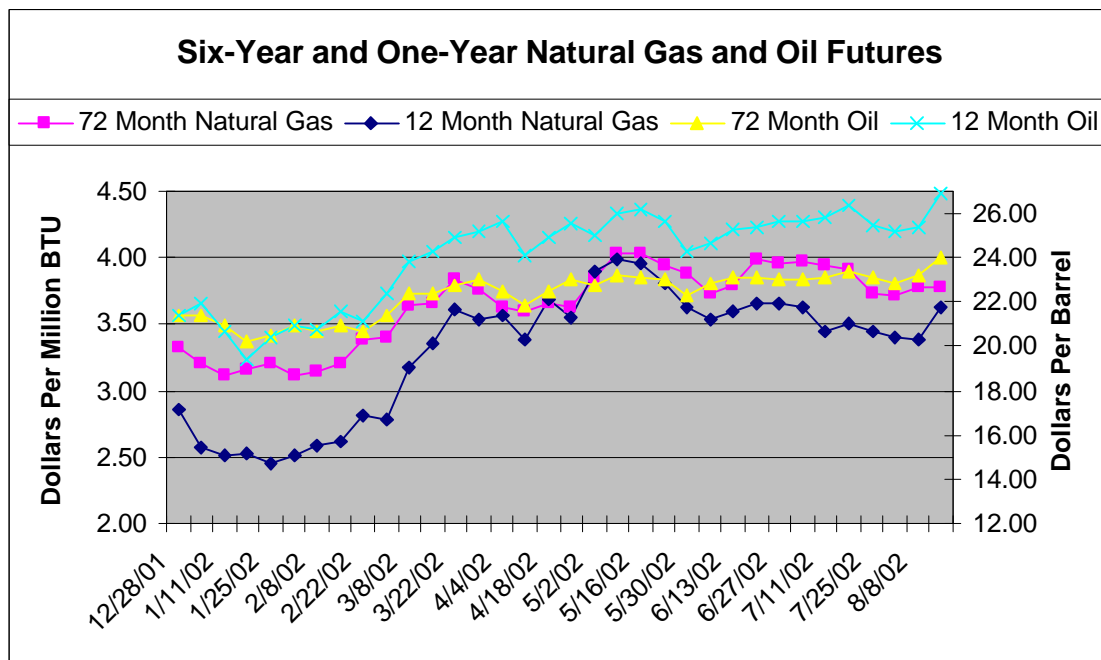
August 19, 2002

# Oil At 2002 High

## Summary and Recommendation

Crude oil prices at new highs for the year mean profits for investors in our oil recommendations including **Canadian Oil Sands Trust (COS\_u.TO)** and **CNOOC Ltd (CEO)** as well as in all of our other positive recommendations. The intelligent strategy, in our opinion, is to protect the downside and be exposed to the upside. We protect the downside by avoiding high debt stocks. On the upside we especially encourage conservative bond investors who have done well lately, but are facing record low yields for new investment, to build energy equity exposure. Meanwhile we have favorable news on the trustee issue at recommended **San Juan Basin Royalty Trust (SJT)**. We are also encouraged that recommended **Encana (ECA)** and **Marathon (MRO)** have discovered gas in an important well off the coast of Nova Scotia. Finally, we raise a caution on the announcement by **El Paso (EP)** that it intends to sell new securities in its high greed partnership **El Paso Energy Partners (EPN)**. All of our current recommendations are highlighted in the weekly valuation tables (see Table L-1, L-2, M-1, M-2, S-1, and S-2).

## Oil Futures at Yearly High



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***

August 19, 2002

Six-year and one-year oil futures jumped to new levels for 2002 this past week (see Chart). One-year natural gas also gained. We believe there is opportunity in the volatility of oil and gas prices that seems to keep investors out of attractive equity investments. There is still more upside than downside in our view that justifies a strong commitment to energy in diversified investment portfolios.

### **San Juan Basin Royalty Trust Seeks Vote on Our Nomination of Successor Trustee**

In a preliminary proxy statement filed with the Securities and Exchange Commission, the current trustee of SJT discloses that it determined to “defer to the nomination of the Unit Holders.” Thus the trustee apparently intends to solicit the proxies of all Unit Holders to ratify TexasBank as successor trustee. We are gratified with the disclosure and hope that the preliminary indications become final. McDep Associates is credited in part with the nomination of TexasBank. Our royalty trust research is covered in more detail weekly in our companion analysis, *Natural Gas Royalty Trusts*.

### **Encana and Marathon Discover Natural Gas Offshore Nova Scotia**

Drilling on the Annapolis prospect south of Halifax has found a hundred feet of natural gas pay over several zones. Working interests in the deep water, deep formation, and expensive well are Encana (ECA), 26%; Marathon (MRO), 30%; **Norsk Hydro (NHY)**, 25% and **Murphy (MUR)**, 19%. ECA and MRO are buy recommendations. Encana has a hot hand in exploration that is extended with this discovery. The news is especially welcome at Marathon following a period of lower excitement.

### **El Paso Energy Partners Seeks Institutional Investors in Its Pyramid**

Rather than adding any more of our words on high greed partnerships, we reprint what Platt's Oilgram has to say about an announcement concerning Strong Sell recommended El Paso Energy Partners (EPN):

Volume 80 Number 155 August 14, 2002

EL PASO PLANS OFFERING TO RAISE \$600-MIL FOR MLP

New York - Strained energy merchant El Paso late Aug 12 unveiled a financial engineering move to raise some \$600-mil in much-needed cash from institutional investors for its fast-growing master limited partnership, El Paso Energy Partners.

El Paso filed to sell up to 16.9-mil shares for \$34.23 each to the public in an initial public offering in a new company called El Paso Energy Management LLC. Another 6.1-mil shares would be bought by El Paso itself, providing some \$790-mil in funding to the new company.

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***

August 19, 2002

That money will be used to buy new payment-in-kind "i-units" in El Paso Energy Partners, the MLP, which will then use the proceeds, and \$391-mil of borrowings, to fund its pending \$782-mil purchase of San Juan Basin midstream gas assets from parent El Paso.

After taking control of the San Juan assets, El Paso Energy Partners will be the largest natural gas gatherer, based on miles of pipeline, in Texas and the San Juan Basin, according to the IPO filing.

By selling common shares in a new company, rather than a public offering of more MLP units directly, El Paso hopes to tap deep-pockets institutional investment funds that would otherwise shun retail-oriented MLP units, which have complicated tax treatment.

After the offering, El Paso will own about 27% of the MLP, including its stake in the new company and its general partner interest. The new El Paso Energy Management will own 31% of the MLP, through its i-units. Public MLP unit holders will own 50%.

No date is set for the IPO launch and a symbol is not yet chosen. Lead underwriter is Goldman Sachs. Energy merchant MLPs have come in for close scrutiny following Enron's collapse, with some analysts questioning their smoke-and-mirrors approach and high fees paid to the parent-company general partners (ON 2/25).

The new El Paso deal is similar to a move by Kinder Morgan to create an institutionally oriented security based on its own Kinder Morgan Energy Partners MLP (ON 3/1). "I think there's a risk they're reaching a point of diminishing returns in using this technique," said analyst Kurt Wulff of McDep Associates. He noted a similar set-up also between Canadian pipeline major Enbridge and its master limited partnership Enbridge Energy Partners (ON 5/20).

El Paso is "following the trend in the industry," said Wulff. But that path is not without risks. Kinder Morgan Management, the institutional variant for Kinder Morgan's MLP, filed last year to raise almost \$1-bil in new securities, but priced a sale of only 12-mil shares Aug 1 at just \$27.50 each, or \$330-mil.

Unlike its initial offering early last year, the new "KMR" units are not convertible to MLP units. El Paso's new institutional MLP offering likewise does not appear convertible to MLP units, which could limit their resale market, some analysts have said.

"I'm concerned El Paso's in shaky condition," said Wulff. "They've got to get money wherever they can." He doubts the offering will meet its more than \$600-mil target.

El Paso Aug 8 reported a second-quarter loss of \$45-mil, along with spending cuts and asset sales (ON 8/9).--Beth Evans, James Norman

**Kurt H. Wulff, CFA**

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

August 19, 2002

**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-Aug 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
<b>Mega Cap</b>								
Exxon Mobil Corporation	XOM	37.14	6,858	255,000	36.00	0.09	1.03	
BP plc	BP	48.19	3,734	180,000	50.00	0.15	0.97	
TotalFinaElf S.A.	TOT	72.69	1,352	98,300	90.00	0.14	0.83	
Royal Dutch/Shell	RD	2	45.61	3,502	160,000	60.00	0.12	0.79
ChevronTexaco Corporation	CVX	2	77.85	1,062	82,700	110.00	0.16	0.76
	<i>Total or Median</i>			<i>776,000</i>		<i>0.14</i>	<i>0.83</i>	
<b>Energy Infrastructure</b>								
Southern Company	SO	28.32	701	19,900	23.90	0.47	1.10	
Duke Energy Corporation	DUK	27.95	792	22,100	30.40	0.48	0.96	
El Paso Corporation	EP	4	15.88	590	9,400	20.00	0.66	0.93
American Electric Power Co. Inc.	AEP	3	32.70	322	10,500	42.20	0.63	0.92
Dominion Resources	D	63.64	269	17,100	76.20	0.45	0.91	
Enel S.p.a. (32%)	EN	26.52	388	10,300	32.70	0.39	0.89	
Exelon Corporation	EXC	3	49.33	323	15,900	70.80	0.45	0.83
	<i>Total or Median</i>			<i>85,000</i>		<i>0.47</i>	<i>0.91</i>	
<b>Natural Gas and Oil</b>								
Occidental Petroleum Corp.	OXY	28.76	372	10,700	30.00	0.48	0.98	
ENI S.p.A.	E	79.16	776	61,400	85.00	0.18	0.94	
Devon Energy	DVN	47.47	165	7,800	55.00	0.48	0.93	
AOO Lukoil	LUKOY	63.76	299	19,100	70.00	0.08	0.92	
Encana Corporation	ECA	2	30.59	484	14,800	35.00	0.25	0.91
Unocal Corporation	UCL	35.17	245	8,600	45.00	0.33	0.85	
Anadarko Petroleum Corp.	APC	43.00	266	11,400	56.00	0.26	0.83	
Burlington Resources	BR	1	38.41	202	7,800	57.00	0.28	0.77
Marathon Oil Corporation	MRO	1	25.48	310	7,900	40.00	0.36	0.77
ConocoPhillips	P	2	52.41	680	35,600	80.00	0.32	0.77
Petroleo Brasileiro S. A.	PBR	2	14.20	1,086	15,400	30.00	0.27	0.62
	<i>Total or Median</i>			<i>190,000</i>		<i>0.28</i>	<i>0.84</i>	
<b>Service</b>								
Baker Hughes Inc.	BHI	30.57	339	10,400	25.00	0.09	1.21	
Schlumberger Ltd.	SLB	43.80	581	25,400	44.00	0.22	0.99	
Halliburton Company	HAL	15.12	432	6,500	20.00	0.21	0.80	

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

August 19, 2002

**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) 15-Aug 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>Mega Cap</b>								
Exxon Mobil Corporation	XOM	37.14	1.6	10.4	22	2.5	10.1	
BP plc	BP	48.19	1.4	8.9	18	2.9	9.2	
TotalFinaElf S.A.	TOT	72.69	1.3	7.9	16	2.6	9.4	
ChevronTexaco Corporation	CVX	2	77.85	1.2	7.0	14	3.6	9.2
Royal Dutch/Shell	RD	2	45.61	1.2	6.2	12	3.7	7.9
	<i>Median</i>		<i>1.3</i>	<i>7.9</i>	<i>16</i>	<i>2.9</i>	<i>9.2</i>	
<b>Energy Infrastructure</b>								
Southern Company	SO	28.32	3.4	9.9	16	4.7	9.0	
Duke Energy Corporation	DUK	27.95	0.8	8.6	11	3.9	9.0	
American Electric Power Co. Inc.	AEP	3	32.70	0.5	8.2	9	7.3	9.0
Dominion Resources	D	63.64	3.4	8.2	13	4.1	9.0	
Enel S.p.a. (32%)	EN	26.52	2.2	8.0	32	6.1	9.0	
Exelon Corporation	EXC	3	49.33	2.3	7.5	11	3.6	9.0
El Paso Corporation	EP	4	15.88	2.7	7.4	10	5.5	7.9
	<i>Median</i>		<i>2.3</i>	<i>8.2</i>	<i>11</i>	<i>4.7</i>	<i>9.0</i>	
<b>Natural Gas and Oil</b>								
Occidental Petroleum Corp.	OXY	28.76	1.5	7.9	14	3.5	8.1	
ConocoPhillips	P	2	52.41	0.8	7.1	15	2.7	9.3
ENI S.p.A.	E	79.16	1.7	6.9	15	4.3	7.3	
Devon Energy	DVN	47.47	3.1	6.8	48	0.4	7.4	
Anadarko Petroleum Corp.	APC	43.00	2.6	6.7	14	0.7	8.1	
Burlington Resources	BR	1	38.41	4.6	6.2	15	1.4	8.0
Encana Corporation	ECA	2	30.59	3.8	5.9	13	0.8	6.5
Marathon Oil Corporation	MRO	1	25.48	0.4	5.6	11	3.6	7.3
Unocal Corporation	UCL	35.17	2.4	5.3	13	2.3	6.2	
OAOLukoil	LUKOY	63.76	1.6	4.5	9	1.7	4.9	
Petroleo Brasileiro S. A.	PBR	2	14.20	1.3	3.4	4	9.5	5.5
	<i>Median</i>		<i>1.7</i>	<i>6.2</i>	<i>14</i>	<i>2.3</i>	<i>7.3</i>	
<b>Service</b>								
Baker Hughes Inc.	BHI	30.57	2.2	13.0	36	1.5	10.8	
Schlumberger Ltd.	SLB	43.80	2.4	8.9	32	1.7	8.9	
Halliburton Company	HAL	15.12	0.7	7.9	21	3.3	9.8	

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2003; 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 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

August 19, 2002

**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) 15-Aug 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>								
Enterprise Products Part.	EPD	20.96	175	3,700	9.50	0.43	1.69	
Kinder Morgan Energy Partners, L.P.	KMP	5	31.36	136	4,300	14.00	0.49	1.63
Kinder Morgan Management, LLC	KMR	5	30.30	30	900	14.00	0.49	1.60
Kinder Morgan, Inc.	KMI	5	44.02	123	5,400	8.10	0.87	1.58
Calpine Corporation	CPN	3	3.54	375	1,300	1.00	0.97	1.07
Williams Companies	WMB		2.62	521	1,400	1.00	0.97	1.04
AES Corporation	AES		2.02	543	1,100	1.00	0.98	1.02
Dynegy Inc.	DYN		1.30	419	500	1.00	0.94	1.02
Valero Energy Corporation	VLO		34.83	104	3,600	60.00	0.46	0.77
Sempra Energy	SRE		22.54	203	4,600	41.70	0.50	0.77
CMS Energy Corporation	CMS		9.74	128	1,300	43.80	0.62	0.71
Mirant Corporation	MIR		3.05	353	1,100	18.60	0.65	0.71
Consol Energy Inc.	CNX		14.00	79	1,100	35.90	0.51	0.70
Constellation Energy Group	CEG		28.80	152	4,400	56.50	0.35	0.68
	<i>Total or Median</i>				<i>34,700</i>	<i>0.57</i>	<i>1.02</i>	
<b>Natural Gas and Oil</b>								
Ocean Energy, Inc.	OEI		21.63	178	3,800	20.00	0.30	1.06
Murphy Oil Corporation	MUR		84.93	46	3,900	82.00	0.18	1.03
Suncor Energy	SU		17.05	454	7,700	17.00	0.25	1.00
Petro-Canada	PCZ		29.58	262	7,800	31.00	0.11	0.96
Imperial Oil Limited (30%)	IMO		27.18	114	3,100	30.00	0.14	0.92
Norsk Hydro ASA (49%)	NHY		43.25	126	5,500	54.00	0.18	0.84
XTO Energy Inc.	XTO	2	20.25	124	2,500	26.00	0.23	0.83
PetroChina Company Ltd (10%)	PTR	2	20.80	176	3,700	30.00	0.17	0.75
	<i>Total or Median</i>				<i>38,000</i>	<i>0.18</i>	<i>0.94</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

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

August 19, 2002

**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-Aug 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>							
Enterprise Products Part.	EPD	20.96	1.8	18.6	45	6.0	11.0
Kinder Morgan Energy Partners, L.P.	KMP 5	31.36	3.1	14.7	16	7.8	9.0
Kinder Morgan Management, LLC	KMR 5	30.30	3.0	14.4	16	8.1	9.0
Kinder Morgan, Inc.	KMI 5	44.02	3.7	14.2	19	0.5	9.0
Calpine Corporation	CPN 3	3.54	1.9	11.0			10.2
Williams Companies	WMB	2.62	1.9	9.4		-	9.0
AES Corporation	AES	2.02	2.7	9.2			9.0
Dynegy Inc.	DYN	1.30	0.2	9.2		-	9.0
Sempra Energy	SRE	22.54	1.1	6.9	9	4.4	9.0
CMS Energy Corporation	CMS	9.74	0.7	6.4	5	7.4	9.0
Mirant Corporation	MIR	3.05	0.4	6.4	1	-	9.0
Consol Energy Inc.	CNX	14.00	1.7	6.3	5	4.0	9.0
Constellation Energy Group	CEG	28.80	1.8	6.1	9	1.7	9.0
Valero Energy Corporation	VLO	34.83	0.2	5.2	7	1.1	6.8
	<i>Median</i>		<i>1.8</i>	<i>9.2</i>	<i>9</i>	<i>2.8</i>	<i>9.0</i>
<b>Natural Gas and Oil</b>							
Suncor Energy	SU	17.05	3.6	10.8	24	1.3	10.8
Imperial Oil Limited (30%)	IMO	27.18	1.3	9.5	21	2.0	10.3
Ocean Energy, Inc.	OEI	21.63	4.9	8.3	37	0.7	7.8
Murphy Oil Corporation	MUR	84.93	1.0	8.2	40	1.8	8.0
Petro-Canada	PCZ	29.58	1.8	7.1	18	0.9	7.4
XTO Energy Inc.	XTO 2	20.25	3.6	6.9	14	0.2	8.3
Norsk Hydro ASA (49%)	NHY	43.25	0.8	4.0	12	2.4	4.8
PetroChina Company Ltd (10%)	PTR 2	20.80	1.6	3.8	7	6.1	5.1
	<i>Median</i>		<i>1.7</i>	<i>7.6</i>	<i>20</i>	<i>1.5</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 June 30, 2003; 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 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

August 19, 2002

**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>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>McDep</i>
			<i>15-Aug</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Value</i>	<i>Ratio</i>
			<i>2002</i>			<i>(\$/sh)</i>		
<b>Energy Infrastructure</b>								
El Paso Energy Partners	EPN	5	34.56	42.8	1,480	10.20	0.64	1.87
Enbridge Energy Partners,	EEP		43.50	31.0	1,350	16.60	0.58	1.68
TEPPCO Partners, L.P.	TPP		30.50	46.5	1,420	12.90	0.61	1.54
Northern Border Partners	NBP		37.27	42.0	1,570	20.10	0.57	1.37
Plains All Amer. Pipeline	PAA		23.55	41.6	980	14.90	0.39	1.36
Penn Virginia Res. Part, L.P.(48%)	PVR		18.43	7.7	140	17.90	0.12	1.03
Penn Virginia Corporation	PVA		34.95	9.0	320	35.00	0.10	1.00
AmeriGas Partners, L.P.	APU		23.00	49.0	1,130	23.50	0.47	0.99
	<i>Total or Median</i>				8,400		0.52	1.36
<b>Natural Gas and Oil</b>								
Provident Energy Trust	PVX		7.03	36.0	250	5.00	0.46	1.22
Dorchester Hugoton, Ltd.	DHULZ		13.25	10.7	142	11.60	(0.17)	1.16
Pogo Producing Company	PPP		34.08	60.5	2,060	32.00	0.27	1.05
Quicksilver Resources Inc.	KWK		20.63	19.4	400	19.00	0.44	1.05
Newfield Exploration Company	NFX		33.44	48.6	1,630	33.00	0.25	1.01
CNOOC Limited (19%)	CEO	2	28.62	78.0	2,230	30.00	-	0.95
Enerplus Resources Fund	ERF		18.08	69.6	1,260	20.00	0.19	0.92
Stone Energy Company	SGY		34.96	26.4	930	42.00	0.29	0.88
Unit Corporation	UNT		17.73	36.2	640	21.00	0.03	0.85
Southwestern Energy Company	SWN		12.05	25.6	310	17.00	0.44	0.84
Encore Acquisition Corp. (25%)	EAC		16.00	7.5	120	20.00	0.18	0.84
Spinnaker Exploration Company	SKE		28.24	28.5	810	35.00	0.03	0.81
Forest Oil Corporation	FST	3	24.84	46.8	1,160	35.00	0.30	0.80
Magnum Hunter Resources, Inc.	MHR		5.65	71.5	400	11.00	0.46	0.74
Swift Energy Company	SFY		13.31	24.8	330	22.00	0.32	0.73
Canadian Oil Sands Trust (US\$)	COS_u.TO	2	24.62	56.9	1,400	40.00	0.12	0.66
	<i>Total or Median</i>				14,100		0.26	0.87
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		16.74	6.0	100	20.40	-	0.82
Hugoton RoyaltyTrust (46%)	HGT		11.24	18.4	210	15.60	-	0.72
San Juan Basin Royalty Trust	SJT	2	10.99	46.6	510	15.70	-	0.70
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		0.50	27.0	14	2.00	0.84	0.88
Energy Partners Ltd.(30%)	EPL	2	7.37	8.2	61	10.00	0.38	0.84
Purcell Energy, Ltd. (US\$)	PEL.TO	3	1.39	27.3	38	3.00	0.19	0.56

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

August 19, 2002

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

	Symbol/ Rating		Price (\$/sh) 15-Aug 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
<b>Energy Infrastructure</b>								
El Paso Energy Partners	EPN	5	34.56	9.5	16.8	26	7.8	9.0
Enbridge Energy Partners,	EEP		43.50	6.8	15.1	84	8.0	9.0
TEPPCO Partners, L.P.	TPP		30.50	1.1	13.8	19	7.5	9.0
Northern Border Partners	NBP		37.27	7.8	12.4	16	8.6	9.0
Plains All Amer. Pipeline	PAA		23.55	0.2	12.2	17	8.7	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		18.43	6.9	9.2	10	10.9	9.0
AmeriGas Partners, L.P.	APU		23.00	1.5	8.9	13	9.6	9.0
Penn Virginia Corporation	PVA		34.95	3.1	4.8	12	2.6	4.8
	<i>Median</i>			<i>5.0</i>	<i>12.3</i>	<i>17</i>	<i>8.3</i>	<i>9.0</i>
<b>Natural Gas and Oil</b>								
Dorchester Hugoton, Ltd.	DHULZ		13.25	6.5	9.8	14	8.8	8.5
Quicksilver Resources Inc.	KWK		20.63	4.7	8.7	22	-	8.3
Pogo Producing Company	PPP		34.08	4.5	7.6	48	0.4	7.3
Provident Energy Trust	PVX		7.03	3.7	7.4	91	15.8	6.1
Canadian Oil Sands Trust (US\$)	COS_u.TO	2	24.62	3.7	6.8	8	5.2	10.3
Enerplus Resources Fund	ERF		18.08	4.8	6.8	16	12.1	7.4
Forest Oil Corporation	FST	3	24.84	3.7	6.2	20	-	7.8
CNOOC Limited (19%)	CEO	2	28.62	4.8	6.2	12	0.8	6.5
Encore Acquisition Corp. (25%)	EAC		16.00	4.1	6.2	13	-	7.4
Magnum Hunter Resources, Inc.	MHR		5.65	3.0	6.1	16	-	8.3
Swift Energy Company	SFY		13.31	4.0	5.9	28	-	8.1
Unit Corporation	UNT		17.73	3.0	5.6	12	-	6.6
Southwestern Energy Company	SWN		12.05	2.2	5.3	12	-	6.3
Newfield Exploration Company	NFX		33.44	3.4	4.7	19	-	4.7
Stone Energy Company	SGY		34.96	3.4	4.4	10	-	5.0
Spinnaker Exploration Company	SKE		28.24	3.4	3.9	12	-	4.8
	<i>Median</i>			<i>3.7</i>	<i>6.2</i>	<i>15</i>	<i>-</i>	<i>7.3</i>
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		16.74	6.1	8.8	10	10.4	10.8
Hugoton RoyaltyTrust (46%)	HGT		11.24	5.0	7.5	11	9.3	10.4
San Juan Basin Royalty Trust	SJT	2	10.99	5.6	7.3	10	10.0	10.4
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		0.50	4.2	6.1		-	6.9
Energy Partners Ltd.(30%)	EPL	2	7.37	2.5	5.3		-	6.3
Purcell Energy, Ltd. (US\$)	PEL.TO	3	1.39	2.7	3.6	8	-	6.4

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2003; 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 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.