

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

October 15, 2001

Not-So-Smart Money Buys Natural Gas, Too

Summary and Recommendation

Continuing strong acquisition activity attests to the strategic appeal of natural gas as day-to-day pricing improves with colder weather. Yet we were dismayed to see our Strong Buy **Burlington Resources (BR)** bid for natural gas producer, Canadian Hunter, not because of the quality of the purchase, but because BR shareholders would be better off if the company repurchased its own stock instead. The deal enhances the appeal of recommended **PanCanadian Energy (PCX)** at the same time the company's chief executive officer resigns unexpectedly. Meanwhile, Strong Buy **Marathon Oil (MRO)** embarks on a string of high impact exploratory wells coinciding with an expected emancipation from its steel yoke on October 25. Recommended **San Juan Basin Royalty Trust (SJT)** offers a higher annual distribution as our estimates turn up. Recommended **Energy Partners (EPL)** hopes to have results from a high potential well as it embarks on a series of presentations to investors. For those recommendations and more, as well as possible alternatives, the stats are in the valuation tables (see Table L-1, L-2, S-1 and S-2).

Canadian Natural Gas Deals Attest to Sea Change

Add BR/Canadian Hunter to the similar deals this year involving our covered companies including **Calpine/Encal**, **Anadarko/Berkley**, **Conoco/Gulf Canada**, and **Devon/Anderson**. At C\$52 per share, BR is paying an unlevered multiple of Next Twelve Months cash flow (EV/Ebitda) of 7 times. In a broader context, the multiple is less than 9 times enjoyed by Mega Cap Energy companies. Yet it is higher than 6 times for the median Mid Cap Natural Gas and Oil stock.

We believe it is smart to buy Canadian natural gas. The valuation of the clean fuel commodity after the economic recession we are in now will be higher than in the past in our opinion.

Does a smart buy make the buyers smart? Not necessarily. Devon is a smart buyer because its management has a long record of building shareholder value. Burlington is a not-so-smart buyer because its management has a poor record. Our hope for that company is that an even larger buyer, like **Royal Dutch**, acquires the assets.

We also are gratified with enlightened political conditions in Canada. Years ago acquisitions of Canadian companies would not have been permitted. While the perceived negative of losing some control over local assets may still be there, the acquisitions have an overall stimulating effect on the Canadian natural gas business.

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The most attractive investments in an acquisition boom may be the potential targets. Our Canadian recommendation falls in that category.

PanCanadian Energy Value Intact Despite Executive Turmoil

A surprise announcement on Sunday morning, October 14, 2001, tells of the resignation of CEO David Tuer for personal reasons. He will be replaced by David O'Brien, a predecessor and driving force in PanCanadian and recently in the reorganization of former 85% owner, Canadian Pacific. We respect both leaders and are curious along with most investors as to the explanation behind the unexpected development.

While PCX stock has done well we believe it has potential to appreciate further. We would be especially alert to any stock price weakness as investors react to the executive change or to the earnings scheduled to be released imminently. The stock's low unlevered cash flow multiple of 6.2 times is less than 7 times that BR is paying for a peer company and it is lower than 9 times for the largest energy companies.

Our case for PCX rests on its large contiguous land base with low operating costs, low royalty and low transportation costs. On top of that the company has unusual exploration potential offshore Nova Scotia and offshore Old Scotia (Scotland) where further drilling is underway. Finally, the reorganization of historical 85% owner, Canadian Pacific, is complete. As a result PCX is the newest \$7 billion exploration company trading on the New York Stock Exchange.

Marathon Goes Free on October 25 and Embarks on Exploration

Recent transformations of PanCanadian Petroleum to PanCanadian Energy and of Chevron and Texaco to **ChevronTexaco** seem to have been well received. Next, expecting a supporting vote of shareholders, USX - Marathon Group will become Marathon Oil Corporation on October 25. The tracking stock with potential liability for steel company debts becomes the unencumbered stock of a new entity completely separated from unrelated open-ended obligations.

At the same time the outlook for the new company takes on a bit of excitement. A revived exploration effort under new leadership exposes the stock to three high impact exploratory wells currently drilling and four more to be started before yearend. The three prospects drilling include two in the deep Gulf of Mexico, Timber Wolf and Deep Ozona, and one offshore Nova Scotia, Southampton. The next four are two in the deep Gulf of Mexico, Paris Carver and Redwood; one offshore Angola, Block 31; and the next test offshore Nova Scotia, Annapolis.

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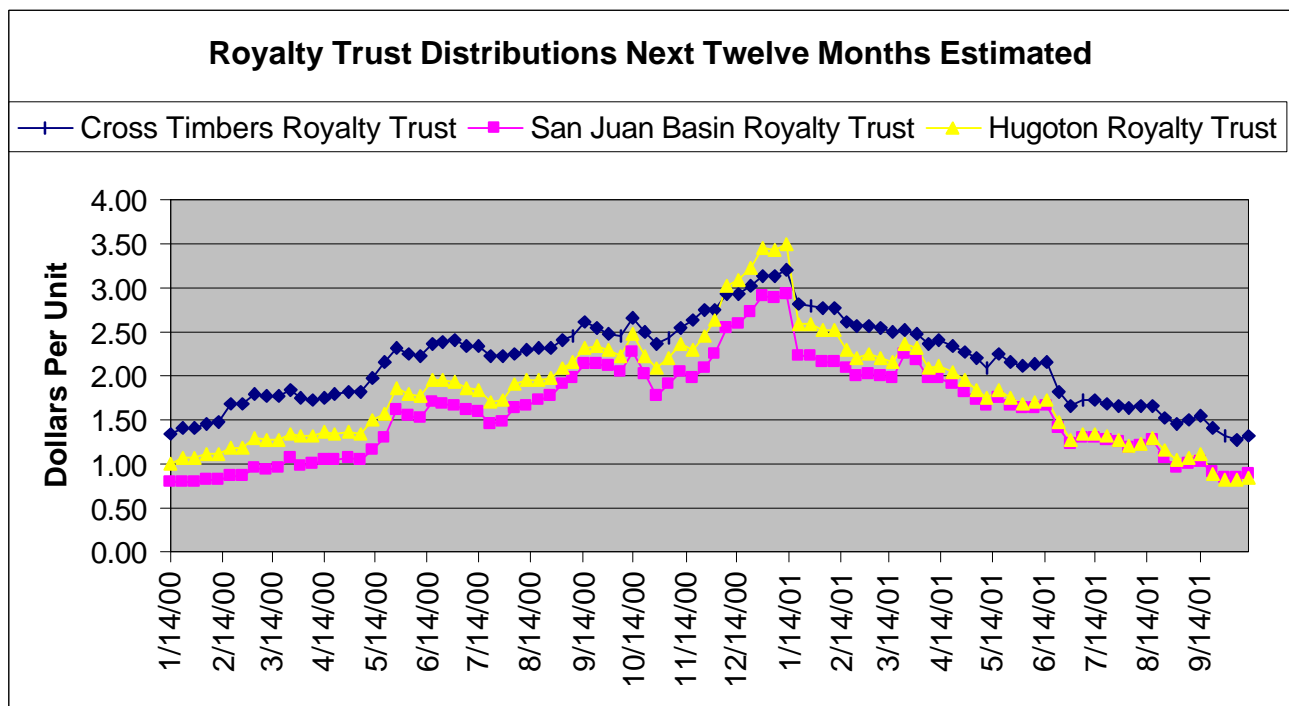
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Any good exploration news ought to be helpful to an undervalued stock. Nor should dry holes hurt too much as there appears to be little anticipation of success in Marathon's stock that trades at an unlevered cash flow multiple of less than 5.0 times.

Distribution Estimate Turns Up for San Juan Basin Royalty Trust

The short-term news in natural gas may also have turned more favorable. For the first time in a month natural gas spot prices and futures were strong enough to trigger a higher number in our weekly calculation of cash distributions for royalty trusts in the Next Twelve Months (see Chart). A whiff of lower temperatures hinting at the cold weather ahead seems to have helped the price trend.



The wide swing in estimates over the past two years reflects the markets, not our judgment. Our judgment now is that current expectations are low. Yet ample inventories will keep prices from appreciating as strongly this winter as they did last winter. If the weather is unusually warm or the economy weaker than expected, there may be downside price risk temporarily.

There also are subtle differences in the performance of estimates for each of the three royalty trusts. SJT has gained a little on **Hugoton Royalty Trust (HGT)** as a result of higher than expected production volume. The distribution estimates for **Cross Timbers Royalty Trust (CRT)** show less volatility because payments are tied to a fixed percentage of revenue from natural gas production rather than to a fixed percentage of

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profits. A higher McDep Ratio currently for CRT than for SJT or HGT may reflect investor's recognition of more downside protection in CRT.

Energy Partners Limited Near Total Depth on Important Exploratory Well

Nearing the end of its first year as a publicly traded entity, EPL gradually has been shifting to more of an exploration emphasis. It has scored three successes while the Mantle prospect was a dry hole. Now the X 8-A prospect, identified in a springtime presentation on the company's website, is about to be successful or not. Potential net reserves may be 20 million barrels equivalent, more than half the company's proven reserves. The well has taken longer than expected while there has been no disclosure of results so far.

Should the X 8-A prospect be dry, it would represent the absence of a catalyst for stock price, but a normal cost of doing business. The company has additional promising prospects to drill.

An investor presentation in New Orleans in late September was cancelled when air travel was curtailed. Next EPL will be part of an Oil Exploration Conference at the New York Society of Security Analysts on October 23. Formerly located on the 44th floor of the North Tower of the World Trade Center, the NYSSA will hold the conference uptown.

The stock is cheap and the financial risk relatively low. A positive surprise could have a powerful impact from current levels.

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) 12-Oct 2001</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 | 42.29 | 6,963 | 295,000 | 38.60 | 0.04 | 1.09 |
| Royal Dutch/Shell | RD 2 | 54.10 | 3,544 | 192,000 | 50.80 | 0.06 | 1.06 |
| ChevronTexaco Corporation | CVX | 91.00 | 1,063 | 96,800 | 89.40 | 0.17 | 1.01 |
| BP plc | BP | 51.40 | 3,744 | 192,000 | 51.50 | 0.15 | 1.00 |
| TotalFinaElf S.A. | TOT | 72.51 | 1,406 | 102,000 | 86.80 | 0.14 | 0.86 |
| | <i>Total or Median</i> | | | <i>878,000</i> | | <i>0.14</i> | <i>1.01</i> |
| Power | | | | | | | |
| Enron Corp. | ENE | 35.81 | 891 | 31,900 | 10.20 | 0.76 | 1.59 |
| Dynegy Inc. | DYN | 43.65 | 338 | 14,800 | 20.60 | 0.56 | 1.50 |
| Calpine Corporation | CPN 4 | 27.47 | 318 | 8,700 | 18.90 | 0.54 | 1.21 |
| Duke Energy Corporation | DUK | 38.70 | 779 | 30,100 | 26.40 | 0.55 | 1.21 |
| Mirant Corporation | MIR | 27.54 | 353 | 9,700 | 18.60 | 0.65 | 1.17 |
| Williams Companies | WMB | 30.25 | 485 | 14,700 | 23.30 | 0.62 | 1.11 |
| El Paso Corporation | EPG | 51.50 | 532 | 27,400 | 48.60 | 0.47 | 1.03 |
| American Electric Power Co. Inc. | AEP 2 | 44.08 | 322 | 14,200 | 46.40 | 0.61 | 0.98 |
| Southern Company | SO | 24.55 | 683 | 16,800 | 27.40 | 0.42 | 0.94 |
| Dominion Resources | D | 59.87 | 247 | 14,800 | 79.40 | 0.45 | 0.86 |
| AES Corporation | AES | 15.03 | 538 | 8,100 | 24.80 | 0.63 | 0.85 |
| Exelon Corporation | EXC 2 | 44.95 | 324 | 14,600 | 87.40 | 0.39 | 0.71 |
| | <i>Total or Median</i> | | | <i>206,000</i> | | <i>0.56</i> | <i>1.07</i> |
| Natural Gas and Oil | | | | | | | |
| Occidental Petroleum Corp. | OXY | 26.15 | 372 | 9,700 | 32.20 | 0.46 | 0.90 |
| Burlington Resources, Inc | BR 1 | 36.84 | 211 | 7,800 | 47.80 | 0.20 | 0.82 |
| Anadarko Petroleum Corp. | APC | 55.24 | 268 | 14,800 | 73.70 | 0.21 | 0.80 |
| Phillips Petroleum Company | P | 57.50 | 383 | 22,000 | 82.70 | 0.28 | 0.78 |
| ENI S.p.A. | E | 66.20 | 789 | 52,200 | 99.20 | 0.15 | 0.72 |
| Conoco Inc. | COC | 27.50 | 636 | 17,500 | 54.80 | 0.26 | 0.63 |
| | <i>Total or Median</i> | | | <i>124,000</i> | | <i>0.24</i> | <i>0.79</i> |
| Service | | | | | | | |
| Baker Hughes Inc. | BHI | 32.44 | 338 | 11,000 | 24.50 | 0.13 | 1.29 |
| Schlumberger Ltd. | SLB | 47.29 | 581 | 27,500 | 44.00 | 0.12 | 1.07 |
| Halliburton Company | HAL | 25.34 | 430 | 10,900 | 27.20 | 0.13 | 0.94 |

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 (\$/sh) 12-Oct 2001</i> | <i>EV/ Sales 2001E</i> | <i>EV/ Ebitda NTM</i> | <i>P/E NTM</i> | <i>Dividend or Distribution NTM (%)</i> | <i>PV/ Ebitda NTM</i> | |
|----------------------------|----------------------------------|--|--------------------------------|-------------------------------|--------------------|---|-------------------------------|------------|
| Mega Cap | | | | | | | | |
| | XOM | 42.29 | 1.4 | 9.8 | 20 | 2.2 | 9.0 | |
| | Royal Dutch/Shell | RD 2 | 54.10 | 1.1 | 9.5 | 21 | 2.6 | 9.0 |
| | ChevronTexaco Corporation | CVX | 91.00 | 1.2 | 9.1 | 21 | 2.9 | 9.0 |
| | BP plc | BP | 51.40 | 1.2 | 9.0 | 20 | 2.6 | 9.0 |
| | TotalFinaElf S.A. | TOT | 72.51 | 1.4 | 7.7 | 15 | 2.5 | 9.0 |
| | <i>Median</i> | | | <i>1.2</i> | <i>9.1</i> | <i>20</i> | <i>2.6</i> | <i>9.0</i> |
| Power | | | | | | | | |
| | Enron Corp. | ENE | 35.81 | 0.3 | 14.4 | 18 | 1.4 | 9.0 |
| | Dynegy Inc. | DYN | 43.65 | 0.4 | 13.5 | 21 | 0.7 | 9.0 |
| | Calpine Corporation | CPN 4 | 27.47 | 2.2 | 10.9 | 15 | - | 9.0 |
| | Duke Energy Corporation | DUK | 38.70 | 0.9 | 10.9 | 15 | 2.8 | 9.0 |
| | Mirant Corporation | MIR | 27.54 | 0.6 | 10.5 | 13 | - | 9.0 |
| | Williams Companies | WMB | 30.25 | 3.2 | 10.0 | 13 | 2.0 | 9.0 |
| | El Paso Corporation | EPG | 51.50 | 0.9 | 9.3 | 14 | 1.7 | 9.0 |
| | American Electric Power Co. Inc. | AEP 2 | 44.08 | 0.7 | 8.8 | 12 | 5.4 | 9.0 |
| | Southern Company | SO | 24.55 | 2.8 | 8.5 | 15 | 5.5 | 9.0 |
| | Dominion Resources | D | 59.87 | 3.4 | 7.8 | 14 | 4.3 | 9.0 |
| | AES Corporation | AES | 15.03 | 2.7 | 7.7 | 7 | - | 9.0 |
| | Exelon Corporation | EXC 2 | 44.95 | 2.2 | 6.4 | 10 | 3.8 | 9.0 |
| | <i>Median</i> | | | <i>1.6</i> | <i>9.7</i> | <i>14</i> | <i>1.8</i> | <i>9.0</i> |
| Natural Gas and Oil | | | | | | | | |
| | Occidental Petroleum Corp. | OXY | 26.15 | 1.5 | 8.1 | 14 | 3.8 | 9.0 |
| | Burlington Resources, Inc | BR 1 | 36.84 | 4.3 | 7.4 | 49 | 1.5 | 9.0 |
| | Anadarko Petroleum Corp. | APC | 55.24 | 2.7 | 7.2 | 18 | 0.4 | 9.0 |
| | Phillips Petroleum Company | P | 57.50 | 0.8 | 7.0 | 14 | 2.5 | 9.0 |
| | ENI S.p.A. | E | 66.20 | 1.6 | 6.5 | 13 | 2.7 | 9.0 |
| | Conoco Inc. | COC | 27.50 | 0.8 | 5.7 | 12 | 2.8 | 9.0 |
| | <i>Median</i> | | | <i>1.5</i> | <i>7.1</i> | <i>14</i> | <i>2.6</i> | <i>9.0</i> |
| Service | | | | | | | | |
| | Baker Hughes Inc. | BHI | 32.44 | 2.1 | 10.3 | 23 | 1.4 | 9.0 |
| | Schlumberger Ltd. | SLB | 47.29 | 2.5 | 8.5 | 23 | 1.6 | 9.0 |
| | Halliburton Company | HAL | 25.34 | 0.9 | 7.5 | 17 | 2.0 | 9.0 |

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

| | Symbol/ Rating | Price (\$/sh) 12-Oct 2001 | Shares (mm) | Market Cap (\$mm) | Net Present Value (\$/sh) | Debt/ Present Value | McDep Ratio | |
|---------------------------------|-------------------|------------------------------------|----------------|-------------------------|------------------------------------|---------------------------|----------------|------|
| Power | | | | | | | | |
| Consol Energy Inc. | CNX | 25.72 | 79 | 2,000 | 35.90 | 0.51 | 0.86 | |
| Sempra Energy | SRE | 24.52 | 203 | 5,000 | 41.70 | 0.50 | 0.79 | |
| CMS Energy Corporation | CMS | 21.39 | 128 | 2,700 | 48.30 | 0.62 | 0.79 | |
| Constellation Energy Group | CEG | 26.68 | 152 | 4,100 | 56.50 | 0.35 | 0.66 | |
| <i>Total or Median</i> | | | | 13,800 | | 0.51 | 0.79 | |
| Natural Gas and Oil | | | | | | | | |
| Imperial Oil Limited (30%) | IMO | 28.44 | 119 | 3,400 | 29.30 | 0.11 | 0.97 | |
| Ocean Energy, Inc. | OEI | 17.85 | 178 | 3,200 | 20.60 | 0.29 | 0.91 | |
| PanCanadian Energy | PCX_w | 2 | 27.59 | 262 | 7,230 | 32.10 | 0.14 | 0.88 |
| Murphy Oil Corporation | MUR | 79.94 | 46 | 3,700 | 94.60 | 0.16 | 0.87 | |
| Valero Energy Corp.(with UDS) | VLO | 37.45 | 110 | 4,100 | 54.50 | 0.49 | 0.84 | |
| Unocal Corporation | UCL | 34.28 | 257 | 8,800 | 44.90 | 0.31 | 0.84 | |
| Petro-Canada | PCZ | 26.82 | 267 | 7,200 | 34.40 | 0.08 | 0.80 | |
| Norsk Hydro ASA (49%) | NHY | 36.30 | 127 | 4,600 | 51.90 | 0.19 | 0.76 | |
| Devon Energy (incl MND,AXN) | DVN | 36.20 | 165 | 6,000 | 64.20 | 0.39 | 0.74 | |
| PetroChina Company Ltd (10%) | PTR | 2 | 19.00 | 176 | 3,300 | 31.70 | 0.14 | 0.66 |
| Marathon Oil Corporation | MRO | 1 | 29.70 | 310 | 9,200 | 55.00 | 0.22 | 0.64 |
| <i>Total or Median</i> | | | | 60,700 | | 0.19 | 0.84 | |
| Small Cap | | | | | | | | |
| Quicksilver Resources Inc. | KWK | 13.80 | 19.3 | 270 | 5.50 | 0.73 | 1.40 | |
| Spinnaker Exploration Company | SKE | 42.00 | 28.4 | 1,190 | 38.60 | - | 1.09 | |
| Magnum Hunter Resources, Inc. | MHR | 10.10 | 37.0 | 370 | 10.40 | 0.36 | 0.98 | |
| XTO Energy Inc. | XTO | 16.75 | 123.0 | 2,060 | 17.70 | 0.29 | 0.96 | |
| Southwestern Energy Company | SWN | 12.25 | 25.7 | 320 | 13.90 | 0.48 | 0.94 | |
| Louis Dreyfus Natural Gas Corp. | LD | 3 | 39.05 | 44.8 | 1,750 | 45.10 | 0.23 | 0.90 |
| Encore Acquisition Corp. (25%) | EAC | 13.60 | 7.5 | 102 | 15.60 | 0.16 | 0.89 | |
| Penn Virginia Corporation | PVA | 31.75 | 8.8 | 280 | 47.70 | 0.19 | 0.73 | |
| Newfield Exploration Company | NFX | 32.48 | 49.3 | 1,600 | 49.50 | 0.17 | 0.71 | |
| Forest Oil Corporation | FST | 27.00 | 50.2 | 1,360 | 42.90 | 0.21 | 0.71 | |
| Swift Energy Company | SFY | 23.61 | 25.7 | 610 | 37.40 | 0.19 | 0.70 | |
| Stone Energy Company | SGY | 35.64 | 26.5 | 940 | 54.60 | 0.09 | 0.68 | |
| <i>Total or Median</i> | | | | 10,850 | | 0.20 | 0.90 | |
| Trusts and Partnerships | | | | | | | | |
| TEPPCO Partners, L.P. | TPP | 33.30 | 38 | 1,270 | 18.00 | 0.58 | 1.36 | |
| Dorchester Hugoton, Ltd. | DHULZ | 12.00 | 10.7 | 129 | 10.80 | - | 1.11 | |
| Cross Timbers Royalty Trust | CRT | 16.95 | 6.0 | 102 | 16.50 | - | 1.03 | |
| Hugoton RoyaltyTrust | HGT | 10.94 | 40.0 | 440 | 14.00 | - | 0.78 | |
| San Juan Basin Royalty Trust | SJT | 2 | 11.12 | 46.6 | 520 | 14.60 | - | 0.76 |
| <i>Total or Median</i> | | | | 2,460 | | - | 1.03 | |
| Micro Cap | | | | | | | | |
| Abraxas Petroleum Corporation | ABP | 1.71 | 23.6 | 40 | 0.90 | 0.94 | 1.06 | |
| Purcell Energy, Ltd. (US\$) | PEL.TO | 2.18 | 26.6 | 58 | 3.10 | 0.10 | 0.72 | |
| Energy Partners Ltd.(30%) | EPL | 2 | 7.90 | 8.1 | 64 | 12.20 | 0.10 | 0.68 |

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/ Rating | Price (\$/sh) 12-Oct 2001 | EV/ Sales 2001E | EV/ Ebitda NTM | P/E NTM | Dividend or Distribution NTM (%) | PV/ Ebitda NTM | |
|---------------------------------|-------------------|------------------------------------|-----------------------|----------------------|------------|---|----------------------|------|
| Power | | | | | | | | |
| Consol Energy Inc. | CNX | 25.72 | 2.1 | 7.7 | 9 | 4.4 | 9.0 | |
| Sempra Energy | SRE | 24.52 | 1.1 | 7.2 | 9 | 4.1 | 9.0 | |
| CMS Energy Corporation | CMS | 21.39 | 0.8 | 7.1 | 8 | 6.8 | 9.0 | |
| Constellation Energy Group | CEG | 26.68 | 1.7 | 5.9 | 8 | 1.8 | 9.0 | |
| | <i>Median</i> | | <i>1.4</i> | <i>7.1</i> | <i>8</i> | <i>4.2</i> | <i>9.0</i> | |
| Natural Gas and Oil | | | | | | | | |
| Imperial Oil Limited (30%) | IMO | 28.44 | 1.1 | 8.8 | 19 | 1.9 | 9.0 | |
| Murphy Oil Corporation | MUR | 79.94 | 0.9 | 7.0 | 25 | 1.9 | 8.0 | |
| Unocal Corporation | UCL | 34.28 | 2.5 | 6.7 | 26 | 2.3 | 8.0 | |
| Ocean Energy, Inc. | OEI | 17.85 | 3.9 | 6.3 | 19 | 0.9 | 7.0 | |
| PanCanadian Energy | PCX_w | 2 | 27.59 | 1.2 | 6.2 | 12 | 0.9 | 7.0 |
| Valero Energy Corp.(with UDS) | VLO | 37.45 | 0.3 | 5.9 | 6 | 0.9 | 7.0 | |
| Petro-Canada | PCZ | 26.82 | 1.5 | 5.6 | 13 | 1.0 | 7.0 | |
| Devon Energy (incl MND,AXN) | DVN | 36.20 | 2.8 | 5.2 | 17 | 0.6 | 7.0 | |
| Marathon Oil Corporation | MRO | 1 | 29.70 | 0.4 | 4.5 | 9 | 3.1 | 7.0 |
| Norsk Hydro ASA (49%) | NHY | 36.30 | 0.7 | 3.8 | 9 | 2.9 | 5.0 | |
| PetroChina Company Ltd (10%) | PTR | 2 | 19.00 | 1.6 | 3.3 | 7 | 9.8 | 5.0 |
| | <i>Median</i> | | <i>1.2</i> | <i>5.9</i> | <i>13</i> | <i>1.9</i> | <i>7.0</i> | |
| Small Cap | | | | | | | | |
| Quicksilver Resources Inc. | KWK | 13.80 | 5.7 | 19.6 | | - | 14.0 | |
| Magnum Hunter Resources, Inc. | MHR | 10.10 | 5.1 | 9.8 | | - | 10.0 | |
| Spinnaker Exploration Company | SKE | 42.00 | 8.2 | 9.8 | 46 | - | 9.0 | |
| Louis Dreyfus Natural Gas Corp. | LD | 3 | 39.05 | 6.0 | 9.0 | 32 | - | 10.0 |
| XTO Energy Inc. | XTO | 16.75 | 5.5 | 8.7 | 24 | 0.2 | 9.0 | |
| Southwestern Energy Company | SWN | 12.25 | 2.7 | 8.4 | 172 | - | 9.0 | |
| Encore Acquisition Corp. (25%) | EAC | 13.60 | 4.6 | 8.0 | 24 | - | 9.0 | |
| Penn Virginia Corporation | PVA | 31.75 | 4.2 | 5.8 | 10 | 2.8 | 8.0 | |
| Forest Oil Corporation | FST | 27.00 | 2.2 | 5.7 | 32 | - | 8.0 | |
| Swift Energy Company | SFY | 23.61 | 4.2 | 5.6 | 14 | - | 8.0 | |
| Newfield Exploration Company | NFX | 32.48 | 3.9 | 5.0 | 21 | - | 7.0 | |
| Stone Energy Company | SGY | 35.64 | 3.7 | 4.8 | 27 | - | 7.0 | |
| | <i>Median</i> | | <i>4.4</i> | <i>8.2</i> | <i>25</i> | <i>-</i> | <i>9.0</i> | |
| Trusts and Partnerships | | | | | | | | |
| Dorchester Hugoton, Ltd. | DHULZ | 12.00 | 8.0 | 12.1 | 16 | 23.7 | 10.9 | |
| Cross Timbers Royalty Trust | CRT | 16.95 | 6.9 | 12.0 | 13 | 7.7 | 11.7 | |
| TEPPCO Partners, L.P. | TPP | 33.30 | 0.7 | 12.3 | 17 | 6.3 | 9.0 | |
| San Juan Basin Royalty Trust | SJT | 2 | 11.12 | 6.6 | 8.8 | 13 | 7.9 | 11.5 |
| Hugoton RoyaltyTrust | HGT | 10.94 | 5.4 | 8.6 | 13 | 7.8 | 11.0 | |
| | <i>Median</i> | | <i>6.6</i> | <i>12.0</i> | <i>13</i> | <i>7.8</i> | <i>11.0</i> | |
| Micro Cap | | | | | | | | |
| Abraxas Petroleum Corporation | ABP | 1.71 | 6.4 | 11.6 | | - | 11.0 | |
| Energy Partners Ltd.(30%) | EPL | 2 | 7.90 | 2.1 | 4.5 | - | 6.6 | |
| Purcell Energy, Ltd. (US\$) | PEL.TO | 2.18 | 3.1 | 4.3 | 12 | - | 6.0 | |

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