

Power Struggle

Summary and Recommendation

After six months of extending McDep analysis from oil and gas stocks to power stocks we continue recommending purchase of **American Electric Power (AEP)** because of the strategic value of its low cost coal-fired plants. We suggest that those investors interested in a pair trade match a sale of **Calpine Corporation (CPN)**, an aggressively expanding generator that is short of natural gas, with a buy of **Exelon Corporation (EXC)**, a stable utility with low cost nuclear generation. In oil and gas, our newest recommendation, **Forest Oil (FST)**, was not perfectly timed, but we are confident that an investment in the natural gas producer will prove rewarding. That small cap stock fits nicely in size among our other natural gas recommendations ranging from Strong Buy **Burlington Resources (BR)**, a large cap, to recommended **PanCanadian Energy (PCX)**, a mid-to-large cap, and to **San Juan Basin Royalty Trust (SJT)**, a small-to-micro cap. Strong Buy **Marathon Oil Corporation (MRO)** is wasting no time differentiating itself from its former association with steel by making a billion dollar acquisition of oil and gas properties in West Africa. Present value for unrated **Cross Timbers Royalty Trust (CRT)** is boosted following better than expected volume for the quarter just ended. 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).

McDep Analysis Helps Differentiate Power Stock Performance

A half-year ago we added power stocks to broaden our oil and gas orientation to an energy emphasis. Fortunately we can take some encouragement from how the McDep Ratio has helped anticipate performance of power stocks as it has helped us in oil and gas for a long time.

First, the technique appears to be working. Low McDep Ratio stocks outperformed the median and High McDep Ratio stocks. Vice-versa, High McDep Ratio stocks underperformed the median and Low McDep Ratio stocks (see Chart).

Second, among specific recommendations, two positives offset one negative. Our first recommendation, AEP, has outperformed by declining less in price than the median power stock. Our second recommendation, EXC, went the wrong way. We recovered with our third power recommendation, the sale of CPN (see Chart).

Here are some definitions of our performance measurement. Total Return means appreciation plus dividends. Normalized means adjusted for a normal debt ratio of 0.35. That has the effect of understating return for high debt stocks and overstating return for low debt stocks compared to the unadjusted results. Without normalization, the buy of

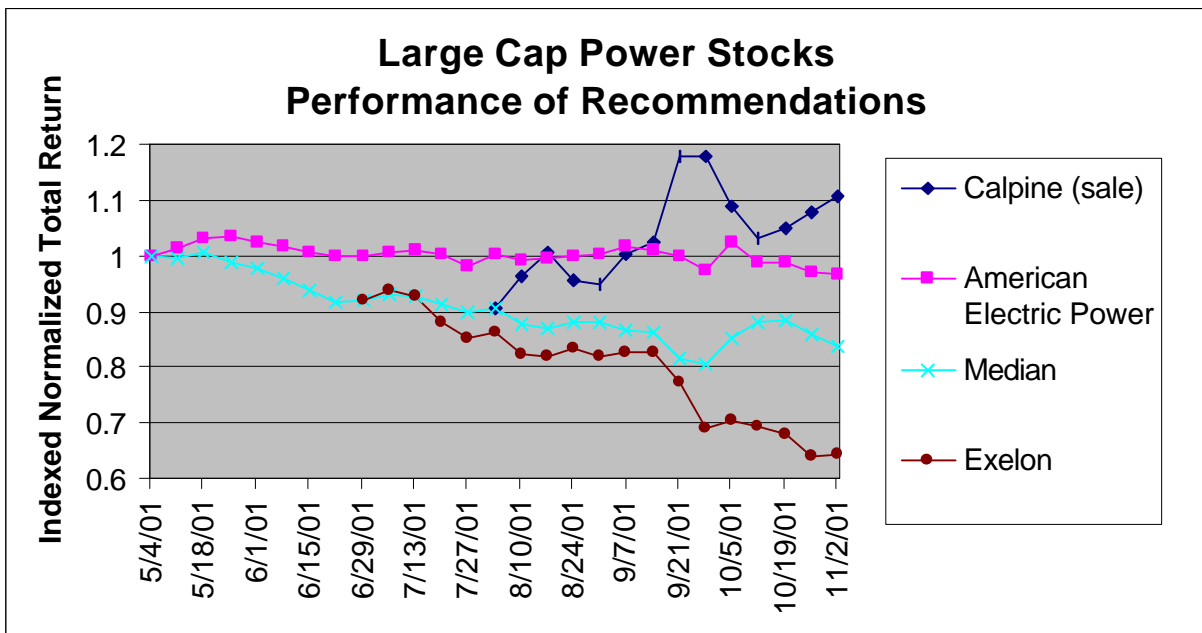
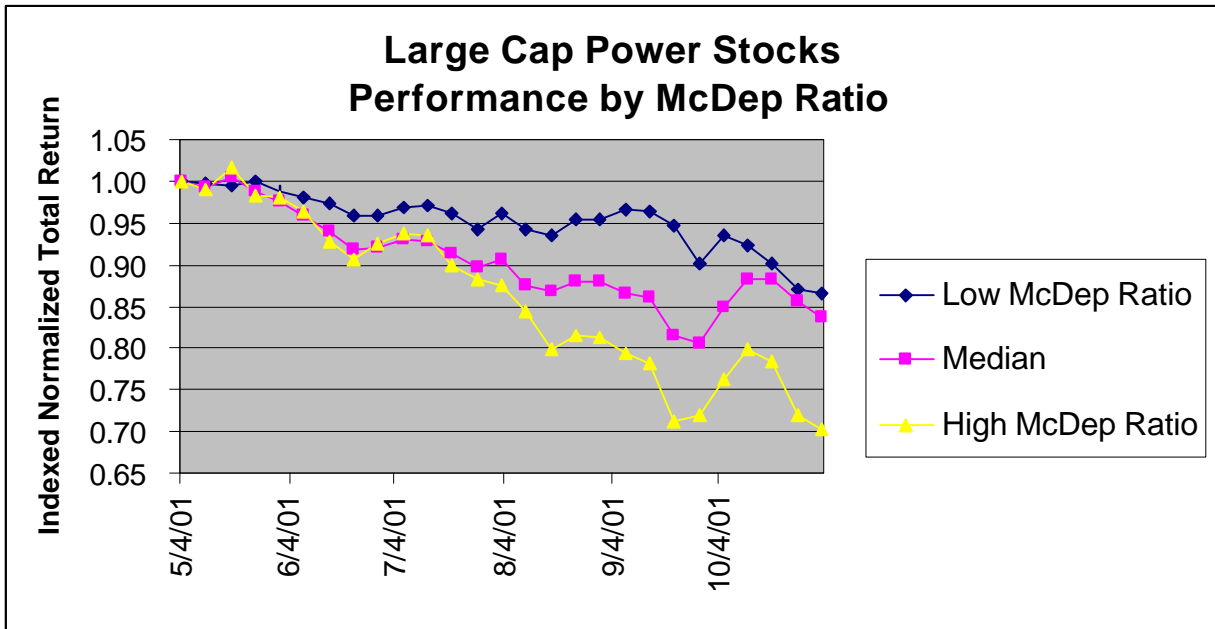
Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy analysis by Kurt Wulff doing business as McDep Associates is accessible at <http://www.mcdep.com>. Owning shares in energy stocks, neither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

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

Exelon would not look as bad and the sale of Calpine would look even more advantageous. Under indexing, the median starts at 1.0 when our coverage of power companies started in May 2001. Recommendations start at the index of the median at the time of recommendation.



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.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

Is the measurement distorted by the collapse of Enron? We don't think so. High (or Low) McDep Ratio stocks are the three highest (or lowest) of what is now a group of 12 stocks. The representative performance for the highest or lowest is the median of the three stocks that may change in composition from week to week. Most of the time the average would be about the same as the median. Only in recent weeks when Enron's decline has accelerated would the average of the three highest McDep Ratio stocks be much different (worse) than the median. Because we did not use the measure most influenced by Enron we think our performance measurement is free of distortion by one stock.

Despite Underperformance, Exelon Remains a Recommendation

We know of no good reason why the stock should have done more poorly than the median power stock. Some of the underperformance seemed to occur at the time of a warning on the earnings outlook. The company revised its guidance downward modestly and wrote off some relatively unimportant telecom assets.

Perhaps some investors desired to reduce their exposure after September 11 to companies that owned nuclear power plants because they might become terrorist targets. Honestly, practically anything can be a target. We can't be more worried about a nuclear disaster now than when we first recommended the stock at the end of June. Our position on nuclear disaster is that the prospects of it will keep us from building new plants. But we are optimistic that the worst won't happen with existing plants. Yet should any serious trouble occur at a nuclear plant, it could be an indirect boon for natural gas as a fuel for electrical generation. In that case, a loss in Exelon stock might be more than offset by gains in natural gas stocks in a diversified energy portfolio.

Investors in Exelon and other power stocks might take heart in a study by Richard Bernstein of Merrill Lynch. As quoted in Barron's, the study finds that the dull S&P Utility sector outperformed the glamorous Nasdaq, since the inception of the latter index in 1971, by 12% per year compared to 11.2% per year.

Thus, having no new information that would cause us to change our mind on the long-term prospects for Exelon, we believe our own McDep Ratio analysis and regard the stock as an attractive value not just among power companies, but also among energy companies. Nonetheless to present the Exelon idea in fresh terms, we recast it as half of a pair trade.

Recommend Pair Trade of Exelon (Long) and Calpine (Short)

Pair trade is a new thrust for us even though the McDep Ratio has always been useful for contrasting valuations. Even Harvard University Endowment gives pair trading respectability. Listening to the head of money management at the well-known educational institution recently, we conclude that "pair trades", be they in stocks, bonds

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. 3

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

or commodities, have added billions of dollars to the coffers of higher education. At the same time it is important to remember that pair trades gone awry contributed to the demise of Long Term Capital Management.

At a McDep Ratio currently of 0.73, Exelon is quite compelling statistically. Only two of 30 stocks in our large cap and mega cap coverage appear more undervalued by that measure. At the other extreme, Calpine's current McDep Ratio of 1.22 is exceeded by only two of 30 stocks.

Since Exelon is less leveraged than Calpine, one would take a larger position in the equity of Exelon than in Calpine to compensate for financial risk.

The dynamics that might drive the results of the trade, in addition to valuation, include the relative importance of generation and delivery, the growth rate for electric demand and nuclear versus natural gas. Generation may be volatile while delivery ought to be more stable. Exelon is concentrated perhaps one-third on generation while Calpine is all generation.

Calpine is the aggressive newcomer expanding rapidly. If growth is slow, Calpine may underperform.

Existing nuclear is the lowest cost source of electricity. Our interest in Exelon is the prospect that higher natural gas price will create exceptional profit opportunities for owners of existing nuclear capacity in a less regulated electricity business.

On the other hand, nuclear has disaster potential as we mention above. Nuclear disaster would also create high demand for Calpine's generation.

Calpine's new plants generate electricity almost exclusively from natural gas. As great bulls on natural gas, we should like that and we do. Calpine's vulnerability is that it does not have gas supplies lined up at a price that assures profitability. Calpine and others are building huge amounts of new electrical generating plant to be fueled by natural gas. As a result we expect the natural gas price to be so strong that it dampens the demand for new generation enough to make Calpine's business less profitable than investors anticipate.

Finally there is no perfect hedge and there is no perfect pair trade. Yet, we believe that relative valuation is a powerful tool for spotting opportunities. We hope your "opportunities" are more profitable than unprofitable.

Oil Turning to Contango from Backwardation

Watching the spot price of Light Sweet Crude Oil drop \$2 a barrel to \$20.18 in the past week might seem discouraging to an oil investor. What caught our attention was the

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. 4

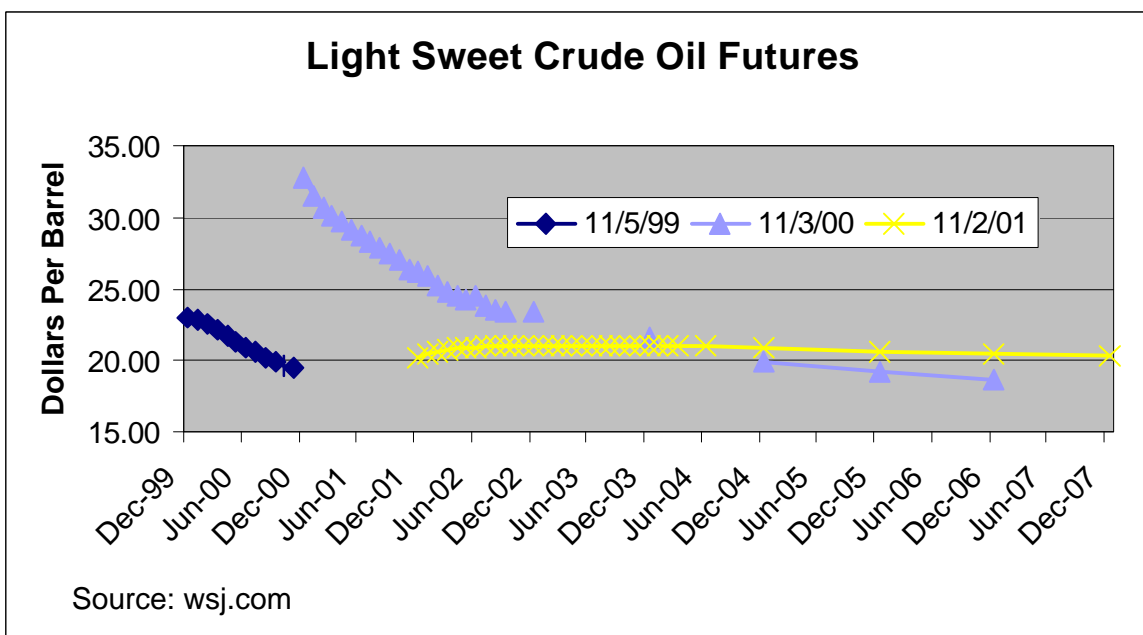
Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

contrast to the futures price for 2006 at \$20.44 that was higher than spot for the first time this year and longer. By that measure we might now say the futures are in the bullish contango position rather than the normally pessimistic backwardation pattern (see Chart).

Not knowing where those words *contango* and *backwardation* come from we could instead liken contango to an upward sloping yield curve for bonds and backwardation to a downward sloping curve. If you are not into the term structure of interest rates, suffice it to say that upward sloping implies expansion or growth, while downward sloping implies contraction or stagnation. Contango implies the future will be better than the present, while backwardation implies the future will not be as good as the present



The implication of the curves is that the drop in the near-term price to \$20 a barrel is no big deal. That is where it is expected to be for the next six years anyway. Meanwhile a stock represents the present value of future cash flows. As a result future oil prices are more important in determining stock market value than current oil price. Yet the actual amount of commodity trading for oil delivery five or six years out is quite small. In the end a reasonable investor must make a reasonable judgment. Our expectation is that oil ought to be closer to \$30 in 2006, but we make all our calculations on \$20.44 this week.

Raise Present Value of Cross Timbers Royalty Trust on Higher Volume

Except for low distributions currently that reflect low natural gas prices a few months ago, most of the news for royalty trusts has been positive for several weeks. Slightly higher natural gas price for the next twelve months boosts estimated distributions for the same period.

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.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

More important the present value of the royalty trusts we cover increased on the week. First, a decline in real interest rates that made the price of U.S. Treasury Inflation Protected Securities go up last week makes the present value of royalty trusts higher.

Second, higher futures prices for natural gas and in later years for oil mean higher distributions for the next five years that are covered by market quotes. Thereafter we escalate natural gas price with the rate of inflation, which actually declined slightly during the past week. Expected inflation is the difference between the real interest rate on TIPS and the nominal interest rate on regular U.S. Treasury Notes. As a result of the combination of the action in bond prices and oil and gas futures, the calculation of present value for three royalty trusts is higher again on the week by a median 2%.

Third, an upward revision in our volume estimate for Cross Timbers Royalty Trust enhanced the positive trend in bonds and futures. Natural gas production in the quarter ended September 30 was 8.6 million cubic feet daily compared to our estimate of 7.8.

Lower interest rates, higher natural gas prices and higher volume combine to increase our estimated present value of CRT to \$18.90 a unit from \$16.90. Considering the stock's high quality, investors can feel comfortable owning CRT at the current McDep Ratio of 0.96. During the past two years of our weekly coverage the range was 0.56 to 1.31. We detail the calculation every week in regular editions of Meter Reader Tables archived on www.mcdep.com under MR Tables.

Kurt H. Wulff, CFA

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

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) 2-Nov 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	39.76	6,963	277,000	38.60	0.04	1.03	
Royal Dutch/Shell	RD	3	50.89	3,544	180,000	50.80	0.06	1.00
ChevronTexaco Corporation	CVX	87.45	1,063	93,000	89.40	0.17	0.98	
BP plc	BP	48.10	3,744	180,000	51.50	0.15	0.94	
TotalFinaElf S.A.	TOT	69.44	1,406	98,000	86.80	0.14	0.83	
	<i>Total or Median</i>			<i>828,000</i>		<i>0.14</i>	<i>0.98</i>	
Power								
Dynegy Inc.	DYN	33.45	338	11,300	20.30	0.58	1.27	
Calpine Corporation	CPN	4	23.54	377	8,900	14.90	0.62	1.22
AES Corporation	AES	13.56	543	7,400	8.80	0.83	1.09	
Mirant Corporation	MIR	23.30	353	8,200	18.60	0.65	1.09	
Enron Corp.	ENE	11.30	913	10,300	9.50	0.77	1.04	
Duke Energy Corporation	DUK	37.46	773	29,000	35.80	0.43	1.03	
El Paso Corporation	EPG	47.46	532	25,200	48.60	0.47	0.99	
American Electric Power Co. Inc.	AEP	2	42.28	322	13,600	45.50	0.61	0.97
Williams Companies	WMB	28.79	515	14,800	32.30	0.47	0.94	
Southern Company	SO	23.49	683	16,000	27.40	0.42	0.92	
Dominion Resources	D	60.84	247	15,000	79.40	0.45	0.87	
Exelon Corporation	EXC	2	41.36	323	13,400	78.60	0.42	0.73
	<i>Total or Median</i>			<i>153,000</i>		<i>0.47</i>	<i>0.98</i>	
Natural Gas and Oil								
Occidental Petroleum Corp.	OXY	25.13	372	9,400	32.20	0.46	0.88	
Anadarko Petroleum Corp.	APC	57.03	250	14,300	73.30	0.22	0.83	
Phillips Petroleum Company	P	53.80	383	20,600	76.30	0.29	0.79	
ENI S.p.A.	E	61.76	789	48,700	86.20	0.17	0.76	
Devon Energy (incl MND,AXN)	DVN	37.76	165	6,200	66.40	0.43	0.75	
Unocal Corporation	UCL	31.62	257	8,100	49.00	0.29	0.75	
Burlington Resources (incl HTR)	BR	1	36.61	205	7,500	57.60	0.28	0.74
Conoco Inc.	COC	25.10	636	16,000	42.40	0.32	0.72	
Marathon Oil Corporation	MRO	1	27.34	310	8,500	49.20	0.24	0.66
	<i>Total or Median</i>			<i>130,000</i>		<i>0.29</i>	<i>0.75</i>	
Service								
Baker Hughes Inc.	BHI	34.78	338	11,800	24.50	0.13	1.37	
Schlumberger Ltd.	SLB	47.50	581	27,600	44.00	0.12	1.07	
Halliburton Company	HAL	23.36	430	10,000	27.20	0.13	0.87	

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

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.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

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) 2-Nov 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							
Exxon Mobil Corporation	XOM	39.76	1.3	9.3	19	2.3	9.0
Royal Dutch/Shell	RD	50.89	1.1	9.0	20	2.8	9.0
ChevronTexaco Corporation	CVX	87.45	1.2	8.8	20	3.0	9.0
BP plc	BP	48.10	1.1	8.5	19	2.7	9.0
TotalFinaElf S.A.	TOT	69.44	1.4	7.4	14	2.6	9.0
	<i>Median</i>		<i>1.2</i>	<i>8.8</i>	<i>19</i>	<i>2.7</i>	<i>9.0</i>
Power							
Dynegy Inc.	DYN	33.45	0.6	11.5	16	0.9	9.0
Calpine Corporation	CPN	23.54	2.4	11.0	13	-	9.0
AES Corporation	AES	13.56	3.4	9.9	10	-	9.0
Mirant Corporation	MIR	23.30	0.6	9.8	11	-	9.0
Enron Corp.	ENE	11.30	0.2	9.4	7	4.4	9.0
Duke Energy Corporation	DUK	37.46	0.8	9.2	14	2.9	9.0
El Paso Corporation	EPG	47.46	0.9	8.9	13	1.8	9.0
American Electric Power Co. Inc.	AEP	42.28	0.6	8.7	12	5.7	9.0
Williams Companies	WMB	28.79	2.6	8.5	12	2.5	9.0
Southern Company	SO	23.49	2.7	8.2	14	5.7	9.0
Dominion Resources	D	60.84	3.4	7.8	14	4.2	9.0
Exelon Corporation	EXC	41.36	2.0	6.5	9	4.1	9.0
	<i>Median</i>		<i>1.5</i>	<i>9.1</i>	<i>12</i>	<i>2.7</i>	<i>9.0</i>
Natural Gas and Oil							
Occidental Petroleum Corp.	OXY	25.13	1.5	7.9	14	4.0	9.0
Anadarko Petroleum Corp.	APC	57.03	2.8	7.5	18	0.5	9.0
Phillips Petroleum Company	P	53.80	0.7	6.7	13	2.7	8.5
Unocal Corporation	UCL	17.11	2.3	6.4	24	2.5	8.5
Burlington Resources (incl HTR)	BR	36.61	4.2	6.3	25	1.5	8.5
ENI S.p.A.	E	61.76	1.5	6.1	12	2.9	8.0
Devon Energy (incl MND,AXN)	DVN	37.76	3.1	5.6	15	0.5	7.5
Conoco Inc.	COC	25.10	0.8	5.4	11	3.0	7.5
Marathon Oil Corporation	MRO	27.34	0.4	4.3	8	3.4	6.5
	<i>Median</i>		<i>1.5</i>	<i>6.3</i>	<i>14</i>	<i>2.7</i>	<i>8.5</i>
Service							
Baker Hughes Inc.	BHI	34.78	2.2	11.0	24	1.3	9.0
Schlumberger Ltd.	SLB	47.50	2.5	8.6	24	1.6	9.0
Halliburton Company	HAL	23.36	0.9	7.0	16	2.1	9.0

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.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

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) 2-Nov 2001	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Power								
Consol Energy Inc.	CNX	27.39	79	2,200	35.90	0.51	0.88	
CMS Energy Corporation	CMS	22.00	128	2,800	48.30	0.62	0.80	
Sempra Energy	SRE	23.07	203	4,700	41.70	0.50	0.78	
Constellation Energy Group	CEG	23.00	152	3,500	56.50	0.35	0.62	
<i>Total or Median</i>				<i>13,200</i>		<i>0.51</i>	<i>0.79</i>	
Natural Gas and Oil								
Imperial Oil Limited (30%)	IMO	28.26	119	3,400	29.30	0.11	0.97	
Ocean Energy, Inc.	OEI	18.25	178	3,200	20.60	0.29	0.92	
PanCanadian Energy	PCX	2	28.10	262	7,360	32.10	0.14	0.89
Murphy Oil Corporation	MUR	78.20	46	3,600	94.60	0.16	0.86	
Norsk Hydro ASA (49%)	NHY	37.90	127	4,800	51.90	0.19	0.78	
Petro-Canada	PCZ	25.59	267	6,800	34.40	0.08	0.76	
Valero Energy Corp.(with UDS)	VLO	38.00	110	4,200	67.70	0.44	0.75	
PetroChina Company Ltd (10%)	PTR	2	18.53	176	3,300	31.70	0.14	0.64
<i>Total or Median</i>				<i>36,700</i>		<i>0.15</i>	<i>0.82</i>	
Small Cap								
Quicksilver Resources Inc.	KWK	14.56	19.3	280	5.50	0.73	1.43	
Spinnaker Exploration Company	SKE	43.25	28.4	1,230	38.60	-	1.12	
Magnum Hunter Resources, Inc.	MHR	10.25	37.0	380	10.40	0.36	0.99	
XTO Energy Inc.	XTO	17.30	123.0	2,130	17.70	0.29	0.99	
Southwestern Energy Company	SWN	11.81	25.7	300	13.90	0.48	0.92	
Louis Dreyfus Natural Gas Corp.	LD	3	39.60	44.8	1,770	45.10	0.23	0.91
Swift Energy Company	SFY	23.12	25.7	590	28.40	0.24	0.86	
Encore Acquisition Corp. (25%)	EAC	12.90	7.5	97	15.60	0.16	0.86	
Penn Virginia Corporation	PVA	37.31	8.8	330	47.70	0.19	0.82	
Newfield Exploration Company	NFX	34.59	49.3	1,710	49.50	0.17	0.75	
Stone Energy Company	SGY	37.95	26.5	1,010	54.60	0.09	0.72	
Forest Oil Corporation	FST	2	26.86	50.2	1,350	42.90	0.21	0.70
<i>Total or Median</i>				<i>11,180</i>		<i>0.22</i>	<i>0.88</i>	
Trusts and Partnerships								
TEPPCO Partners, L.P.	TPP	34.39	38	1,310	18.00	0.58	1.39	
Dorchester Hugoton, Ltd.	DHULZ	12.00	10.7	129	11.50	-	1.04	
Cross Timbers Royalty Trust	CRT	18.10	6.0	109	18.90	-	0.96	
Hugoton RoyaltyTrust	HGT	11.01	40.0	440	15.10	-	0.73	
San Juan Basin Royalty Trust	SJT	2	11.23	46.6	520	15.50	-	0.72
<i>Total or Median</i>				<i>2,510</i>		<i>-</i>	<i>0.96</i>	
Micro Cap								
Abraxas Petroleum Corporation	ABP	1.53	23.6	36	0.90	0.94	1.05	
Purcell Energy, Ltd. (US\$)	PEL.TO	2.21	26.6	59	3.10	0.10	0.74	
Energy Partners Ltd.(30%)	EPL	2	8.20	8.1	66	12.50	0.10	0.69

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

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 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. 9

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 5, 2001

Table S-2

Mid Cap and Small Cap Energy Companies

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

	Symbol/ Rating	Price (\$/sh) 2-Nov 2001	EV/ Sales 2001E	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
Power								
Consol Energy Inc.	CNX	27.39	2.2	7.9	9	4.1	9.0	
CMS Energy Corporation	CMS	22.00	0.8	7.2	8	6.6	9.0	
Sempra Energy	SRE	23.07	1.1	7.0	9	4.3	9.0	
Constellation Energy Group	CEG	23.00	1.6	5.5	7	2.1	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	28.26	1.1	8.7	19	1.9	9.0	
Murphy Oil Corporation	MUR	78.20	0.9	6.8	25	1.9	8.0	
Ocean Energy, Inc.	OEI	18.25	4.0	6.4	20	0.9	7.0	
PanCanadian Energy	PCX	2	28.10	1.2	6.3	12	0.9	7.0
Petro-Canada	PCZ		25.59	1.4	5.3	12	1.0	7.0
Valero Energy Corp.(with UDS)	VLO		38.00	0.3	5.3	6	1.1	7.0
Norsk Hydro ASA (49%)	NHY		37.90	0.7	3.9	10	2.7	5.0
PetroChina Company Ltd (10%)	PTR	2	18.53	1.6	3.2	7	10.1	5.0
	<i>Median</i>		<i>1.2</i>	<i>5.8</i>	<i>12</i>	<i>1.5</i>	<i>7.0</i>	
Small Cap								
Quicksilver Resources Inc.	KWK		14.56	5.8	20.0	-	14.0	
Spinnaker Exploration Company	SKE		43.25	8.4	10.1	47	-	9.0
Magnum Hunter Resources, Inc.	MHR		10.25	5.2	9.9	-	10.0	
Louis Dreyfus Natural Gas Corp.	LD	3	39.60	6.1	9.1	32	-	10.0
XTO Energy Inc.	XTO		17.30	5.6	8.9	25	0.2	9.0
Southwestern Energy Company	SWN		11.81	2.6	8.3	166	-	9.0
Swift Energy Company	SFY		23.12	5.7	7.7	26	-	9.0
Encore Acquisition Corp. (25%)	EAC		12.90	4.4	7.7	23	-	9.0
Penn Virginia Corporation	PVA		37.31	4.7	6.6	11	2.4	8.0
Newfield Exploration Company	NFX		34.59	4.1	5.2	23	-	7.0
Forest Oil Corporation	FST	2	26.86	2.1	5.1	21	-	7.3
Stone Energy Company	SGY		37.95	3.9	5.1	28	-	7.0
	<i>Median</i>			<i>4.9</i>	<i>8.0</i>	<i>26</i>	<i>-</i>	<i>9.0</i>
Trusts and Partnerships								
TEPPCO Partners, L.P.	TPP		34.39	0.7	12.5	17	6.1	9.0
Cross Timbers Royalty Trust	CRT		18.10	6.5	11.1	12	8.5	11.6
Dorchester Hugoton, Ltd.	DHULZ		12.00	6.8	9.9	12	25.5	9.4
San Juan Basin Royalty Trust	SJT	2	11.23	5.9	7.7	11	9.2	10.6
Hugoton RoyaltyTrust	HGT		11.01	4.9	7.4	11	9.1	10.2
	<i>Median</i>			<i>5.9</i>	<i>9.9</i>	<i>12</i>	<i>9.1</i>	<i>10.2</i>
Micro Cap								
Abraxas Petroleum Corporation	ABP		1.53	6.3	11.5	-	11.0	
Energy Partners Ltd.(30%)	EPL	2	8.20	2.2	4.8	-	7.0	
Purcell Energy, Ltd. (US\$)	PEL.TO		2.21	3.1	4.4	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.