

Peace Has Momentum

Summary and Recommendation

Investor confidence appears to be rising in Buy recommended Asian stocks **CNOOC Limited (CEO)** and **PetroChina (PTR)**. Sharp recent price gains for Russian oil stock, **Lukoil**, may be a sign that investors are increasingly confident in prospects for world peace and economic growth. Meanwhile in North American natural gas, we see a good chance for daily commodity price to move above its 200-day average in the next four months. McDep Ratios are low for royalty trusts, a proxy for natural gas stocks, implying favorable potential for stock price appreciation when the turn comes. Contrasting our positive views we fear investors may lose their principal in Strong Sell recommended **Kinder Morgan, Inc. (KMI)**, **Kinder Morgan Energy Partners, L.P. (KMP)** and **Kinder Morgan Management, LLC (KMR)**. Management may be taking advantage of retirement investors with accounting that appears to mask the implications of general partner take that seems confiscatory. For perspective on ideas to build and preserve a diversified energy portfolio see our valuation ranking of 71 stocks (Tables L-1, L-2, M-1, M-2, S-1 and S-2).

CNOOC Limited Has Predictable Volume Growth

With a monopoly on China's offshore exploration lands, CNOOC gets a potential participation in each proposed development project. Last week the company highlighted plans to start production from three fields in 2002. **ChevronTexaco** is the partner in expected new production of 60 thousand barrels daily; **ConocoPhillips**, 37 mbd; and **Husky**, 40 mbd. The company's expectation for overall volume growth in 2002 is 15%, in line with its target for five-year growth. Apparently management also contemplates the imminent acquisition of an oil field elsewhere in Asia outside of China.

Hong Kong is the principal market where CEO is traded. The stock seems to respond to some of the same factors affecting the international oil industry as do stocks elsewhere. Investors can tap into a daily stream of company news and commentary. Anyone in cyberspace can view and listen to a recent presentation by management, as is increasingly the case for most companies. The *Oil and Gas Journal* recently featured a long description of the company's multiple offshore projects. Analysts and investors hear about China projects from most of CNOOC's partners. Our historical analysis is on our website. Along with ample information about the company the valuation seems especially attractive with a McDep Ratio of 0.67 and an EV/Ebitda multiple of 5.3.

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A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 14, 2002

PetroChina Finalizing Partner Selection for Natural Gas Development

Though taking at least six months longer than once contemplated the partners may soon be in place to build the backbone of China's natural gas infrastructure. The project ranks in history with the building of the U.S. natural gas pipeline grid and the European pipeline grid. Their position in European natural gas may have been the single most important contributor to the continued preeminent rank of Exxon and **Royal Dutch/Shell** in the world energy industry.

Thus, logically, **ExxonMobil** and RD ought to be interested in investing in China natural gas. Indeed it appears in recent days that RD has been selected as a major partner. At the same time it seems that XOM will have a role as well. Estimated to cost \$15 billion or more the west to east pipeline and related projects need well-capitalized participants.

Skeptics question whether consumers will be willing to pay a price that justifies the investment in natural gas. Where the competition is dirty fuel, there should be little debate. The more value one puts on a clean environment, the more justifiable the pipeline project becomes. Nonetheless initial capital outlays are huge. The Chinese government must, and likely will, in our opinion assure that the project is successful.

Without putting much value on the long term natural gas potential, PTR is an attractively valued stock at a McDep Ratio of 0.71 and an EV/Ebitda multiple of 3.8 times. A dividend yield of 9.9 percent may help while investors await the payoff from prospective large commitments to long-term natural gas development.

From the viewpoint of a diversified portfolio, investors in XOM and RD will have a participation in China natural gas through XOM and RD stock. Presumably the three partners would participate on a comparable economic basis with perhaps an edge to the host company. Because PTR stock is valued at less than half the EV/Ebitda multiple of its partners, investors get participation in China natural gas on more favorable terms through PTR stock than through XOM and RD stock.

From a risk point of view investors in the China natural gas project through XOM and RD would enjoy the diversification of all the holdings of XOM and RD. Investors in China natural gas through PTR would diversify their risk by owning other oil and gas stocks.

Go to www.mcdep.com for our historical research on PTR. Click on Stock Ideas. Click on PTR. Select from a list of hyperlinks to references.

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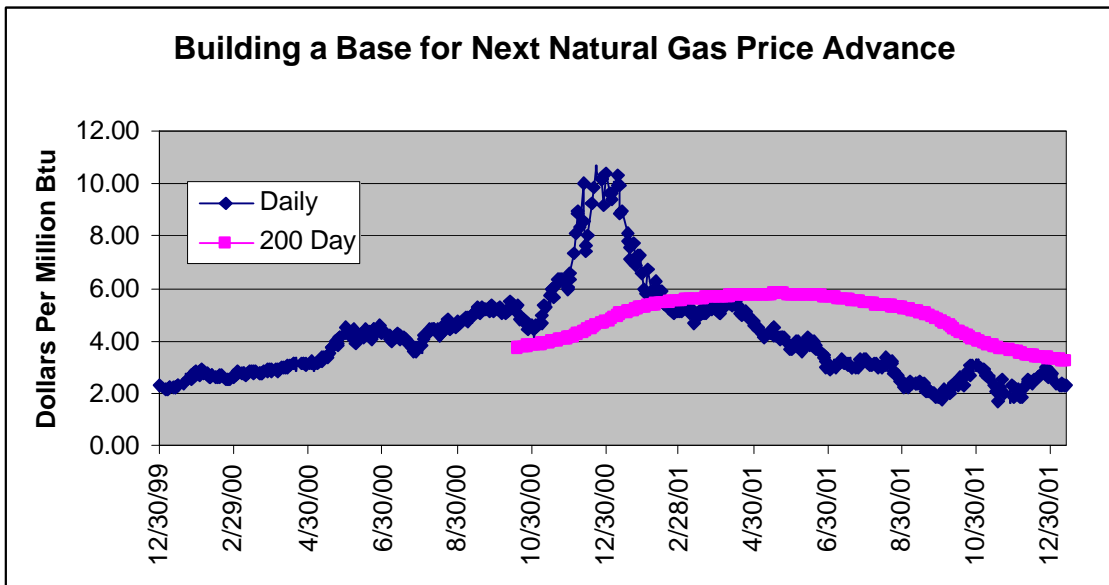
A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 14, 2002

Winter May Be Over For Energy

Unavoidably, natural gas and other heating fuels are sensitive to winter weather. Traditionally, if little cold weather arrived by early January, investors abandoned expectations of strong fuel pricing for the rest of the winter. This has been such a year.

Though we would not put a lot of weight on it, here is a technical scenario for when the gas price trend may turn up again. By May 2002 the trend of the 200-day average would be at the daily price provided the daily price remains near the current level. We say that because the daily price leveled out about August 2001 and May 2002 is about 200 days later (see Chart).



Then if the daily price were to move above the 200 day moving average, perhaps on the strength of anticipated summer electrical demand, a favorable new price pattern would form. A current price above a moving average by definition is a rising trend. A current price above a rising moving average points to a trend that might be sustained awhile.

Natural Gas Resource Value Declines Less Than Daily Commodity Price

Daily price is the most volatile natural gas commodity price while the six-year quote, now publicly available from the New York Mercantile Exchange prices, post Enron, is least volatile. When interest rates remain steady and operational measures are unchanged, the 72-month average, or six-year "strip", is a close indicator of change in present value of future cash flow from natural gas production. Though six-year quotes have been available for only a few weeks we have been calculating present value on a weekly basis for two years. The full record is on www.mcdep.com. While present value

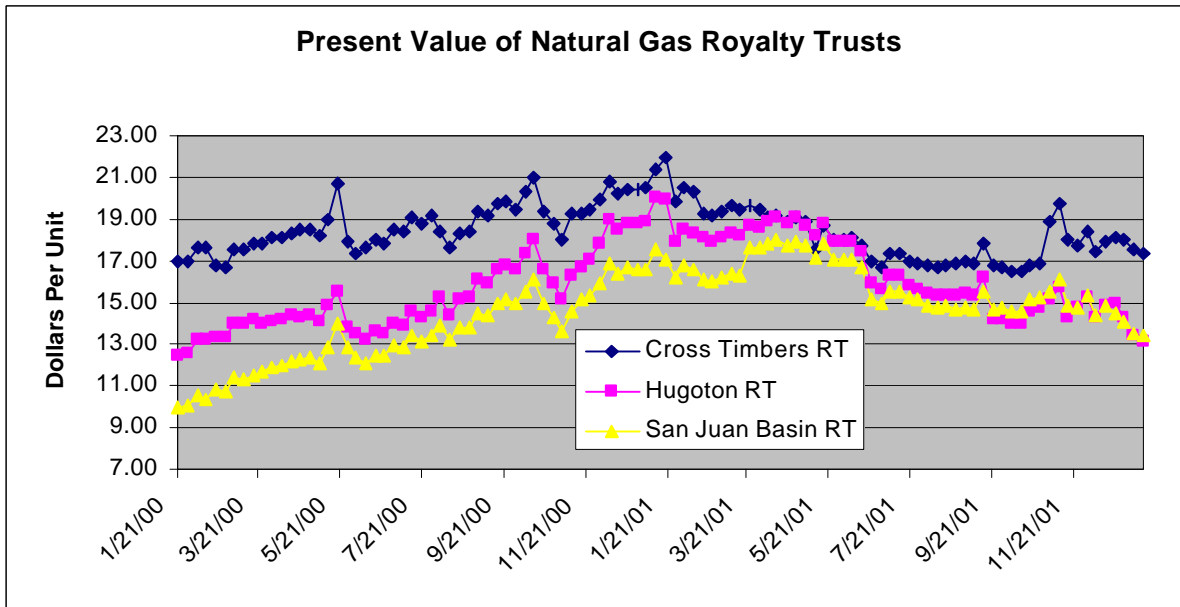
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peaked about the same time as daily price, it has not declined to the level of two years ago, as has daily price (see Chart).



Parenthetically, the flatter trend for **Cross Timbers Royalty Trust** probably reflects the fact that most of CRT's value is in a net revenue interest while the other two trusts have net profits interests in natural gas production. The net revenue interest is particularly advantageous at a time when the operator of the properties is spending on new development.

McDep Ratios Imply Appreciation Potential in Natural Gas

Because the royalty trusts have no debt, the McDep Ratio is simply the comparison of stock price to present value. The message is that stock prices have dropped more than present value as indicated by declining McDep Ratio (see Chart).

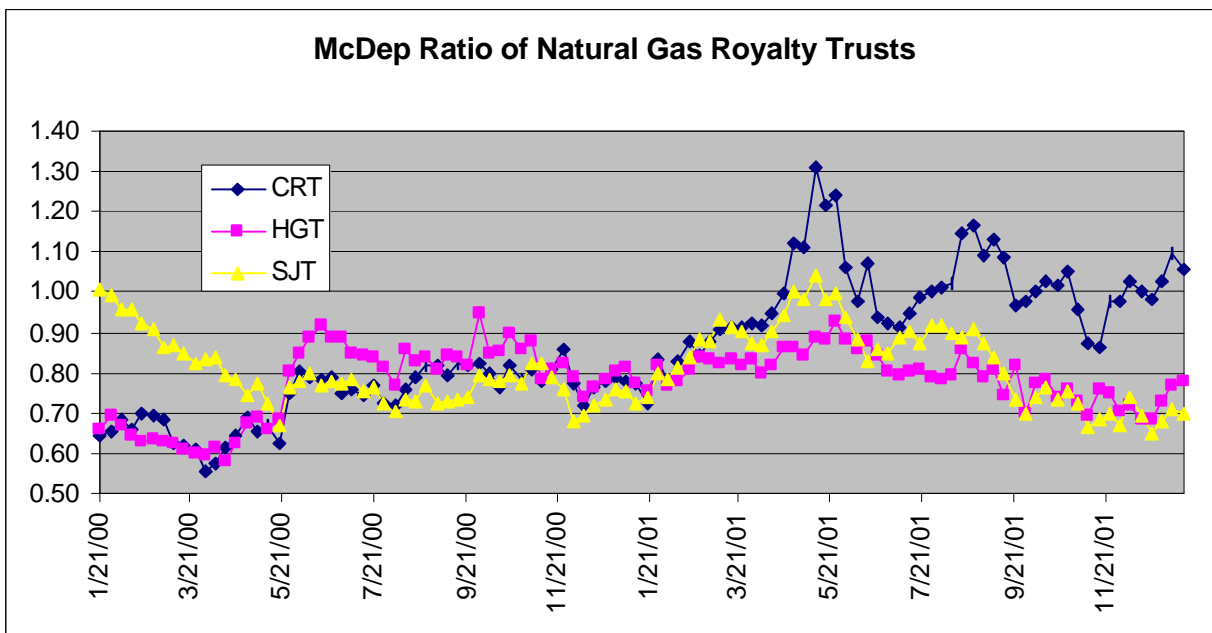
A low McDep Ratio puts the investing odds in favor of the buyer. The tendency is for the ratio to go back to one. That could happen by present value declining further in which case the buyer hasn't lost much. Or it could happen by the price going up in which case the buyer is well ahead. In the next section we discuss an investment where a high McDep Ratio puts the investing odds in favor of the seller.

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It Takes A Universe to Grow a Unit of Kinder Morgan

Our latest analysis of KMP, sent to clients on January 11, takes aim at an inefficient growth model. If it takes 84% per year growth in the business, as it did for the past five years, for unit value to grow 12% per year, how much longer can unit value grow? As soon as investors see that growth may end, they may then look to what they have and they may find it is not very much.

We also explain more about how accounting can be misleading. Here is another example. Check book value per share. Market Guide, available to retirement investors on Yahoo, lists KMP's book value at \$23.99 per share. Is that really a fair representation when the general partner gets over half of current earnings and 40% of current cash flow? The Market Guide number is doubly misleading in our opinion. It seems to ignore both the units of KMR, a clever derivative, and the equivalent units of the general partner. We would calculate book value at \$9 per share, 60% less than the Yahoo number. Thus, Kinder Morgan's accounting has the effect of ingeniously disguising reality such that value is commonly overstated by widely disseminated securities research. One might say that Kinder Morgan's accounting has the effect of gaming the system.

The general partner's take can hardly be ignored. It is more onerous than practically the worst government income tax. The marginal rate is 50%. It is applied against principal as well as income and there appears to be no means to use future losses to offset past take payments.

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January 14, 2002

Finally we remind investors that this scheme was created by Enron, is run by Enron's former president. Mr. Kinder may have been pushed out of Enron by the advance of Jeff Skilling. Yet Mr. Kinder has become a billionaire on Mr. Skilling's "asset lite" strategy. The way it appears to work in KMP is that retirement investors contribute the assets and the general partner gets the profit.

Though we refer to retirement investors, the implications are the same for institutional investors. KMR and KMI are related vehicles operated to benefit from the willingness of retirement investors to pay a high price for KMP.

Kurt H. Wulff, CFA

(modified on January 15, 2002 to omit reference to Arthur Andersen)

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A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 14, 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) 11-Jan 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Mega Cap									
Exxon Mobil Corporation	XOM		38.50	6,924	267,000	36.00	0.09	1.06	
BP plc	BP		44.80	3,738	168,000	47.00	0.16	0.96	
TotalFinaElf S.A.	TOT		69.40	1,382	96,000	80.00	0.15	0.89	
Royal Dutch/Shell	RD	3	48.27	3,520	170,000	55.00	0.04	0.88	
ChevronTexaco Corporation	CVX		87.41	1,062	92,900	110.00	0.14	0.82	
			<i>Total or Median</i>			794,000		0.14	0.89
Energy Infrastructure									
Kinder Morgan Management, LLC	KMR	5	38.20	30	1,100	11.60	0.48	2.18	
Kinder Morgan Energy Partners, L.P.	KMP	5	37.80	135	5,100	11.60	0.48	2.16	
Kinder Morgan, Inc.	KMI	5	55.33	121	6,700	10.90	0.87	1.54	
AES Corporation	AES		16.43	543	8,900	8.80	0.83	1.15	
Dynegy Inc.	DYN		26.00	338	8,800	20.30	0.58	1.12	
Calpine Corporation	CPN	3	15.10	377	5,700	12.50	0.66	1.07	
Duke Energy Corporation	DUK		38.35	773	29,700	35.80	0.43	1.04	
American Electric Power Co. Inc.	AEP	2	43.87	322	14,100	43.40	0.63	1.00	
El Paso Corporation	EPG		41.77	532	22,200	44.80	0.49	0.96	
Southern Company	SO		24.74	683	16,900	27.40	0.42	0.94	
Mirant Corporation	MIR		13.70	353	4,800	18.60	0.65	0.91	
Williams Companies	WMB		25.50	515	13,100	32.30	0.47	0.89	
Dominion Resources	D		59.04	247	14,600	79.40	0.45	0.86	
Exelon Corporation	EXC	2	47.26	323	15,300	84.00	0.40	0.74	
			<i>Total or Median</i>			161,000		0.53	0.98
Natural Gas and Oil									
Occidental Petroleum Corp.	OXY		25.40	372	9,500	28.50	0.50	0.95	
Unocal Corporation	UCL		33.91	257	8,700	38.90	0.35	0.92	
ENI S.p.A.	E		62.21	789	49,100	71.40	0.19	0.90	
ConocoPhillips	P		59.25	680	40,300	71.20	0.34	0.89	
Devon Energy (incl MND,AXN)	DVN		36.93	165	6,100	54.60	0.48	0.83	
OAo Lukoil	LUKOY		56.00	299	16,800	69.10	0.09	0.83	
Anadarko Petroleum Corp.	APC		48.96	250	12,200	64.10	0.24	0.82	
Marathon Oil Corporation	MRO	1	28.77	310	8,900	42.00	0.27	0.77	
Burlington Resources (incl HTR)	BR	1	33.51	205	6,900	53.00	0.30	0.74	
			<i>Total or Median</i>			149,000		0.28	0.83
Service									
Baker Hughes Inc.	BHI		32.23	338	10,900	24.50	0.13	1.27	
Schlumberger Ltd.	SLB		51.42	581	29,900	44.00	0.12	1.15	
Halliburton Company	HAL		10.95	429	4,700	24.90	0.12	0.51	

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

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

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January 14, 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) 11-Jan 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	38.50	1.4	11.8	27	2.4	11.1
BP plc	BP	44.80	1.2	10.4	19	2.9	10.8
TotalFinaElf S.A.	TOT	69.40	1.3	9.7	21	2.6	10.9
Royal Dutch/Shell	RD	3	48.27	1.1	9.6	25	10.9
ChevronTexaco Corporation	CVX	87.41	1.3	9.0	21	3.2	11.0
	<i>Median</i>		<i>1.3</i>	<i>9.7</i>	<i>21</i>	<i>2.9</i>	<i>10.9</i>
Energy Infrastructure							
Kinder Morgan Management, LLC	KMR	5	38.20	5.1	19.6	27	9.0
Kinder Morgan Energy Partners, L.P.	KMP	5	37.80	5.2	19.4	26	9.0
Kinder Morgan, Inc.	KMI	5	55.33	7.3	14.2	29	9.2
AES Corporation	AES		16.43	3.6	10.3	12	9.0
Dynegy Inc.	DYN		26.00	0.5	10.1	12	9.0
Calpine Corporation	CPN	3	15.10	2.0	9.6	9	9.0
Duke Energy Corporation	DUK		38.35	0.8	9.4	14	9.0
American Electric Power Co. Inc.	AEP	2	43.87	0.5	9.0	12	9.0
El Paso Corporation	EPG		41.77	0.9	8.7	13	9.0
Southern Company	SO		24.74	2.8	8.5	15	9.0
Mirant Corporation	MIR		13.70	0.5	8.1	6	9.0
Williams Companies	WMB		25.50	2.4	8.0	11	9.0
Dominion Resources	D		59.04	3.4	7.7	13	9.0
Exelon Corporation	EXC	2	47.26	2.2	6.7	10	9.0
	<i>Median</i>			<i>2.3</i>	<i>9.2</i>	<i>13</i>	<i>9.0</i>
Natural Gas and Oil							
Occidental Petroleum Corp.	OXY		25.40	1.5	9.5	22	10.0
Anadarko Petroleum Corp.	APC		48.96	2.7	7.8	22	9.5
Unocal Corporation	UCL		17.11	2.6	7.8	62	8.5
ConocoPhillips	P		59.25	0.8	7.6	20	8.5
ENI S.p.A.	E		62.21	1.6	7.2	16	8.0
Burlington Resources (incl HTR)	BR	1	33.51	4.0	6.1	26	8.1
Devon Energy (incl MND,AXN)	DVN		36.93	3.2	5.8	18	7.0
Marathon Oil Corporation	MRO	1	28.77	0.4	5.0	11	6.5
OAOLukoil	LUKOY		56.00	1.5	5.0	11	6.0
	<i>Median</i>			<i>1.6</i>	<i>7.2</i>	<i>20</i>	<i>8.1</i>
Service							
Baker Hughes Inc.	BHI		32.23	2.0	10.2	23	9.0
Schlumberger Ltd.	SLB		51.42	2.7	9.2	25	9.0
Halliburton Company	HAL		10.95	0.5	4.0	8	9.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2002; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 14, 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) 4-Jan 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							
Enterprise Products Part.	EPD	48.01	87	4,200	31.70	0.23	1.40
Consol Energy Inc.	CNX	24.37	79	1,900	35.90	0.51	0.84
CMS Energy Corporation	CMS	24.30	128	3,100	43.80	0.62	0.83
Valero Energy Corp.(with UDS)	VLO	39.45	110	4,400	60.00	0.47	0.82
Sempra Energy	SRE	24.94	203	5,100	41.70	0.50	0.80
Constellation Energy Group	CEG	26.80	152	4,100	56.50	0.35	0.66
<i>Total or Median</i>				<i>18,700</i>		<i>0.50</i>	<i>0.83</i>
Natural Gas and Oil							
Murphy Oil Corporation	MUR	82.75	46	3,800	82.00	0.18	1.01
Ocean Energy, Inc.	OEI	18.34	178	3,300	20.00	0.30	0.94
Imperial Oil Limited (30%)	IMO	27.11	119	3,200	30.00	0.11	0.91
Norsk Hydro ASA (49%)	NHY	44.25	127	5,600	54.00	0.18	0.85
PanCanadian Energy	PCX	2	256	6,410	33.00	0.14	0.79
Petro-Canada	PCZ	24.34	267	6,500	33.00	0.08	0.76
PetroChina Company Ltd (10%)	PTR	2	176	3,200	28.00	0.16	0.71
<i>Total or Median</i>				<i>32,000</i>		<i>0.16</i>	<i>0.85</i>

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

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

		<i>Price</i>				<i>Dividend or</i>		
	<i>Symbol/</i>	<i>(\$/sh)</i>	<i>EV/</i>	<i>EV/</i>	<i>P/E</i>	<i>Distribution</i>	<i>PV/</i>	
	<i>Rating</i>	<i>4-Jan</i>	<i>Sales</i>	<i>Ebitda</i>	<i>NTM</i>	<i>NTM</i>	<i>Ebitda</i>	
		<i>2002</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>	<i>NTM</i>	
Energy Infrastructure								
Enterprise Products Part.	EPD	48.01	1.7	12.6	14	5.2	9.0	
Consol Energy Inc.	CNX	24.37	2.1	7.6	8	4.6	9.0	
CMS Energy Corporation	CMS	24.30	0.8	7.5	12	6.0	9.0	
Sempra Energy	SRE	24.94	1.1	7.2	10	4.0	9.0	
Constellation Energy Group	CEG	26.80	1.7	5.9	8	1.8	9.0	
Valero Energy Corp.(with UDS)	VLO	39.45	0.3	5.4	6	1.0	6.7	
	<i>Median</i>		<i>1.4</i>	<i>7.3</i>	<i>9</i>	<i>4.3</i>	<i>9.0</i>	
Natural Gas and Oil								
Imperial Oil Limited (30%)	IMO	27.11	1.1	10.1	26	2.0	11.1	
Murphy Oil Corporation	MUR	82.75	0.9	8.1	39	1.8	8.0	
Ocean Energy, Inc.	OEI	18.34	4.4	7.4	31	0.9	7.8	
PanCanadian Energy	PCX	2	25.00	1.2	6.6	16	1.0	8.3
Petro-Canada	PCZ		24.34	1.4	5.3	12	1.1	6.9
Norsk Hydro ASA (49%)	NHY		44.25	0.8	5.1	16	2.4	6.0
PetroChina Company Ltd (10%)	PTR	2	18.43	1.7	3.8	10	9.9	5.4
	<i>Median</i>		<i>1.2</i>	<i>6.6</i>	<i>16</i>	<i>1.8</i>	<i>7.8</i>	

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 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
Small Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 11-Jan 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							
El Paso Energy Partners	EPN	37.51	34.0	1,280	6.40	0.71	2.40
Penn Virginia Res. Part, L.P.(48%)	PVR	26.02	7.5	190	15.10	-	1.72
Enbridge Energy Partners,	EEP	43.50	31.0	1,350	16.60	0.58	1.68
Plains All Amer. Pipeline	PAA	25.26	38.0	960	14.30	0.47	1.41
TEPPCO Partners, L.P.	TPP	31.71	39	1,230	15.60	0.69	1.32
Northern Border Partners	NBP	40.44	42.0	1,700	30.00	0.41	1.21
AmeriGas Partners, L.P.	APU	22.55	44.0	990	19.50	0.54	1.07
Penn Virginia Corporation	PVA	33.12	9.0	300	35.00	0.10	0.95
<i>Total or Median</i>				8,000		0.50	1.36
Natural Gas and Oil							
Quicksilver Resources Inc.	KWK	17.50	19.3	340	10.00	0.60	1.30
Dorchester Hugoton, Ltd.	DHULZ	14.00	10.7	150	11.30	-	1.24
Spinnaker Exploration Company	SKE	36.00	28.3	1,020	40.00	-	0.90
Southwestern Energy Company	SWN	11.55	25.6	300	15.00	0.47	0.88
Newfield Exploration Company	NFX	32.88	49.3	1,620	39.00	0.21	0.88
XTO Energy Inc.	XTO	15.66	124.0	1,940	19.00	0.28	0.87
Pogo Producing Company	PPP	25.76	60.5	1,560	32.00	0.29	0.86
Encore Acquisition Corp. (25%)	EAC	13.04	7.5	98	16.00	0.22	0.86
Swift Energy Company	SFY	19.79	24.8	490	25.00	0.29	0.85
Stone Energy Company	SGY	34.49	26.4	910	42.00	0.11	0.84
Magnum Hunter Resources, Inc.	MHR	7.80	36.8	290	11.00	0.35	0.81
Forest Oil Corporation	FST	25.00	60.5	1,510	37.00	0.26	0.76
CNOOC Limited (19%)	CEO	20.05	78	1,560	30.00	-	0.67
<i>Total or Median</i>				11,800		0.26	0.86
Natural Gas Royalty Trusts							
Cross Timbers Royalty Trust	CRT	18.25	6.0	110	17.30	-	1.06
Hugoton RoyaltyTrust	HGT	10.23	40.0	410	13.10	-	0.78
San Juan Basin Royalty Trust	SJT	9.37	46.6	440	13.40	-	0.70
Micro Cap							
Abraxas Petroleum Corporation	ABP	1.29	23.6	30	0.50	0.96	1.06
Energy Partners Ltd.(30%)	EPL	7.85	8.1	63	10.00	0.34	0.86
Purcell Energy, Ltd. (US\$)	PEL.TO	1.97	27.4	54	3.50	0.09	0.60

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 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

January 14, 2002

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

			Price (\$/sh)	EV/ Sales	EV/ Ebitda	Dividend or Distribution	PV/ Ebitda
Symbol/ Rating		11-Jan 2002	NTM	NTM	P/E NTM	NTM (%)	NTM
Energy Infrastructure							
El Paso Energy Partners	EPN		37.51	10.6	21.6	104	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		26.02	11.6	15.5	18	9.0
Enbridge Energy Partners,	EEP		43.50	6.8	15.1	84	9.0
Plains All Amer. Pipeline	PAA		25.26	0.2	12.7	17	9.0
TEPPCO Partners, L.P.	TPP		31.71	0.7	11.9	15	9.0
Northern Border Partners	NBP		40.44	7.4	11.5	16	9.0
AmeriGas Partners, L.P.	APU		22.55	1.4	9.6	19	9.0
Penn Virginia Corporation	PVA		33.12	4.5	8.4	39	8.8
	<i>Median</i>			<i>5.6</i>	<i>12.3</i>	<i>18</i>	<i>9.0</i>
Natural Gas and Oil							
Quicksilver Resources Inc.	KWK		17.50	6.0	16.5	-	12.7
Dorchester Hugoton, Ltd.	DHULZ		14.00	9.5	14.5	19	11.7
Encore Acquisition Corp. (25%)	EAC		13.04	4.8	8.9	33	10.3
XTO Energy Inc.	XTO		15.66	5.6	8.6	25	9.9
Swift Energy Company	SFY		19.79	5.5	8.0	36	9.4
Spinnaker Exploration Company	SKE		36.00	6.4	7.5	35	8.4
Pogo Producing Company	PPP		25.76	4.3	7.5	74	8.7
Forest Oil Corporation	FST	2	25.00	4.3	7.3		9.7
Southwestern Energy Company	SWN		11.55	2.8	6.4	23	7.3
Magnum Hunter Resources, Inc.	MHR		7.80	3.6	6.3		7.8
CNOOC Limited (19%)	CEO	2	20.05	3.9	5.3	11	7.9
Stone Energy Company	SGY		34.49	3.8	5.1	25	6.0
Newfield Exploration Company	NFX		32.88	3.6	4.5	15	5.2
	<i>Median</i>			<i>4.3</i>	<i>7.5</i>	<i>25</i>	<i>8.7</i>
Natural Gas Royalty Trusts							
Cross Timbers Royalty Trust	CRT		18.25	7.8	14.5	16	13.7
Hugoton Royalty Trust	HGT		10.23	5.7	9.6	17	12.3
San Juan Basin Royalty Trust	SJT	2	9.37	6.5	8.7	13	12.5
Micro Cap							
Abraxas Petroleum Corporation	ABP		1.29	6.5	12.4	-	11.8
Energy Partners Ltd.(30%)	EPL	2	7.85	2.7	6.1	-	7.1
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.97	3.1	4.4	13	7.3

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2002; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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