

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

February 18, 2002

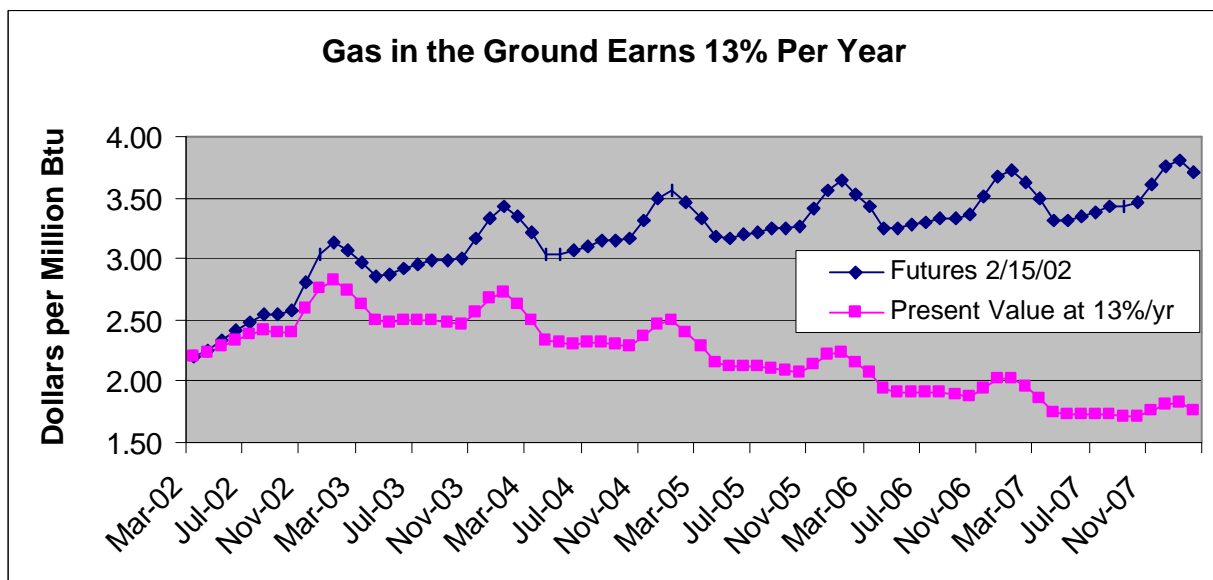
Natural Gas Futures Payoff

Summary and Recommendation

Producers appear to be benefiting from natural gas futures trading as current price has not declined as much in this bout of warm weather as it has in the past. Six-year futures promise a 13% per year return just for leaving natural gas in the ground. Both of our Large Cap natural gas recommendations, **Encana Corporation (PCX)** and **Burlington Resources (BR)** are well positioned. Investors placing high value on favorable historical performance might prefer PCX/AOG, the emerging industry leader. Recommended **Forest Oil (FST)** is a promising representative of Small Cap producers as is recommended **Purcell Energy Ltd (PEL.TO)** among Micro Cap producers. In a new separate weekly analysis, *Natural Gas Royalty Trusts*, we call attention to renewed distributions and record volume at recommended **San Juan Basin Royalty Trust (SJT)**. Finally we repeat our warning of misleading accounting, high investment risk and a high Greed Gauge reading at Strong Sells **Kinder Morgan, Inc. (KMI)**, **Kinder Morgan Energy Partners, L.P. (KMP)** and **Kinder Morgan Management, LLC (KMR)**. We discuss how general partner greed raises a high hurdle to investor return. See our valuation ranking of 71 stocks (Tables L-1, L-2, M-1, M-2, S-1 and S-2).

Futures May Help Smooth Natural Gas Price

New York Mercantile Exchange quotes available for natural gas through February 2008 trace a rising trend. We took the latest quotes and searched for a discount rate that would reduce 72 future months to an average present value equal to the first month (see Chart).



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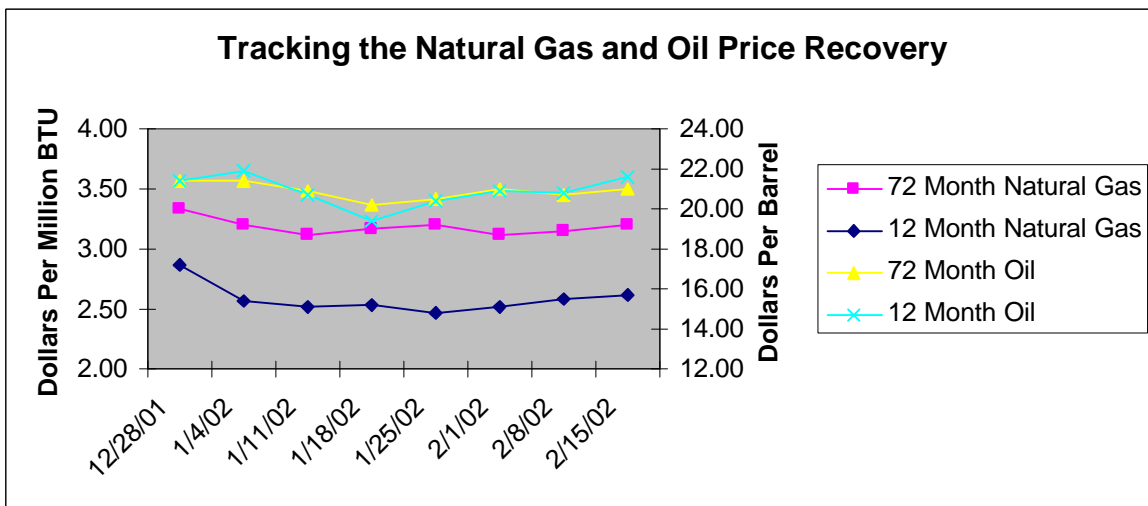
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Thus, the futures market suggests that producers who leave their gas in the ground rather than sell now can earn 13% per year just for waiting, in addition to the normal producing profit. The return is greater for short life producers, as in the Gulf of Mexico, who can makeup shut-in volumes sooner than for long life producers, as in the Rockies, who require more time to makeup shut-in volumes. Skeptics could actually engage in a financial transaction to lock in that return, ignoring transaction costs. Of course, trading volume is not high yet for far out months. Also, as the experience with Enron suggests, the counter party may or may not be around to honor the transaction. Nonetheless the implications are stronger than one person's opinion of where prices are headed.

The fact of an active futures market makes us less concerned about panic pricing near the end of the natural gas storage season over the next six weeks. Producers should logically react to price pressure by shutting in small amounts of production temporarily, confident that those same volumes might be sold at higher prices over the coming years. If the likelihood of surprising near term weakness is diminished, then the promise of longer-term gain is more important to current investment decisions.

Steady Commodity Price Trends Strengthen Slightly

Six-year oil price increased in the past week to \$20.98 from \$20.71, while six-year natural gas rose to \$3.20 from \$3.15 (see Chart).



McDep Ratio Hinted at Power Stock Collapse

Nine months after our first application of the McDep Ratio to power stocks we find that the valuation has worked surprisingly well. That thought was discussed in our recent

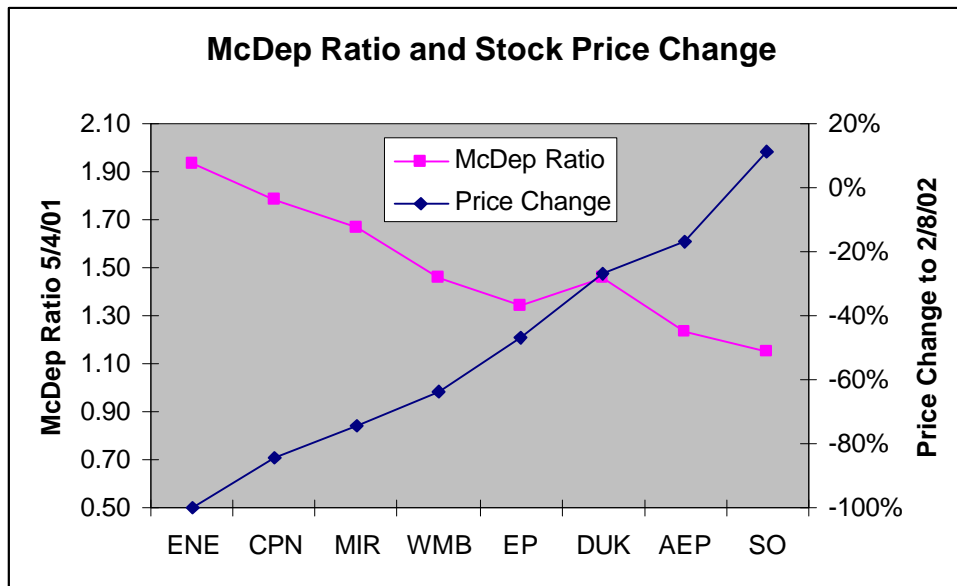
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Stock Idea changing the rating on American Electric Power to Neutral from Buy. Here we present the results in a way that makes the point more dramatically (see Chart). The correlation of high McDep Ratio with subsequent stock price change is almost perfect. In fact it is better in this case than in any we can recall.



To be more sophisticated we should display unlevered appreciation/depreciation because the McDep Ratio is a measure of unlevered valuation. The refinement seems hardly worth the effort in this case, but it might help explain why lower-debt DUK deviates slightly from the pattern.

Is this all just academic hindsight? There may be some, but we did have an official sell recommendation on the second stock from the left. More important is the question for the future. Are today's high McDep Ratio stocks anywhere near as vulnerable as the power stocks proved to be?

Apparent Vulnerability in High McDep Ratio, High Greed Gauge Stocks

For the stocks with high McDep Ratio and high on the Greed Gauge, the risks seem compounded (see Chart below). The stocks are drawn from the Mid Cap and Small Cap Infrastructure Groups (see Tables M-1, S-1).

When the Greed Gauge exceeds 1.0 the general partner gets half of the incremental cash distributed by the partnership. For Kinder Morgan at a Greed Gauge reading above 2.3 the general partner's share of all cash flow is about 40%.

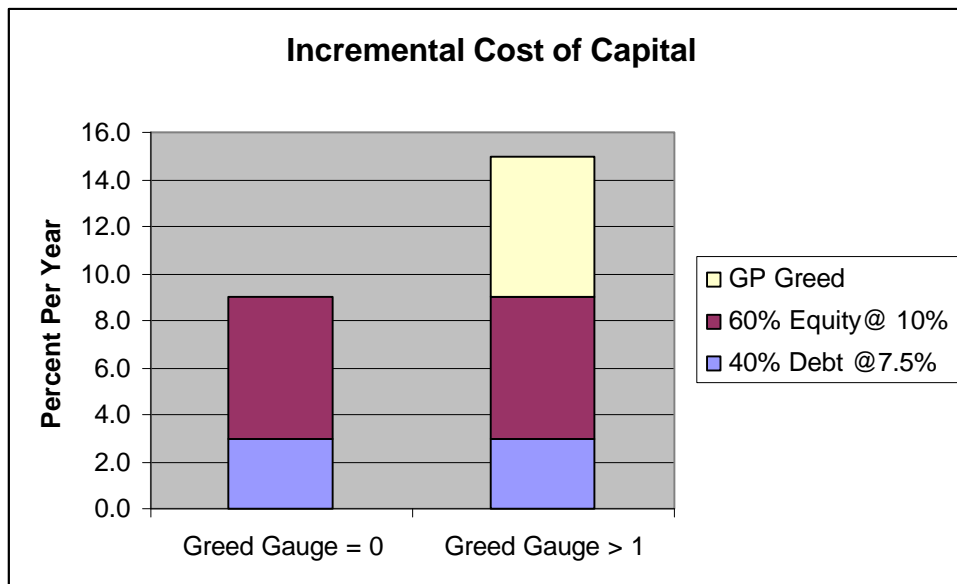
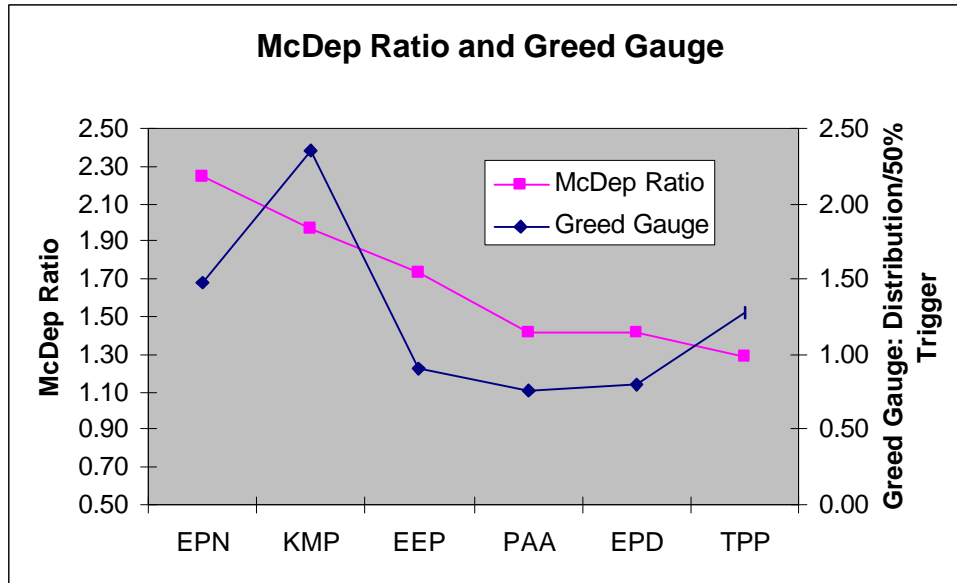
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A high Greed Gauge reading indicates a heavy handicap in cost of capital. New investments must exceed a high hurdle in order to earn the cost of capital (see Chart). Considering the high level of competition in the energy infrastructure industry and the moderate historical returns, we are skeptical that there are few, if any, large scale industry investments that will return enough to justify a high Greed Gauge reading. Investors who buy high greed gauge stocks are taking on an unnecessary handicap in giving the general partner half of incremental cash distributed.



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Our suggestion that the cost of capital to a high greed gauge entity is high contrasts to what a general partner might advertise. Low cost of capital is supposedly an advantage to investors in limited partner units of KMP, for example. The common observation equates cost of capital to the distribution yield, about 6.7% for the next twelve months (see Table M-2).

It seems obvious that investors are also looking for growth in the distribution. Kinder Morgan feeds those expectations by projecting 12% growth in the annualized rate at the end of 2002 compared to the end of 2001. The dividend discount value model holds that rate of return equals dividend yield plus growth. Thus we suggest, at least for purposes of illustration, that limited partners are expecting 10% per year return, not 6.7%. If KM were to announce that there would be no further growth in the distribution, stock price would probably decline and the current distribution yield would rise.

One might also consider that short-term interest rates are currently low thereby promising lower debt costs than 7.5% that we use for illustration. Perhaps, but we prefer to take a longer-term point of view.

Most important, any cost of equity capital needs to be doubled to support the incremental take of the general partner. Even to meet the average current general partner take at Kinder Morgan, the combined equity return would have to be 16.7%, if not 20%.

The irony is that it is not too hard to meet a 15% return on investment on a one-year basis. Apparently Kinder Morgan buys assets for about 6 times Ebitda. Turn that upside down and the asset returns 16.7% the first year if projections are met. Allow a generous 50-year life for the asset and deduct 2% of return for maintenance capital. That leaves almost 15% to cover interest and distributions.

The problem is that something almost always happens that keeps companies from truly earning the 15% returns managers think they see when they invest. Moreover, sellers are not stupid. Few would knowingly sell an asset that had a true 15% rate of return potential. At the same time, there is competition to buy assets. Though no infrastructure partnership is as large yet as Kinder Morgan, many are being formed. Those with a low Greed Gauge reading have a competitive advantage over those with a high Greed Gauge reading.

As a result, the odds are stacked against new investors in high Greed Gauge stocks, in our opinion. Compound that risk with a high McDep Ratio and the odds of earning a substandard return rises even further.

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

	Symbol/ Rating		Price (\$/sh) 15-Feb 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM		38.90	6,924	269,000	36.00	0.09	1.07
BP plc	BP		48.82	3,738	183,000	47.00	0.16	1.03
Royal Dutch/Shell	RD	3	50.40	3,520	177,000	55.00	0.04	0.92
TotalFinaElf S.A.	TOT		72.16	1,382	100,000	80.00	0.15	0.92
ChevronTexaco Corporation	CVX		82.35	1,062	87,500	110.00	0.14	0.78
		<i>Total or Median</i>			<i>817,000</i>		<i>0.14</i>	<i>0.92</i>
Energy Infrastructure								
American Electric Power Co. Inc.	AEP	3	42.08	322	13,500	42.10	0.64	1.00
Duke Energy Corporation	DUK		33.52	781	26,200	36.30	0.44	0.96
Southern Company	SO		25.02	683	17,100	27.40	0.42	0.95
El Paso Corporation	EPG		36.28	532	19,300	44.80	0.49	0.90
Williams Companies	WMB		16.62	521	8,700	22.70	0.58	0.89
Dominion Resources	D		58.55	247	14,500	79.40	0.45	0.86
Exelon Corporation	EXC	2	50.30	323	16,300	84.00	0.40	0.76
		<i>Total or Median</i>			<i>102,000</i>		<i>0.44</i>	<i>0.90</i>
Natural Gas and Oil								
ENI S.p.A.	E		67.30	789	53,100	71.40	0.19	0.95
Occidental Petroleum Corp.	OXY		25.66	372	9,600	28.50	0.50	0.95
Unocal Corporation	UCL		35.37	257	9,100	38.90	0.35	0.94
Anadarko Petroleum Corp.	APC		49.58	266	13,200	56.00	0.26	0.92
ConocoPhillips	P		58.15	680	39,600	71.20	0.34	0.88
Devon Energy	DVN		40.30	165	6,600	54.60	0.48	0.86
Encana Corporation	PCX	2	28.10	490	13,800	35.00	0.19	0.84
Burlington Resources	BR	1	35.08	201	7,100	48.00	0.33	0.82
OAo Lukoil	LUKOY		52.75	299	15,800	69.10	0.09	0.78
Marathon Oil Corporation	MRO	1	27.83	310	8,600	42.00	0.27	0.75
		<i>Total or Median</i>			<i>123,000</i>		<i>0.33</i>	<i>0.86</i>
Service								
Baker Hughes Inc.	BHI		34.41	338	11,600	24.50	0.13	1.35
Schlumberger Ltd.	SLB		55.90	581	32,500	44.00	0.12	1.24
Halliburton Company	HAL		16.27	429	7,000	24.90	0.12	0.69

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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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-Feb 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	38.90	1.5	11.9	27	2.4	11.1	
BP plc	BP	48.82	1.3	11.2	21	2.7	10.8	
Royal Dutch/Shell	RD	3	50.40	1.1	10.1	26	2.8	10.9
TotalFinaElf S.A.	TOT	72.16	1.3	10.0	21	2.5	10.9	
ChevronTexaco Corporation	CVX	82.35	1.2	8.6	19	3.4	11.0	
	<i>Median</i>		<i>1.3</i>	<i>10.1</i>	<i>21</i>	<i>2.7</i>	<i>10.9</i>	
Energy Infrastructure								
American Electric Power Co. Inc.	AEP	3	42.08	0.7	10.0	15	5.7	10.0
Williams Companies	WMB	16.62	2.2	8.9	11	4.8	10.0	
Duke Energy Corporation	DUK	33.52	0.8	8.6	12	3.3	9.0	
Southern Company	SO	25.02	2.8	8.5	15	5.4	9.0	
El Paso Corporation	EPG	36.28	0.8	8.1	11	2.3	9.0	
Dominion Resources	D	58.55	3.4	7.7	13	4.4	9.0	
Exelon Corporation	EXC	2	50.30	2.2	6.9	10	3.4	9.0
	<i>Median</i>		<i>2.2</i>	<i>8.5</i>	<i>12</i>	<i>4.4</i>	<i>9.0</i>	
Natural Gas and Oil								
Occidental Petroleum Corp.	OXY	25.66	1.5	9.5	22	3.9	10.0	
Anadarko Petroleum Corp.	APC	49.58	3.3	9.3	27	0.6	10.2	
Burlington Resources	BR	1	35.08	5.1	9.1	1.6	11.0	
Unocal Corporation	UCL	17.11	2.7	8.0	65	2.3	8.5	
ENI S.p.A.	E	67.30	1.7	7.6	17	2.7	8.0	
ConocoPhillips	P	58.15	0.8	7.5	20	2.5	8.5	
Encana Corporation	PCX	2	28.10	1.8	7.3	22	0.9	8.6
Devon Energy	DVN	40.30	3.3	6.0	19	0.5	7.0	
Marathon Oil Corporation	MRO	1	27.83	0.4	4.9	10	3.3	6.5
OAo Lukoil	LUKOY	52.75	1.4	4.7	11	2.0	6.0	
	<i>Median</i>		<i>1.7</i>	<i>7.6</i>	<i>20</i>	<i>2.2</i>	<i>8.5</i>	
Service								
Baker Hughes Inc.	BHI	34.41	2.2	10.8	24	1.3	9.0	
Schlumberger Ltd.	SLB	55.90	2.9	9.9	28	1.3	9.0	
Halliburton Company	HAL	16.27	0.6	5.6	12	3.1	9.0	

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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

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Energy Infrastructure								
Kinder Morgan Management, LLC	KMR	5	33.20	30	1,000	12.30	0.42	1.99
Kinder Morgan Energy Partners, L.P.	KMP	5	33.05	136	4,500	12.30	0.42	1.97
Kinder Morgan, Inc.	KMI	5	49.87	120	6,000	16.10	0.77	1.49
Enterprise Products Part.	EPD		48.60	87	4,200	31.70	0.23	1.41
Dynegy Inc.	DYN		23.11	339	7,800	20.60	0.57	1.05
AES Corporation	AES		7.00	543	3,800	8.80	0.83	0.97
Calpine Corporation	CPN	3	7.64	377	2,900	12.50	0.66	0.87
Valero Energy Corporation	VLO		45.00	104	4,700	60.00	0.46	0.87
Mirant Corporation	MIR		9.08	353	3,200	18.60	0.65	0.82
CMS Energy Corporation	CMS		22.44	128	2,900	43.80	0.62	0.82
Consol Energy Inc.	CNX		21.81	79	1,700	35.90	0.51	0.81
Sempra Energy	SRE		23.48	203	4,800	41.70	0.50	0.78
Constellation Energy Group	CEG		28.65	152	4,400	56.50	0.35	0.68
			<i>Total or Median</i>		<i>47,500</i>		<i>0.54</i>	<i>0.92</i>
Natural Gas and Oil								
Murphy Oil Corporation	MUR		81.03	46	3,700	82.00	0.18	0.99
Imperial Oil Limited (30%)	IMO		26.85	119	3,200	30.00	0.11	0.91
Ocean Energy, Inc.	OEI		16.81	178	3,000	20.00	0.30	0.89
Norsk Hydro ASA (49%)	NHY		42.55	127	5,400	54.00	0.18	0.83
PetroChina Company Ltd (10%)	PTR	2	18.80	176	3,300	28.00	0.16	0.72
Petro-Canada	PCZ		22.46	267	6,000	33.00	0.08	0.71
			<i>Total or Median</i>		<i>24,600</i>		<i>0.17</i>	<i>0.86</i>

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

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

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

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 15-Feb 2002</i>	<i>EV/ Sales NTM</i>	<i>EV/ Ebitda NTM</i>	<i>P/E NTM</i>	<i>Dividend or Distribution NTM (%)</i>	<i>PV/ Ebitda NTM</i>	
Energy Infrastructure								
Kinder Morgan Management, LLC	KMR	5	33.20	4.7	17.9	23	6.6	9.0
Kinder Morgan Energy Partners, L.P.	KMP	5	33.05	4.6	17.8	23	6.7	9.0
Kinder Morgan, Inc.	KMI	5	49.87	4.3	13.4	21	0.4	9.0
Enterprise Products Part.	EPD		48.60	1.7	12.7	14	5.1	9.0
Dynegy Inc.	DYN		23.11	0.5	9.5	11	1.3	9.0
AES Corporation	AES		7.00	3.0	8.7	5	-	9.0
Calpine Corporation	CPN	3	7.64	1.6	7.8	5	-	9.0
Mirant Corporation	MIR		9.08	0.4	7.4	4	-	9.0
Consol Energy Inc.	CNX		21.81	2.0	7.3	7	5.1	9.0
CMS Energy Corporation	CMS		22.44	0.8	7.3	11	6.5	9.0
Sempra Energy	SRE		23.48	1.1	7.0	9	4.3	9.0
Constellation Energy Group	CEG		28.65	1.8	6.1	9	1.7	9.0
Valero Energy Corporation	VLO		45.00	0.3	5.9	9	0.9	6.8
	<i>Median</i>			<i>1.7</i>	<i>7.8</i>	<i>9</i>	<i>1.7</i>	<i>9.0</i>
Natural Gas and Oil								
Imperial Oil Limited (30%)	IMO		26.85	1.1	10.0	25	2.0	11.1
Murphy Oil Corporation	MUR		81.03	0.9	7.9	38	1.9	8.0
Ocean Energy, Inc.	OEI		16.81	4.1	6.9	29	1.0	7.8
Norsk Hydro ASA (49%)	NHY		42.55	0.8	5.0	15	2.4	6.0
Petro-Canada	PCZ		22.46	1.3	4.9	11	1.1	6.9
PetroChina Company Ltd (10%)	PTR	2	18.80	1.8	3.9	10	9.7	5.4
	<i>Median</i>			<i>1.2</i>	<i>6.0</i>	<i>20</i>	<i>1.9</i>	<i>7.4</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

	Symbol/ Rating	Price (\$/sh) 15-Feb 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Energy Infrastructure							
El Paso Energy Partners	EPN	34.20	34.0	1,160	6.40	0.71	2.24
Enbridge Energy Partners,	EEP	45.33	31.0	1,410	16.60	0.58	1.73
Penn Virginia Res. Part, L.P.(48%)	PVR	23.50	7.5	180	15.10	-	1.56
Plains All Amer. Pipeline	PAA	25.65	38.0	970	14.30	0.47	1.42
Northern Border Partners	NBP	37.95	42.0	1,590	20.30	0.56	1.38
TEPPCO Partners, L.P.	TPP	30.43	39	1,180	15.60	0.69	1.29
AmeriGas Partners, L.P.	APU	20.45	44.0	900	19.50	0.54	1.02
Penn Virginia Corporation	PVA	29.49	9.0	270	35.00	0.10	0.86
<i>Total or Median</i>				7,700		0.55	1.40
Natural Gas and Oil							
Quicksilver Resources Inc.	KWK	19.05	19.3	370	10.00	0.60	1.36
Dorchester Hugoton, Ltd.	DHULZ	13.00	10.7	140	11.30	-	1.15
Spinnaker Exploration Company	SKE	38.50	28.3	1,090	40.00	-	0.96
XTO Energy Inc.	XTO	16.88	124.0	2,090	19.00	0.28	0.92
Newfield Exploration Company	NFX	33.93	49.3	1,670	39.00	0.21	0.90
Southwestern Energy Company	SWN	11.29	25.6	290	15.00	0.47	0.87
Pogo Producing Company	PPP	25.76	60.5	1,560	32.00	0.29	0.86
Encore Acquisition Corp. (25%)	EAC	13.03	7.5	98	16.00	0.22	0.86
Stone Energy Company	SGY	34.75	26.4	920	42.00	0.11	0.85
Magnum Hunter Resources, Inc.	MHR	7.45	36.8	270	11.00	0.35	0.79
CNOOC Limited (19%)	CEO	22.56	78	1,760	30.00	-	0.75
Swift Energy Company	SFY	16.10	24.8	400	25.00	0.29	0.75
Forest Oil Corporation	FST	24.07	60.5	1,460	37.00	0.26	0.74
<i>Total or Median</i>				12,100		0.26	0.86
Natural Gas Royalty Trusts							
Cross Timbers Royalty Trust	CRT	17.70	6.0	106	17.60	-	1.00
Hugoton RoyaltyTrust	HGT	9.98	40.0	400	13.60	-	0.73
San Juan Basin Royalty Trust	SJT	9.50	46.6	440	13.70	-	0.69
Micro Cap							
Abraxas Petroleum Corporation	ABP	0.93	23.6	22	0.50	0.96	1.03
Energy Partners Ltd.(30%)	EPL	7.00	8.1	56	10.00	0.34	0.80
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 investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Owning shares in energy stocks, neither Mr. Wulff nor his spouse act contrary to a buy or sell rating.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

February 18, 2002

Table S-2
Small 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>15-Feb</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								
El Paso Energy Partners	EPN	34.20	9.9	20.2	95	7.2	9.0	
Enbridge Energy Partners,	EEP	45.33	7.0	15.6	87	7.7	9.0	
Penn Virginia Res. Part, L.P.(48%)	PVR	23.50	10.5	14.1	16	8.5	9.0	
Plains All Amer. Pipeline	PAA	25.65	0.2	12.8	17	8.0	9.0	
Northern Border Partners	NBP	37.95	7.8	12.4	17	8.4	9.0	
TEPPCO Partners, L.P.	TPP	30.43	0.7	11.6	14	7.6	9.0	
AmeriGas Partners, L.P.	APU	20.45	1.3	9.2	17	10.8	9.0	
Penn Virginia Corporation	PVA	29.49	4.1	7.6	35	3.1	8.8	
	<i>Median</i>		<i>5.5</i>	<i>12.6</i>	<i>17</i>	<i>7.9</i>	<i>9.0</i>	
Natural Gas and Oil								
Quicksilver Resources Inc.	KWK	19.05	6.3	17.2		-	12.7	
Dorchester Hugoton, Ltd.	DHULZ	13.00	8.8	13.5	18	22.2	11.7	
XTO Energy Inc.	XTO	16.88	5.9	9.1	27	0.2	9.9	
Encore Acquisition Corp. (25%)	EAC	13.03	4.8	8.9	33	-	10.3	
Spinnaker Exploration Company	SKE	38.50	6.8	8.0	37	-	8.4	
Pogo Producing Company	PPP	25.76	4.3	7.5	74	0.5	8.7	
Forest Oil Corporation	FST	2	24.07	4.2	7.1	0.5	9.7	
Swift Energy Company	SFY		16.10	4.8	7.0	30	-	9.4
Southwestern Energy Company	SWN		11.29	2.8	6.3	23	-	7.3
Magnum Hunter Resources, Inc.	MHR		7.45	3.5	6.1		-	7.8
CNOOC Limited (19%)	CEO	2	22.56	4.4	5.9	13	1.1	7.9
Stone Energy Company	SGY		34.75	3.8	5.1	25	-	6.0
Newfield Exploration Company	NFX		33.93	3.7	4.6	15	-	5.2
	<i>Median</i>			<i>4.4</i>	<i>7.1</i>	<i>26</i>	<i>-</i>	<i>8.7</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		17.70	7.2	13.0	14	7.1	13.0
Hugoton Royalty Trust	HGT		9.98	5.2	8.4	14	7.2	11.5
San Juan Basin Royalty Trust	SJT	2	9.50	6.2	8.3	11	8.8	12.0
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.93	6.4	12.1		-	11.8
Energy Partners Ltd.(30%)	EPL	2	7.00	2.5	5.7		-	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 March 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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