

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 4, 2002

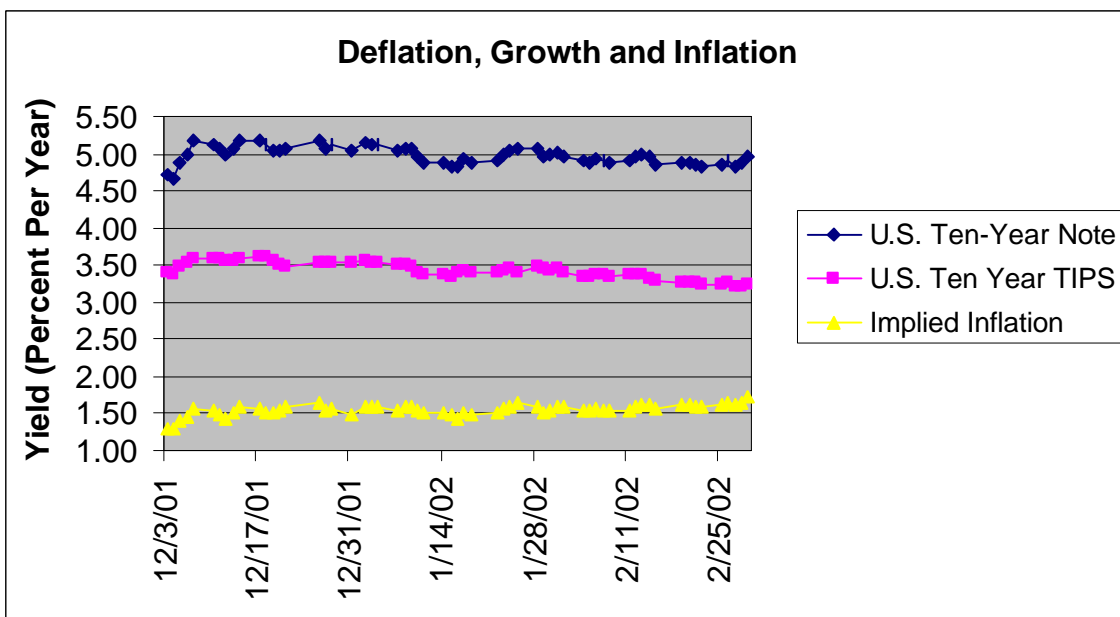
Tell the Truth

Summary and Recommendation

The Senate Government Affairs Committee heard Wall Street investment analysts proclaim their independence to a skeptical reaction. On the day following their Washington appearance, analysts joined in another of the frequent public relations conference calls by **Kinder Morgan (KMI, KMP, KMR)**. We strongly recommend the sale of KMI, KMP and KMR, facing a possible credit crunch, as well as another potential fleecing of investors, **El Paso Energy Partners (EPN)**. At the same time we were attending a six-hour meeting sponsored by the management of **Marathon Oil (MRO)** that reaffirmed for us our Strong Buy recommendation. Meanwhile a favorable outlook for sound energy companies seems enhanced by an inflationary trend evident in the bond market along with recovery in oil and gas prices and a possible bottoming in refining margins. Among our remaining recommendations, two natural gas producers, small cap **Forest Oil (FST)** and micro cap **Purcell Energy (PEL.TO)**, seem to offer catch up stock price potential in addition to long term appeal. For perspective on sell and buy ideas for energy representation in a diversified portfolio, see our valuation ranking of 71 stocks (Tables L-1, L-2, M-1, M-2, S-1 and S-2).

Bond Markets Pointing to More Inflation

Though the expected inflation rate remains low it seems to be trending up in the past few months (see Chart). Since the turmoil surrounding the bankruptcy of Enron, the yield on



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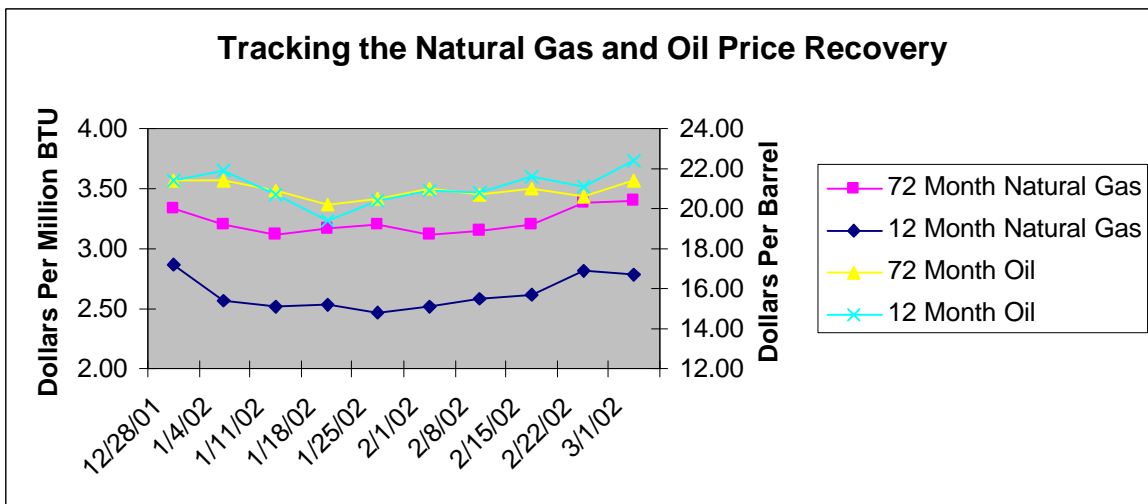
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the benchmark ten-year note has been close to flat at about 5.0% (see top line). The real yield on the ten-year Treasury Inflation Protected Security (TIPS) seems to be declining gradually from about 3.6% to about 3.3% (see middle line). The yield spread between the two is a measure of the rate of inflation for the next ten years expected by bond investors. A widening spread is reflected in rising implied inflation from about 1.4% to about 1.7% (see lower line).

Should the inflation trend continue to strengthen it implies more demand for energy investments. Because we all need energy every day we will readily pay a price that keeps up with inflation. We don't know if the trend is going to continue, but we believe a diversified investor should have protection against that possibility. TIPS and energy stocks offer such protection.

Oil Price Advancing

Though six-year oil price bubbled 4% to \$21.39 from \$20.63, the one-year oil futures price advanced 6% to \$22.42 to widen a slight backwardation that has appeared in the past three weeks. That awkward word used by commodity traders implies a lower price for delivery further in the future. Natural gas futures exhibit the strongly bullish contango pattern. The one-year natural gas price is 82% of the six-year price that fluctuated to \$3.40 from \$3.38 in the past week (see Chart).



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Kinder Morgan Faces Possible Credit Crunch

Otherwise preoccupied in a meeting with a sound company on Thursday, we listened to a replay of the Kinder call late Thursday evening. We picked up some insight not likely to be emphasized in any sycophantic reiteration. The company is now in the most vulnerable position we had feared a few weeks ago. A \$750 million acquisition has been closed and long term financing has not been arranged. Apparently the acquisition was financed with commercial paper placed before the stock dropped sharply. The likelihood of safe money market funds and corporations rolling over those short-term loans over the next few weeks appears seriously diminished in our opinion. Just in case of a ripple effect we are transferring some of our personal cash reserves from money market funds to treasury bills on the next auction.

Nor is it clear that Kinder Morgan has sufficient bank lines to back up its commercial paper if the market refuses to accept any renewals. Apparently the company found it necessary to negotiate a waiver of normal credit restrictions to get it through the next few months.

It is also apparent that the company is conceding that it is unwilling to sell equity securities in the current environment. That seems to be the reason for postponing an offering until May.

Nor are the long-term credit markets likely to be receptive. Junk status for Kinder's debt seems overdue. By our work, KMI has a debt ratio second only to AES among peers and higher than Calpine. The credit rating agencies, paid as they are by the issuers of debt, seem slow to make negative changes. Psychologically they may feel more comfortable making a negative decision only after it becomes obvious. Triggering events can be rejection by the commercial paper market, possibly imminent, or the steep decline in stock price that recently occurred.

There were more red flags in the PR call such as possible overpayment for the just completed acquisition. The company discloses that Ebitda for the asset was far less in the year just completed than what it projects for the year ahead. Also the company's terrorist insurance appears to end in a few months and it may or may not be renewed at a rate that is benign to the distribution. We are not trying to be alarmist as almost anything could be a terrorist target. Nonetheless the company will want coverage on facilities like the Carteret fuel tanks near Newark Airport.

Weak Hands Hold Energy Infrastructure

A funny thing has happened on the way to deregulation. Regulated companies grew accustomed to high levels of debt when the companies were protected by regulation from default. Many have continued to carry those high levels of debt in an increasingly

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deregulated environment where protection from default is up to the market place rather than a friendly regulator. We are seeing the consequences of that in the bankruptcy of Enron and in the stock market failure of one infrastructure stock after another.

For a quantitative measure of debt exposure we calculate the ratio of debt to present value. We place the measure in the second column from the right in our valuation tables suggesting that it is the second number to look at after McDep Ratio (see Tables L-1, M-1, S-1). The strongest companies, the Mega Caps, have a median ratio of debt of 0.14. At the other extreme, Mid Cap Energy Infrastructure companies have a median ratio of debt of 0.54. We are leery of any company with a ratio of debt over 0.50. When we have made exceptions, we have regretted it. Thus we have to conclude that energy companies with ratios of debt over 0.50 are in effect, "junk stocks".

That doesn't mean that a shrewd investor could not make money with junk stocks. It just means that we don't feel confident we can know enough to make a good long term return in those stocks on a risk-adjusted basis.

There is opportunity in the debt woes of infrastructure stocks. Assets are likely to shift from weak hands to strong hands at attractive prices for the buyers.

Marathon Oil Pursues Integrated Gas Strategy

It is a new era for Marathon Oil. Chief Executive Clarence Cazalot has been in place for little more than a year and the company has been completely independent of the steel business for just two months. An important reason that has contributed to lackluster performance for MRO stock the past two decades has been removed.

As we have suggested, the value of Marathon depends almost equally on three businesses - natural gas, oil and refining/marketing. Management characterizes its business model in the same three parts. The company further characterizes one of its three businesses not just as natural gas, but "Integrated Gas". In a step that coincidentally jibes with our previous discussion, Marathon recently purchased the Equatorial Guinea properties of CMS Energy. The seller is in our Mid Cap Infrastructure Group with a ratio of debt of 0.62. MRO's ratio of debt is 0.27.

The project includes a giant African natural gas field with liquids that will be separated while gas is reinjected in the ground. Ultimately some of the gas will be turned into methanol for export. Marathon further eyes an innovative gas to liquids plant that will convert a stranded resource to a sulfur free diesel fuel for example. LNG exports may be another option. The long-term payoff of the project remains to be seen. Yet it is a reasonable project for MRO to undertake and MRO is much stronger financially to handle it than is CMS.

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The company also announced two new interesting Integrated Gas projects. One is an LNG regasification facility for Baja California. The other is a sub sea pipeline for the North Sea. Both are somewhat non traditional for a producer and reflect a creative view of a changing world.

Marathon has its strongest competitive position in its refining/marketing business concentrated in the Midwest and one of the most efficient networks in the industry. Among other assets, MRO operates terminals and pipelines where it interfaces with Kinder Morgan. We doubt that Kinder Morgan is more efficient than MRO. Yet investors pay 17 times Ebitda for KMP and 5 times Ebitda for MRO. In our opinion the main difference between MRO and KMP is h y p e.

There has been an apparent negative influence on the stock in recent months - dry holes. There have been no further discoveries in the Gulf of Mexico. A well offshore Nova Scotia has been delayed for rig repairs. Our view is that the amount of exploration risk MRO undertakes, particularly at the newly reduced level, can be supported by the strength of its business. While we would welcome any unusual success such as in the waters near Sable Island, we don't count on it.

The reason to own Marathon starts with the fact that it is among the most out-of-favor large oil stocks. As such it is not likely to become more out-of-favor. At the same time we believe it is soundly managed. It is also in strong financial condition, not as strong as the Mega Caps, but far stronger than most infrastructure stocks. If one owns several low McDep Ratio stocks with low ratios of debt the worst that is likely to happen is that the stocks are dull. More likely something good is likely to happen to one or more of the stocks that would make the combination perform well on a risk-adjusted basis over time.

Kurt H. Wulff, CFA

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March 4, 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) 1-Mar 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Mega Cap									
Exxon Mobil Corporation	XOM		42.00	6,924	291,000	36.00	0.09	1.15	
BP plc	BP		50.60	3,738	189,000	47.00	0.16	1.06	
Royal Dutch/Shell	RD	3	52.24	3,520	184,000	55.00	0.04	0.95	
TotalFinaElf S.A.	TOT		73.90	1,382	102,000	80.00	0.15	0.93	
ChevronTexaco Corporation	CVX		85.50	1,062	90,800	110.00	0.14	0.81	
			<i>Total or Median</i>			857,000		0.14	0.95
Energy Infrastructure									
American Electric Power Co. Inc.	AEP	3	44.12	322	14,200	42.10	0.64	1.02	
Duke Energy Corporation	DUK		36.20	781	28,300	36.30	0.44	1.00	
Southern Company	SO		25.65	683	17,500	27.40	0.42	0.96	
El Paso Corporation	EPG		40.20	532	21,400	44.80	0.49	0.95	
Williams Companies	WMB		16.00	521	8,300	22.70	0.58	0.87	
Dominion Resources	D		59.14	247	14,600	79.40	0.45	0.86	
Exelon Corporation	EXC	2	50.52	323	16,300	84.00	0.40	0.76	
			<i>Total or Median</i>			106,000		0.44	0.91
Natural Gas and Oil									
Occidental Petroleum Corp.	OXY		27.57	372	10,300	28.50	0.50	0.98	
ENI S.p.A.	E		69.36	789	54,700	71.40	0.19	0.98	
Unocal Corporation	UCL		36.59	257	9,400	38.90	0.35	0.96	
Anadarko Petroleum Corp.	APC		51.94	266	13,800	56.00	0.26	0.95	
Devon Energy	DVN		44.25	165	7,300	54.60	0.48	0.90	
ConocoPhillips	P		59.30	680	40,400	71.20	0.34	0.89	
Encana Corporation	PCX	2	29.11	490	14,300	35.00	0.19	0.87	
Burlington Resources	BR	1	38.05	201	7,600	48.00	0.33	0.86	
Marathon Oil Corporation	MRO	1	28.20	310	8,700	42.00	0.27	0.76	
OAo Lukoil	LUKOY		49.00	299	14,700	69.10	0.09	0.73	
			<i>Total or Median</i>			171,000		0.27	0.89
Service									
Baker Hughes Inc.	BHI		36.10	338	12,200	24.50	0.13	1.41	
Schlumberger Ltd.	SLB		58.85	581	34,200	44.00	0.12	1.30	
Halliburton Company	HAL		16.90	429	7,300	24.90	0.12	0.72	

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) 1-Mar 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	42.00	1.6	12.8	29	2.2	11.1
BP plc	BP	50.60	1.3	11.5	21	2.6	10.8
Royal Dutch/Shell	RD	3	52.24	1.2	10.4	27	10.9
TotalFinaElf S.A.	TOT		73.90	1.4	10.2	22	10.9
ChevronTexaco Corporation	CVX		85.50	1.3	8.9	20	11.0
	<i>Median</i>			<i>1.3</i>	<i>10.4</i>	<i>22</i>	<i>10.9</i>
Energy Infrastructure							
American Electric Power Co. Inc.	AEP	3	44.12	0.7	10.2	16	10.0
Duke Energy Corporation	DUK		36.20	0.8	9.0	13	9.0
Williams Companies	WMB		16.00	2.1	8.7	11	10.0
Southern Company	SO		25.65	2.9	8.7	16	9.0
El Paso Corporation	EPG		40.20	0.8	8.5	12	9.0
Dominion Resources	D		59.14	3.4	7.7	13	9.0
Exelon Corporation	EXC	2	50.52	2.2	6.9	10	9.0
	<i>Median</i>			<i>2.1</i>	<i>8.7</i>	<i>13</i>	<i>9.0</i>
Natural Gas and Oil							
Occidental Petroleum Corp.	OXY		27.57	1.6	9.8	24	10.0
Anadarko Petroleum Corp.	APC		51.94	3.4	9.6	28	10.2
Burlington Resources	BR	1	38.05	5.3	9.5		11.0
Unocal Corporation	UCL		17.11	2.7	8.2	67	8.5
ENI S.p.A.	E		69.36	1.7	7.8	18	8.0
ConocoPhillips	P		59.30	0.8	7.6	20	8.5
Encana Corporation	PCX	2	29.11	1.8	7.5	23	8.6
Devon Energy	DVN		44.25	3.4	6.3	21	7.0
Marathon Oil Corporation	MRO	1	28.20	0.4	4.9	10	6.5
OAOLukoil	LUKOY		49.00	1.3	4.4	10	6.0
	<i>Median</i>			<i>1.8</i>	<i>7.7</i>	<i>21</i>	<i>8.5</i>
Service							
Baker Hughes Inc.	BHI		36.10	2.3	11.3	25	9.0
Schlumberger Ltd.	SLB		58.85	3.0	10.4	29	9.0
Halliburton Company	HAL		16.90	0.6	5.8	13	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

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 1-Mar 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								
Kinder Morgan Management, LLC	KMR	5	31.02	30	900	12.30	0.42	1.88
Kinder Morgan Energy Partners, L.P.	KMP	5	30.41	136	4,100	12.30	0.42	1.85
Kinder Morgan, Inc.	KMI	5	42.98	120	5,200	16.10	0.77	1.39
Enterprise Products Part.	EPD		47.52	87	4,100	31.70	0.23	1.38
Dynegy Inc.	DYN		26.40	339	9,000	20.60	0.57	1.12
AES Corporation	AES		4.99	543	2,700	8.80	0.83	0.93
Calpine Corporation	CPN	3	7.29	377	2,800	12.50	0.66	0.86
Valero Energy Corporation	VLO		43.38	104	4,500	60.00	0.46	0.85
Consol Energy Inc.	CNX		23.51	79	1,900	35.90	0.51	0.83
Mirant Corporation	MIR		8.84	353	3,100	18.60	0.65	0.82
CMS Energy Corporation	CMS		21.90	128	2,800	43.80	0.62	0.81
Sempra Energy	SRE		22.68	203	4,600	41.70	0.50	0.77
Constellation Energy Group	CEG		29.58	152	4,500	56.50	0.35	0.69
	<i>Total or Median</i>				<i>45,700</i>		<i>0.54</i>	<i>0.89</i>
Natural Gas and Oil								
Murphy Oil Corporation	MUR		86.23	46	3,900	82.00	0.18	1.04
Imperial Oil Limited (30%)	IMO		28.80	119	3,400	30.00	0.11	0.96
Ocean Energy, Inc.	OEI		18.76	178	3,300	20.00	0.30	0.96
Norsk Hydro ASA (49%)	NHY		42.75	127	5,400	54.00	0.18	0.83
Petro-Canada	PCZ		24.00	267	6,400	33.00	0.08	0.75
PetroChina Company Ltd (10%)	PTR	2	18.92	176	3,300	28.00	0.16	0.73
	<i>Total or Median</i>				<i>25,700</i>		<i>0.17</i>	<i>0.89</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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Table M-2
Mid Cap Energy Companies
Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 1-Mar 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	31.02	4.4	16.9	21	7.1	9.0
Kinder Morgan Energy Partners, L.P.	KMP	5	30.41	4.4	16.7	21	7.2	9.0
Kinder Morgan, Inc.	KMI	5	42.98	4.0	12.5	18	0.5	9.0
Enterprise Products Part.	EPD		47.52	1.7	12.5	14	5.3	9.0
Dynegy Inc.	DYN		26.40	0.5	10.1	13	1.1	9.0
AES Corporation	AES		4.99	2.9	8.3	4	-	9.0
Calpine Corporation	CPN	3	7.29	1.6	7.7	4	-	9.0
Consol Energy Inc.	CNX		23.51	2.0	7.5	8	4.8	9.0
Mirant Corporation	MIR		8.84	0.4	7.3	4	-	9.0
CMS Energy Corporation	CMS		21.90	0.8	7.3	11	6.7	9.0
Sempra Energy	SRE		22.68	1.1	7.0	9	4.4	9.0
Constellation Energy Group	CEG		29.58	1.8	6.2	9	1.6	9.0
Valero Energy Corporation	VLO		43.38	0.3	5.8	8	0.9	6.8
	<i>Median</i>			<i>1.7</i>	<i>7.7</i>	<i>9</i>	<i>1.6</i>	<i>9.0</i>
Natural Gas and Oil								
Imperial Oil Limited (30%)	IMO		28.80	1.1	10.7	27	1.9	11.1
Murphy Oil Corporation	MUR		86.23	1.0	8.3	41	1.7	8.0
Ocean Energy, Inc.	OEI		18.76	4.4	7.5	32	0.9	7.8
Petro-Canada	PCZ		24.00	1.3	5.2	12	1.1	6.9
Norsk Hydro ASA (49%)	NHY		42.75	0.8	5.0	16	2.4	6.0
PetroChina Company Ltd (10%)	PTR	2	18.92	1.8	3.9	10	9.7	5.4
	<i>Median</i>			<i>1.2</i>	<i>6.3</i>	<i>21</i>	<i>1.8</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 March 31, 2003; 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
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Energy Infrastructure								
El Paso Energy Partners	EPN	5	32.70	36.0	1,180	7.90	0.50	2.57
Enbridge Energy Partners,	EEP		42.75	31.0	1,330	16.60	0.58	1.67
Plains All Amer. Pipeline	PAA		25.20	38.0	960	14.30	0.47	1.41
Northern Border Partners	NBP		37.48	42.0	1,570	20.30	0.56	1.37
Penn Virginia Res. Part, L.P.(48%)	PVR		22.40	7.7	170	16.50	0.13	1.31
TEPPCO Partners, L.P.	TPP		29.10	39	1,130	15.60	0.69	1.27
Penn Virginia Corporation	PVA		36.91	9.0	330	35.00	0.10	1.05
AmeriGas Partners, L.P.	APU		20.11	44.0	880	19.50	0.54	1.01
<i>Total or Median</i>					7,600		0.52	1.34
Natural Gas and Oil								
Quicksilver Resources Inc.	KWK		20.17	19.3	390	10.00	0.60	1.40
Dorchester Hugoton, Ltd.	DHULZ		13.85	10.7	149	11.30	-	1.23
Spinnaker Exploration Company	SKE		41.15	28.3	1,170	40.00	-	1.03
XTO Energy Inc.	XTO		18.80	124.0	2,330	19.00	0.28	0.99
Newfield Exploration Company	NFX		36.30	49.3	1,790	39.00	0.21	0.95
Stone Energy Company	SGY		37.10	26.4	980	42.00	0.11	0.90
Southwestern Energy Company	SWN		11.40	25.6	290	15.00	0.47	0.87
Encore Acquisition Corp. (25%)	EAC		13.23	7.5	99	16.00	0.22	0.86
Pogo Producing Company	PPP		25.76	60.5	1,560	32.00	0.29	0.86
Magnum Hunter Resources, Inc.	MHR		7.62	36.8	280	11.00	0.35	0.80
Forest Oil Corporation	FST	2	26.24	60.5	1,590	37.00	0.26	0.78
Swift Energy Company	SFY		17.30	24.8	430	25.00	0.29	0.78
CNOOC Limited (19%)	CEO	2	21.65	78	1,690	30.00	-	0.72
<i>Total or Median</i>					12,700		0.26	0.87
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		18.22	6.0	109	18.60	-	0.98
Hugoton RoyaltyTrust	HGT		10.40	40.0	420	14.70	-	0.71
San Juan Basin Royalty Trust	SJT	2	10.02	46.6	470	14.70	-	0.68
Micro Cap								
Abraxas Petroleum Corporation	ABP		1.00	23.6	24	0.50	0.96	1.04
Energy Partners Ltd.(30%)	EPL	2	8.30	8.1	67	10.00	0.34	0.89
Purcell Energy, Ltd. (US\$)	PEL.TO	2	2.02	27.4	55	3.50	0.09	0.61

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

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

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. 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

March 4, 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>1-Mar</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	5	32.70	18.0	23.2	45	7.6	9.0
Enbridge Energy Partners,	EEP		42.75	6.7	15.0	82	8.2	9.0
Plains All Amer. Pipeline	PAA		25.20	0.2	12.7	17	8.1	9.0
Northern Border Partners	NBP		37.48	7.7	12.3	16	8.5	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		22.40	8.6	11.8	13	8.9	9.0
TEPPCO Partners, L.P.	TPP		29.10	0.7	11.4	14	7.9	9.0
AmeriGas Partners, L.P.	APU		20.11	1.3	9.1	17	10.9	9.0
Penn Virginia Corporation	PVA		36.91	4.3	7.5	26	2.4	7.2
	<i>Median</i>			<i>5.5</i>	<i>12.1</i>	<i>17</i>	<i>8.2</i>	<i>9.0</i>
Natural Gas and Oil								
Quicksilver Resources Inc.	KWK		20.17	6.5	17.8		-	12.7
Dorchester Hugoton, Ltd.	DHULZ		13.85	9.4	14.4	19	20.8	11.7
XTO Energy Inc.	XTO		18.80	6.3	9.8	30	0.2	9.9
Encore Acquisition Corp. (25%)	EAC		13.23	4.8	8.9	34	-	10.3
Spinnaker Exploration Company	SKE		41.15	7.3	8.6	39	-	8.4
Forest Oil Corporation	FST	2	26.24	4.4	7.6		0.5	9.7
Pogo Producing Company	PPP		25.76	4.3	7.5	74	0.5	8.7
Swift Energy Company	SFY		17.30	5.0	7.4	32	-	9.4
Southwestern Energy Company	SWN		11.40	2.8	6.4	23	-	7.3
Magnum Hunter Resources, Inc.	MHR		7.62	3.6	6.2		-	7.8
CNOOC Limited (19%)	CEO	2	21.65	4.2	5.7	12	1.1	7.9
Stone Energy Company	SGY		37.10	4.0	5.4	27	-	6.0
Newfield Exploration Company	NFX		36.30	3.9	4.9	17	-	5.2
	<i>Median</i>			<i>4.4</i>	<i>7.5</i>	<i>29</i>	<i>-</i>	<i>8.7</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		18.22	7.1	12.7	14	7.3	13.0
San Juan Basin Royalty Trust	SJT	2	10.02	6.3	8.3	11	8.8	12.2
Hugoton RoyaltyTrust	HGT		10.40	5.2	8.3	13	7.6	11.7
Micro Cap								
Abraxas Petroleum Corporation	ABP		1.00	6.4	12.2		-	11.8
Energy Partners Ltd.(30%)	EPL	2	8.30	2.8	6.3		-	7.1
Purcell Energy, Ltd. (US\$)	PEL.TO	2	2.02	3.1	4.5	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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