

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 25, 2002

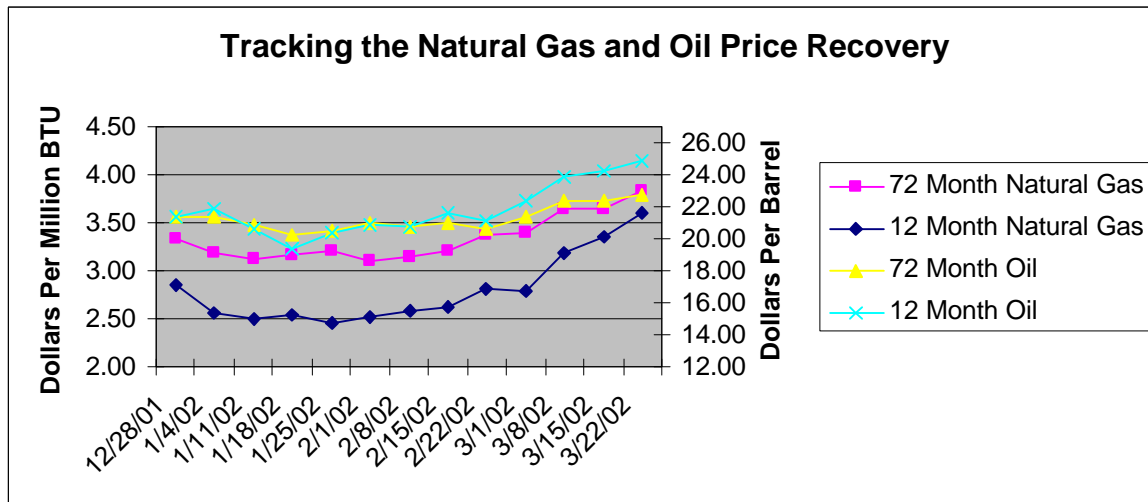
Booming Futures

Summary and Recommendation

Natural gas futures have been so strong that we believe investors should step up commitments to the stocks of natural gas producers including newly recommended **XTO Energy (XTO)**. Other recommendations concentrated on natural gas in order of descending size include **Encana Corporation (PCX/AOG)**, **Burlington Resources (BR)**, **Forest Oil (FST)** and **San Juan Basin Royalty Trust (SJT)**. At the same time inflation expectations in the bond market have reached a nine-month high. For those who may have let their inflation protection dwindle in the complacency of recent years, we especially recommend natural gas investment. Strength in oil futures, too, helps our new Buy recommendation of **ConocoPhillips (COC/P)**. The proposed energy combination seeking approval from regulators, expected in the next few months, offers large-scale profits at a stock price lower than if it were Mega Cap in size. Contrasting our bullishness on natural gas and oil producers we remain bearish on Strong Sell Recommendations **Kinder Morgan (KMI, KMP, KMR)** and **El Paso Energy Partners (EPN)**. Those stocks have acute overvaluation combined with high financial leverage, a self-destructing business model and aggressive accounting. For perspective on sell and buy ideas for energy representation in a diversified portfolio, see our valuation ranking of 73 stocks (Tables L-1, L-2, M-1, M-2, S-1 and S-2).

Sooner Than Expected Strength in Natural Gas and Oil Futures

Six-year natural gas price advanced 5% to \$3.83 from \$3.65 in the past week (see Chart). Six-year oil price advanced 1% to \$22.74 from \$22.41. Six-year natural gas moved above six-year oil on a 6:1 heating equivalency basis.



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This was supposed to be the time at the end of winter when natural gas crashed down, not up. The surprise is a sign of strength that investors should not miss. Though we can no longer buy natural gas the commodity or natural gas producer stocks at the lows of recent weeks we now have favorable momentum. Some investors are willing to miss a bottom of indeterminate duration or price level in favor of committing when a new up trend is established. We think the positive direction is evident now. The trend has already been strong enough that it can absorb moderate setbacks without changing direction.

If we read a favorable direction for stocks from futures, the question still remains where are futures ultimately headed? After all, there is not a lot of volume of trading in natural gas for delivery in April 2007, one of our data points, for example. Because no one knows the future, a diversified portfolio ought to be invested in growth with protection from inflation and deflation. After two decades of relatively benign inflation, we think most investors should ratchet up their inflation protection for the next decade while also maintaining deflation protection and growth exposure. Energy investments offer a lot of inflation protection, a little deflation protection in some cases and moderate growth.

Small Cap Natural Gas Producers Realign on Stronger Expectations

The valuation of independent producers has gotten a lot better in a short time. In early December, XTO Energy was valued at an Enterprise Value/Ebitda ratio of 8.9 times and the stock was \$16.25 per share (see *Meter Reader*, December 3, 2001). Now the EV/Ebitda ratio is 6.6 times on our estimates and the stock is \$19.70. Our present value of equity, also known as net asset value, was \$19 then and is \$26 now. A favorable year-end reserve report also helped our numbers for XTO. Thus even though the stock price is up, the statistical attraction is greater (see *Stock Idea*, XTO Energy).

If this is a good time to invest in our recommended small cap producers is it probably also a good time to invest in peer companies. Continuing favorable operating progress and high commodity price enhance the attractiveness of oil producer **Encore Acquisition Corp. (EAC)** at a McDep Ratio of 0.77 and a ratio of debt at a low 0.18 (see Table S-1, S-2). The Chairman of the company had chief responsibility for creating the three royalty trusts that we cover in detail with weekly changes in estimates.

We add **Unit Corporation (UNT)** to our coverage at a low McDep Ratio of 0.83 and a ratio of debt at a low 0.03 after attending a presentation last week by Mr. John Nikkel, Chief Executive Officer. Since we first met Mr. Nikkel about 20 years ago he has steadily compiled a winning record as a driller and producer of natural gas starting in Oklahoma and branching out from there.

A fallen favorite, **Southwestern Energy**, appears to be progressing well as it rebuilds under the direction of a new leader, Mr. Harold Korell. The McDep Ratio at 0.84 implies attractive value. A ratio of debt of 0.43 is toward the high end of the acceptable range,

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but is backed mostly by a wholly owned natural gas distribution utility that serves the northwest corner of Arkansas.

ConocoPhillips Sees Upswing in Oil, Refining/Marketing and Natural Gas

Oil futures and oil products futures may not have advanced as sharply as natural gas, but nonetheless contribute to more favorable valuation ratios also. The developments support our new recommendation of COC/P (see *Stock Idea*, ConocoPhillips).

Boost Present Value for TotalFinaElf

Investors looking for more liquidity in energy investments may need to turn to the Mega Caps. Fortunately the alternatives are promising. As a group, the stocks have impressive long-term records and dominate the energy industry, as they own a wide majority of all the energy assets held by publicly traded companies. Mega Cap Energy stocks are among the safest, yet productive, investments one could expect to have in a diversified portfolio.

In connection with last week's semi-annual presentation by Mr. Thierry Desmarest, Chairman of TotalFinaElf, we update our analysis of the company. A higher present value of \$85 a share leads to a McDep Ratio of 0.90 and a low ratio of debt of 0.15 (see Table L-1, L-2).

Our valuation takes little account of TOT's 26% ownership of the pharmaceutical company, Sanofi-Synthelabo, worth about 15% of the market cap of TOT. The continued divestment of drug shares can lend a supportive glow to financial results. Accounting gains help lower the cost basis of less successful investments. The cash proceeds have been redeployed to stock repurchase.

In its most important business, oil and gas production, TOT expects to grow volume at a single digit rate. Its next most important business refining/marketing has been restored to respectable profitability.

Kinder Morgan Valuation Appears to Ignore General Partner Tax

The same technique that helps pick potential winning stocks may help avoid potential losing stocks. In our emphasis on avoiding loss this week we describe our valuation approach to Kinder Morgan.

One of our favorite colleagues in a past affiliation, Mr. Phil Dodge, once described the McDep Ratio as the comparison of the value of a company's securities to the value of a company's business. For Kinder Morgan Energy Partners (KMP), let us start with the denominator - business value.

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Multiple of cash flow is a common measure of the value of energy infrastructure businesses. Kinder Morgan speaks that language when its management points out that its recent acquisition was priced around 7 times Ebitda. Apparently that multiple was on expected cash flow for 2002. On cash flow for 2001, the price apparently was closer to 12 times. We assess the business value of Kinder Morgan and related companies at 9 times our current estimate of cash flow for the year ahead. Our estimate of cash flow is about \$870 million for the partnership.

Since we use cash flow to estimate value we allocate cash flow to limited partners in proportion to the amount of value the limited partners are expected to receive. Thus the limited partners' share of cash flow for valuation purposes is about \$440 million. We further allocate cash flow to the KMP unitholders separate from the KMR shareholders. That leaves about \$358 million of cash flow for KMP. Thus the denominator of the McDep Ratio or the business value, attributable to KMP unitholders, is 9 times \$358 million, which equals \$3.22 billion.

Now we turn to the numerator of the McDep Ratio, the value of securities including debt. Taking the latter first we calculate debt from the year-end balance sheet and add the \$750 million taken down to finance a recent acquisition. That brings total debt to \$3.72 billion of which we allocate \$1.53 billion to KMP unitholders. Meanwhile there are 136 million units of KMP outstanding at the latest closing price of \$33.01 implying an equity market capitalization of \$4.49 billion. As a result the value of KMP equity and debt securities is \$6.02 billion.

Finally the McDep Ratio is $\$6.02/\3.22 or 1.87 (see Table M-1). That is such a high number and so unlikely to be sustained that one might ask if there is something wrong with the calculation.

Suppose we ignored the general partner interest. In that case the McDep Ratio would be about half the current level and roughly in line with the typical energy stock. Thus we might conclude that KMP stock is priced as though the general partner tax did not exist. That may be the genius of the scheme. The general partner may ultimately get 50%, or more, of value and KMP investors ignore it. As Lincoln apparently said, "You can fool....."

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) 22-Mar 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM		43.47	6,924	301,000	36.00	0.09	1.19
BP plc	BP		52.10	3,738	195,000	47.00	0.16	1.09
Royal Dutch/Shell	RD	3	53.80	3,520	189,000	55.00	0.04	0.98
TotalFinaElf S.A.	TOT		75.01	1,352	101,000	85.00	0.15	0.90
ChevronTexaco Corporation	CVX		89.11	1,062	94,700	110.00	0.14	0.84
		<i>Total or Median</i>			881,000		0.14	0.98
Energy Infrastructure								
American Electric Power Co. Inc.	AEP	3	46.16	322	14,900	42.10	0.64	1.04
Duke Energy Corporation	DUK		38.01	781	29,700	36.30	0.44	1.03
Williams Companies	WMB		23.45	521	12,200	22.70	0.58	1.01
El Paso Corporation	EPG		45.78	532	24,400	44.80	0.49	1.01
Southern Company	SO		26.78	683	18,300	27.40	0.42	0.99
Dominion Resources	D		64.30	247	15,900	79.40	0.45	0.90
Exelon Corporation	EXC	2	53.20	323	17,200	84.00	0.40	0.78
		<i>Total or Median</i>			118,000		0.44	1.00
Natural Gas and Oil								
Anadarko Petroleum Corp.	APC		55.92	266	14,900	56.00	0.26	1.00
Unocal Corporation	UCL		38.31	257	9,800	39.00	0.34	0.99
Occidental Petroleum Corp.	OXY		28.37	372	10,600	30.00	0.48	0.97
ENI S.p.A.	E		72.26	789	57,000	75.00	0.19	0.97
Devon Energy	DVN		47.41	165	7,800	55.00	0.48	0.93
Encana Corporation	PCX	2	30.61	490	15,000	35.00	0.19	0.90
Burlington Resources	BR	1	39.42	201	7,900	48.00	0.33	0.88
ConocoPhillips	P	2	61.72	680	42,000	80.00	0.32	0.84
OAo Lukoil	LUKOY		55.24	299	16,500	70.00	0.08	0.81
Marathon Oil Corporation	MRO	1	28.42	310	8,800	42.00	0.27	0.76
		<i>Total or Median</i>			175,000		0.32	0.90
Service								
Baker Hughes Inc.	BHI		36.75	338	12,400	24.50	0.13	1.43
Schlumberger Ltd.	SLB		57.15	581	33,200	44.00	0.12	1.26
Halliburton Company	HAL		15.70	429	6,700	24.90	0.12	0.67

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.

	Symbol/ Rating	Price (\$/sh) 22-Mar 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Mega Cap							
Exxon Mobil Corporation	XOM	43.47	1.6	12.0	26	2.1	10.1
BP plc	BP	52.10	1.3	9.8	17	2.5	9.0
Royal Dutch/Shell	RD	3	53.80	1.2	8.6	19	8.7
TotalFinaElf S.A.	TOT		75.01	1.3	8.0	16	8.9
ChevronTexaco Corporation	CVX		89.11	1.3	7.5	15	8.9
	<i>Median</i>			1.3	8.6	17	8.9
Energy Infrastructure							
American Electric Power Co. Inc.	AEP	3	46.16	0.7	10.4	16	10.0
Williams Companies	WMB		23.45	2.5	10.1	16	10.0
Duke Energy Corporation	DUK		38.01	0.9	9.2	14	9.0
El Paso Corporation	EPG		45.78	0.9	9.1	14	9.0
Southern Company	SO		26.78	2.9	8.9	16	9.0
Dominion Resources	D		64.30	3.5	8.1	15	9.0
Exelon Corporation	EXC	2	53.20	2.3	7.0	11	9.0
	<i>Median</i>			2.3	9.1	15	9.0
Natural Gas and Oil							
Anadarko Petroleum Corp.	APC		55.92	3.2	8.1	18	8.1
Occidental Petroleum Corp.	OXY		28.37	1.5	7.9	13	8.1
Burlington Resources	BR	1	39.42	4.6	7.4		8.4
Devon Energy	DVN		47.41	3.1	6.8	48	7.4
ENI S.p.A.	E		72.26	1.7	6.7	13	6.9
Unocal Corporation	UCL		38.31	2.5	6.6	21	6.7
Encana Corporation	PCX	2	30.61	1.9	6.4	16	7.2
ConocoPhillips	P	2	61.72	0.9	6.3	14	7.4
Marathon Oil Corporation	MRO	1	28.42	0.4	4.1	7	5.3
OAOLukoil	LUKOY		55.24	1.4	3.9	8	4.9
	<i>Median</i>			1.8	6.6	14	7.3
Service							
Baker Hughes Inc.	BHI		36.75	2.3	11.5	26	9.0
Schlumberger Ltd.	SLB		57.15	2.9	10.1	28	9.0
Halliburton Company	HAL		15.70	0.6	5.4	12	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) 22-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	33.98	30	1,000	12.40	0.48	1.91
Kinder Morgan Energy Partners, L.P.	KMP	5	33.01	136	4,500	12.40	0.48	1.87
Kinder Morgan, Inc.	KMI	5	48.32	120	5,800	16.00	0.78	1.44
Enterprise Products Part.	EPD		48.50	87	4,200	31.70	0.23	1.41
Dynegy Inc.	DYN		30.72	339	10,400	20.60	0.57	1.21
Calpine Corporation	CPN	3	13.91	377	5,200	12.50	0.66	1.04
AES Corporation	AES		8.75	543	4,800	8.80	0.83	1.00
Mirant Corporation	MIR		14.35	353	5,100	18.60	0.65	0.92
Valero Energy Corporation	VLO		48.10	104	5,000	60.00	0.46	0.89
Consol Energy Inc.	CNX		25.38	79	2,000	35.90	0.51	0.86
CMS Energy Corporation	CMS		23.28	128	3,000	43.80	0.62	0.82
Sempra Energy	SRE		24.89	203	5,100	41.70	0.50	0.80
Constellation Energy Group	CEG		30.76	152	4,700	56.50	0.35	0.71
			<i>Total or Median</i>		<i>56,100</i>		<i>0.54</i>	<i>1.02</i>
Natural Gas and Oil								
Murphy Oil Corporation	MUR		92.94	46	4,200	82.00	0.18	1.11
Imperial Oil Limited (30%)	IMO		29.38	119	3,500	30.00	0.11	0.98
Ocean Energy, Inc.	OEI		19.35	178	3,400	20.00	0.30	0.98
Norsk Hydro ASA (49%)	NHY		48.03	127	6,100	54.00	0.18	0.91
Petro-Canada	PCZ		25.66	267	6,900	33.00	0.08	0.80
PetroChina Company Ltd (10%)	PTR	2	20.60	176	3,600	28.00	0.16	0.78
			<i>Total or Median</i>		<i>27,700</i>		<i>0.17</i>	<i>0.94</i>

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

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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) 22-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	33.98	4.6	17.2	22	6.5	9.0
Kinder Morgan Energy Partners, L.P.	KMP	5	33.01	4.5	16.8	21	6.7	9.0
Kinder Morgan, Inc.	KMI	5	48.32	4.2	13.0	20	0.4	9.0
Enterprise Products Part.	EPD		48.50	1.7	12.7	14	5.2	9.0
Dynegy Inc.	DYN		30.72	0.5	10.9	15	1.0	9.0
Calpine Corporation	CPN	3	13.91	1.9	9.3	8	-	9.0
AES Corporation	AES		8.75	3.1	9.0	7	-	9.0
Mirant Corporation	MIR		14.35	0.5	8.3	7	-	9.0
Consol Energy Inc.	CNX		25.38	2.1	7.7	8	4.4	9.0
CMS Energy Corporation	CMS		23.28	0.8	7.4	12	6.3	9.0
Sempra Energy	SRE		24.89	1.1	7.2	10	4.0	9.0
Constellation Energy Group	CEG		30.76	1.8	6.3	10	1.6	9.0
Valero Energy Corporation	VLO		48.10	0.3	6.0	9	0.8	6.8
	<i>Median</i>			<i>1.8</i>	<i>9.0</i>	<i>10</i>	<i>1.6</i>	<i>9.0</i>
Natural Gas and Oil								
Imperial Oil Limited (30%)	IMO		29.38	1.1	10.9	28	1.8	11.1
Murphy Oil Corporation	MUR		92.94	1.0	8.9	44	1.6	8.0
Ocean Energy, Inc.	OEI		19.35	4.5	7.6	33	0.8	7.8
Petro-Canada	PCZ		25.66	1.4	5.5	13	1.0	6.9
Norsk Hydro ASA (49%)	NHY		48.03	0.9	5.5	17	2.2	6.0
PetroChina Company Ltd (10%)	PTR	2	20.60	1.9	4.2	11	8.9	5.4
	<i>Median</i>			<i>1.3</i>	<i>6.6</i>	<i>23</i>	<i>1.7</i>	<i>7.4</i>

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Energy Infrastructure								
El Paso Energy Partners	EPN	5	37.50	36.0	1,350	7.90	0.50	2.87
Enbridge Energy Partners,	EEP		44.15	31.0	1,370	16.60	0.58	1.70
Northern Border Partners	NBP		38.90	42.0	1,630	20.30	0.56	1.40
Plains All Amer. Pipeline	PAA		24.71	38.0	940	14.30	0.47	1.39
Penn Virginia Res. Part, L.P.(48%)	PVR		23.49	7.7	180	16.50	0.13	1.37
TEPPCO Partners, L.P.	TPP		31.70	39	1,230	15.60	0.69	1.32
Penn Virginia Corporation	PVA		39.27	9.0	350	35.00	0.10	1.11
AmeriGas Partners, L.P.	APU		21.30	44.0	940	19.50	0.54	1.04
		<i>Total or Median</i>			<i>8,000</i>		<i>0.52</i>	<i>1.38</i>
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		13.95	10.7	150	11.60	(0.17)	1.24
Spinnaker Exploration Company	SKE		42.36	28.5	1,210	35.00	0.03	1.20
Newfield Exploration Company	NFX		37.08	48.6	1,800	33.00	0.25	1.09
Quicksilver Resources Inc.	KWK		22.40	19.4	440	20.00	0.43	1.07
Stone Energy Company	SGY		37.37	26.4	990	42.00	0.29	0.92
Swift Energy Company	SFY		18.68	24.8	460	22.00	0.32	0.90
Forest Oil Corporation	FST	2	28.50	46.7	1,330	35.00	0.29	0.87
Pogo Producing Company	PPP		25.76	60.5	1,560	32.00	0.27	0.86
Magnum Hunter Resources, Inc.	MHR		7.87	71.5	560	11.00	0.43	0.84
Southwestern Energy Company	SWN		11.99	25.6	310	17.00	0.44	0.84
Unit Corporation	UNT		17.22	36.2	620	21.00	0.03	0.83
XTO Energy Inc.	XTO	2	19.70	124.0	2,440	26.00	0.21	0.81
CNOOC Limited (19%)	CEO	2	23.40	78	1,830	30.00	-	0.78
Encore Acquisition Corp. (25%)	EAC		14.35	7.5	108	20.00	0.18	0.77
		<i>Total or Median</i>			<i>13,800</i>		<i>0.26</i>	<i>0.86</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		19.00	6.0	114	20.20	-	0.94
San Juan Basin Royalty Trust	SJT	2	11.74	46.6	550	16.10	-	0.73
Hugoton RoyaltyTrust	HGT		11.81	40.0	470	16.60	-	0.71
Micro Cap								
Torch Energy Royalty Trust	TRU		6.78	8.6	58	5.50	-	1.23
Abraxas Petroleum Corporation	ABP		1.44	26.8	39	0.50	0.96	1.08
Energy Partners Ltd.(30%)	EPL	2	7.90	8.1	64	10.00	0.34	0.86
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.76	27.4	48	3.50	0.09	0.54

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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Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 25, 2002

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

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 22-Mar 2002</i>	<i>EV/ Sales NTM</i>	<i>EV/ Ebitda NTM</i>	<i>Dividend or Distribution P/E NTM</i>	<i>PV/ NTM</i>	<i>Ebitda NTM</i>
Energy Infrastructure								
El Paso Energy Partners	EPN	5	37.50	20.1	25.8	52	6.7	9.0
Enbridge Energy Partners,	EEP		44.15	6.8	15.3	85	7.9	9.0
Northern Border Partners	NBP		38.90	7.9	12.6	17	8.2	9.0
Plains All Amer. Pipeline	PAA		24.71	0.2	12.5	16	8.3	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		23.49	9.1	12.3	14	8.5	9.0
TEPPCO Partners, L.P.	TPP		31.70	0.7	11.9	15	7.3	9.0
AmeriGas Partners, L.P.	APU		21.30	1.4	9.4	18	10.3	9.0
Penn Virginia Corporation	PVA		39.27	4.4	7.6	25	2.3	6.9
	<i>Median</i>			<i>5.6</i>	<i>12.4</i>	<i>18</i>	<i>8.1</i>	<i>9.0</i>
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		13.95	6.8	10.1	14	8.6	8.2
Quicksilver Resources Inc.	KWK		22.40	4.8	8.8		-	8.2
Swift Energy Company	SFY		18.68	4.9	7.3	39	-	8.1
Forest Oil Corporation	FST	2	28.50	3.7	7.0		-	8.0
Magnum Hunter Resources, Inc.	MHR		7.87	3.3	6.7		-	8.0
XTO Energy Inc.	XTO	2	19.70	3.4	6.6	14	0.2	8.2
Pogo Producing Company	PPP		25.76	3.7	6.2	36	0.5	7.3
Spinnaker Exploration Company	SKE		42.36	5.1	5.9	19	-	4.9
Encore Acquisition Corp. (25%)	EAC		14.35	3.8	5.7	12	-	7.4
Unit Corporation	UNT		17.22	2.9	5.5	12	-	6.6
Southwestern Energy Company	SWN		11.99	2.2	5.4	12	-	6.4
CNOOC Limited (19%)	CEO	2	23.40	4.0	5.2	10	1.0	6.7
Newfield Exploration Company	NFX		37.08	3.7	5.1	21	-	4.7
Stone Energy Company	SGY		37.37	3.5	4.6	11	-	5.0
	<i>Median</i>			<i>3.7</i>	<i>6.1</i>	<i>14</i>	<i>-</i>	<i>7.3</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		19.00	6.2	10.5	11	9.0	11.2
San Juan Basin Royalty Trust	SJT	2	11.74	5.9	7.5	10	9.8	10.3
Hugoton RoyaltyTrust	HGT		11.81	4.7	6.9	10	10.5	9.7
Micro Cap								
Abraxas Petroleum Corporation	ABP		1.44	4.9	7.2		-	6.7
Torch Energy Royalty Trust	TRU		6.78	4.8	5.6	7	15.3	4.6
Energy Partners Ltd.(30%)	EPL	2	7.90	2.1	3.9		-	4.5
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.76	2.2	2.9	6	-	5.4

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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