

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

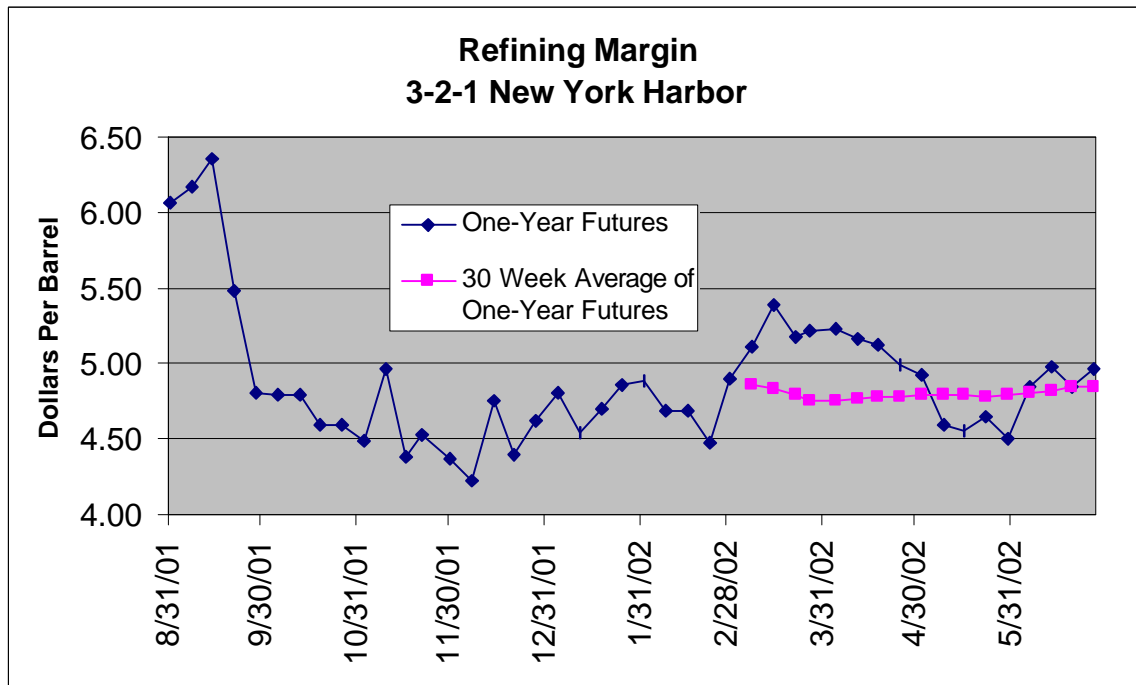
July 1, 2002

Perils to Wealth

Summary and Recommendation

High valuation, high debt, high greed and deceptive practices are advance indicators of potential investment loss. We see those indicators in our Strong Sell recommendations, **Kinder Morgan (KMI, KMP, KMR)** and **El Paso Energy Partners (EPN)**. We would further be wary of other stocks on our Greed Gauge to which we add **Northern Border Partners (NBP)**. After forming a high greed partnership, **Penn Virginia (PVA)** attracts a takeover offer. The gain to existing stockholders shows that there may be money to be made in excess greed, but it is at high risk in our opinion. We see money to be made in honest (we hope!) energy investments particularly among natural gas and oil producers. We are also positive on the refining business while keeping a regular watch of the crack spread implied by futures prices. Buy recommendations not mentioned for a while include **San Juan Basin Royalty Trust (SJT)** and **CNOOC Limited (CEO)**. Those are among other positive recommendations in our valuation ranking of 77 stocks (see Tables L-1, L-2, M-1, M-2, S-1 and S-2).

Refining Margin Futures Holding Modest Up Trend



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What Governance at Kinder Morgan?

Kinder Morgan Management, LLC has set July 23 as the date for a special meeting for shareholders to vote to give up their right to exchange KMR stock for Kinder Morgan Energy Partners (KMP) units (see *Independent Stock Idea*, Kinder Morgan – Continue Strong Sell – Capital Markets Rejection, June 11, 2002). The right is valuable protection in the event of volatile markets and no meaningful compensation is being offered in exchange for giving up the right. The argument in favor is essentially that the change is good for KMI and KMP and what is good for KMI and KMP is good for KMR. The directors of KMR are all conflicted because they are the directors of KMI and they control KMP. Apparently the organizational documents of KMR attempt to restrict or eliminate “the fiduciary duties that would otherwise be owed by our board of directors to our shareholders.” The “independent directors” apparently went along with management without conducting any independent analysis.

Presumably management expects shareholders to approve the change that would then be the signal for selling a billion dollars of new units. If this were happening a few years ago when the stock market was booming, no one would be concerned. Now as we see high risk at Kinder Morgan, shareholders of KMR should be more concerned about protecting against loss.

At the same time, Kinder Morgan may be in violation of the bank covenants that have been temporarily waived pending an equity offering, as we understand it. Credit ratings also seem to be conditional on obtaining new equity.

On valuation, we think the stocks ought to be trading at a third or less of current prices. On debt, the entities seem to have an excessive amount at a time when debt is deflating. On greed, Kinder Morgan ranks at the top of our Gauge. On accounting the dilution of the general partner interest appears so masked that secondary financial sources and the business press do not seem to pick up on it. High valuation, high debt, high greed and accounting deception are perils to the wealth of investors in Kinder Morgan.

Northern Border Partners Added to Greed Gauge

We have searched the financial statements of Northern Border Partners several times and have not found the disclosure of high greed general partner compensation. We did determine early that the financial structure is loaded with debt like an Insull pyramid from 70 years ago. That was enough to discourage our further interest even though we had the impression that the partnership was an exception in GP compensation. Voila! We found the high greed compensation when we looked again.

Perhaps the investors in NBP are more sophisticated than we are and therefore feel fully informed about the finances of the partnership. For our part it appears that the time it

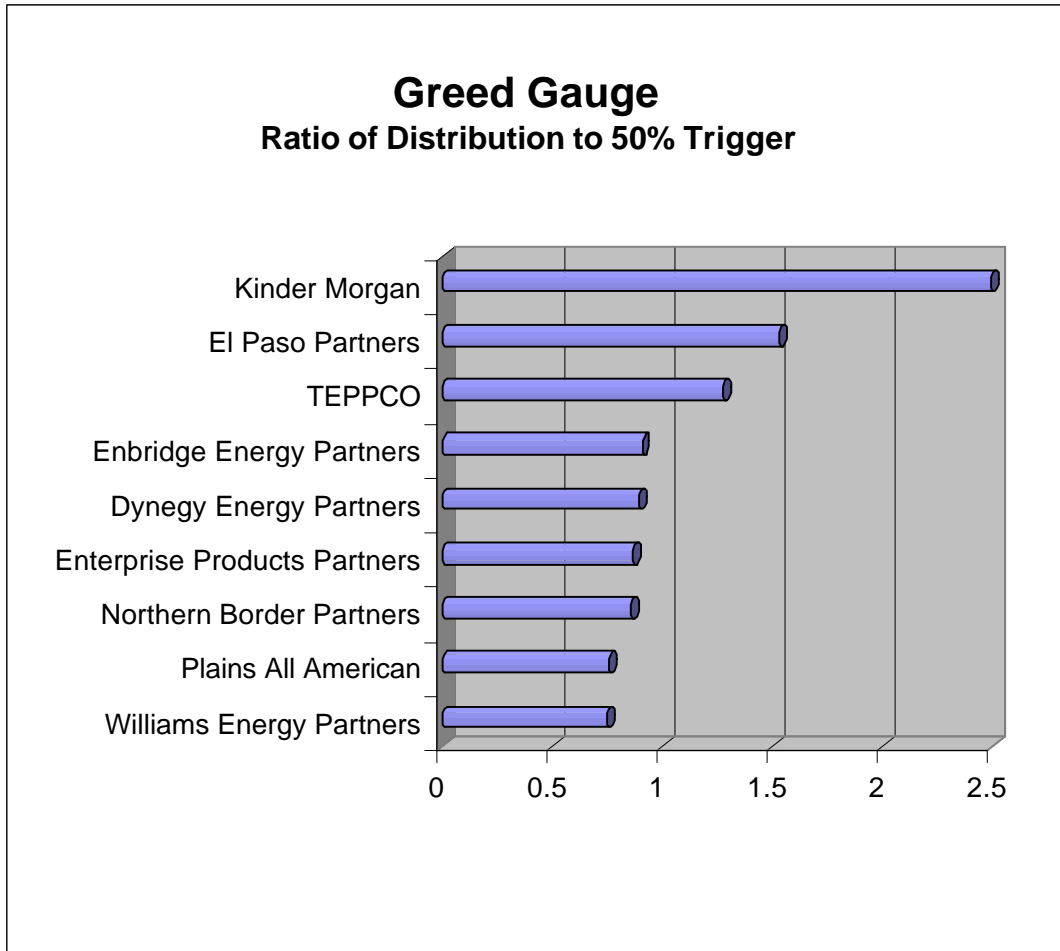
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took us to find the high greed compensation scheme is an indication of deception. We are in the process of reconsidering our valuation and expect that the stock will look more unattractive than it now appears in our tables.



The Greed Gauge displays the ratio of current distribution to the level at which the general partner gets half of the cash flow as an “incentive”. We regard that as an onerous tax at a 50% incremental rate that applies to both income and principal. Worse, partnerships generally load up with debt to finance acquisitions to boost cash flow that in turn boosts general partner compensation disproportionately. There is a strong temptation also to redefine cash flow and to do transactions that bring cash flow forward in order to justify a high payout to the GP. When a partnership ultimately fails the general partner usually keeps the compensation paid to him leaving investors with the debt obligation and a worthless or seriously eroded equity position.

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Boone Pickens Bids For PennVirginia

High Greed Partnerships, in our opinion, are inappropriate investments especially when rampant scandal is destroying value every day. Thus any party that sponsors a high greed partnership is asking for trouble in an environment when those who lost a lot of money look for those who took it from them. Sponsors including **El Paso**, Enron, **Dynegy** and **Williams** that have fallen on hard times may be prolonging their low credibility by persisting with their high greed partnerships.

Now we see that within a few months after forming a high greed partnership, Penn Virginia Corporation has attracted a takeover offer from a partnership headed by T. Boone Pickens. Whether management can successfully defend its job depends on how events unfold.

Mr. Pickens deserves credit for publicizing the investor benefits of royalty trusts beginning with the formation of Mesa Royalty Trust in 1979. Mr. Pickens was also instrumental during the 1980s in spurring the management of major oil companies to focus more on shareholder value. Those are Mr. Pickens' enduring positive achievements.

Later, Mr. Pickens was less successful when he was the general partner of Mesa Limited Partnership. Encouraged by what looked like high general partner fees in those days, Mr. Pickens caused the partnership to make acquisitions on which he was paid a fee. He further caused the partnership to take on too much debt to support a distribution of which he got a disproportionate share. Soon after limited partners lost most of their principal, the general partner walked away with many millions of proceeds. (Mea culpa: we mistakenly recommended Mesa Limited Partnership)

Now we find it ironic that Mr. Pickens is attempting to take over a company that has created a partnership with the fatter fee structure of the popular entities of today. Yet we do not know Mr. Pickens' motivation nor how the takeover battle, if there is one, will unfold.

Either party might use the partnership structure as a gambit in attempting to win investor favor. PVA management might revise the fee structure of the partnership to make it fairer to limited partners. If Mr. Pickens has his eye on exploiting the partnership, lower fees might be a disincentive. Conversely, Mr. Pickens might use the fee structure of the partnership to discredit current management and pledge to reform it. Or perhaps neither party will bring up the partnership issue as both would want to pocket some of the high general partner tax that might eventually be assessed against investors.

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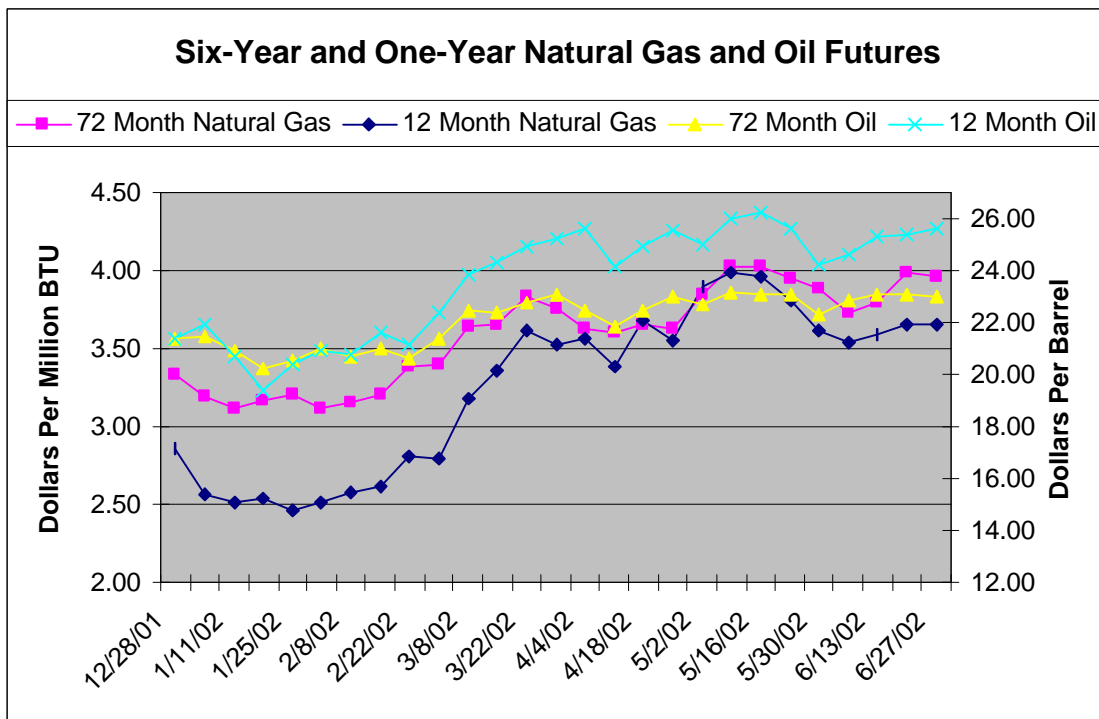
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It's Not Over Yet

The bleeding of investment value from energy infrastructure stocks may not be over, in our opinion, until there is reform of high greed partnerships. The managements of sponsoring companies seem to lose more credibility whenever they talk about improving capital structure by transferring assets to partnerships. Even our Buy recommended stocks, **ChevronTexaco** through their control of Dynegy and **Conoco/Phillips** through their partnership with Duke Energy are tainted. At the same time Wall Street financial houses talk about reform while they float more stock of high greed issues.

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

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 27-Jun 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>	
Mega Cap								
Exxon Mobil Corporation	XOM	40.25	6,858	276,000	36.00	0.09	1.11	
BP plc	BP	49.43	3,734	185,000	50.00	0.15	0.99	
Royal Dutch/Shell	RD	3	54.13	3,502	190,000	60.00	0.12	0.91
TotalFinaElf S.A.	TOT	78.43	1,352	106,100	90.00	0.14	0.89	
ChevronTexaco Corporation	CVX	2	87.75	1,062	93,200	110.00	0.16	0.83
	<i>Total or Median</i>			850,000		0.14	0.91	
Energy Infrastructure								
Southern Company	SO	26.82	701	18,800	23.90	0.47	1.06	
Duke Energy Corporation	DUK	30.84	792	24,400	30.40	0.48	1.01	
American Electric Power Co. Inc.	AEP	3	39.60	322	12,800	42.20	0.63	0.98
Dominion Resources	D	64.94	269	17,500	76.20	0.45	0.92	
Enel S.p.a. (32%)	EN	27.90	388	10,800	32.70	0.39	0.91	
Williams Companies	WMB	5.47	521	2,800	10.20	0.78	0.90	
El Paso Corporation	EP	19.99	546	10,900	27.30	0.61	0.90	
Exelon Corporation	EXC	2	51.80	323	16,700	69.30	0.46	0.86
	<i>Total or Median</i>			96,000		0.48	0.91	
Natural Gas and Oil								
Occidental Petroleum Corp.	OXY	29.69	372	11,000	30.00	0.48	0.99	
Devon Energy	DVN	49.20	165	8,100	55.00	0.48	0.94	
ENI S.p.A.	E	78.66	776	61,000	85.00	0.18	0.94	
OAo Lukoil	LUKOY	63.75	299	19,100	70.00	0.08	0.92	
Anadarko Petroleum Corp.	APC	48.95	266	13,000	56.00	0.26	0.91	
Encana Corporation	ECA	2	29.99	484	14,500	35.00	0.25	0.89
Unocal Corporation	UCL	36.23	245	8,900	45.00	0.33	0.87	
ConocoPhillips	P	2	57.88	680	39,300	80.00	0.32	0.81
Marathon Oil Corporation	MRO	1	26.60	310	8,200	40.00	0.36	0.79
Burlington Resources	BR	1	38.81	202	7,800	57.00	0.32	0.78
	<i>Total or Median</i>			180,000		0.32	0.89	
Service								
Baker Hughes Inc.	BHI	33.73	338	11,400	24.50	0.13	1.33	
Schlumberger Ltd.	SLB	47.84	581	27,800	44.00	0.12	1.08	
Halliburton Company	HAL	15.75	430	6,800	25.00	0.14	0.68	

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) 27-Jun 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	40.25	1.7	11.2	24	2.3	10.1	
BP plc	BP	49.43	1.4	9.1	19	2.8	9.2	
TotalFinaElf S.A.	TOT	78.43	1.3	8.4	17	2.4	9.4	
ChevronTexaco Corporation	CVX	2	87.75	1.3	7.6	15	3.2	9.1
Royal Dutch/Shell	RD	3	54.13	1.4	7.4	14	2.6	8.1
	<i>Median</i>		<i>1.4</i>	<i>8.4</i>	<i>17</i>	<i>2.6</i>	<i>9.2</i>	
Energy Infrastructure								
Southern Company	SO		26.82	3.3	9.6	16	5.0	9.0
Duke Energy Corporation	DUK		30.84	0.9	9.1	12	3.6	9.0
American Electric Power Co. Inc.	AEP	3	39.60	0.6	8.8	11	6.1	9.0
Dominion Resources	D		64.94	3.5	8.3	13	4.0	9.0
Enel S.p.a. (32%)	EN		27.90	2.2	8.2	34	5.8	9.0
Williams Companies	WMB		5.47	2.0	8.1	5	14.6	9.0
El Paso Corporation	EP		19.99	0.7	8.1	11	4.5	9.0
Exelon Corporation	EXC	2	51.80	2.3	7.8	11	3.4	9.0
	<i>Median</i>			<i>2.1</i>	<i>8.2</i>	<i>12</i>	<i>4.7</i>	<i>9.0</i>
Natural Gas and Oil								
Occidental Petroleum Corp.	OXY		29.69	1.6	8.1	14	3.4	8.1
ConocoPhillips	P	2	57.88	0.9	7.7	18	2.5	9.5
Anadarko Petroleum Corp.	APC		48.95	2.9	7.3	16	0.6	8.1
Devon Energy	DVN		49.20	3.1	7.0	49	0.4	7.4
ENI S.p.A.	E		78.66	1.7	6.8	15	4.3	7.3
Encana Corporation	ECA	2	29.99	3.8	5.8	12	0.9	6.5
Marathon Oil Corporation	MRO	1	26.60	0.4	5.8	11	3.5	7.3
Burlington Resources	BR	1	38.81	4.0	5.5	12	1.4	7.0
Unocal Corporation	UCL		36.23	2.4	5.4	13	2.2	6.2
OAOLukoil	LUKOY		63.75	1.6	4.5	9	1.7	4.9
	<i>Median</i>			<i>2.0</i>	<i>6.3</i>	<i>13</i>	<i>2.0</i>	<i>7.3</i>
Service								
Baker Hughes Inc.	BHI		33.73	2.1	10.6	24	1.4	9.0
Schlumberger Ltd.	SLB		47.84	2.5	8.6	24	1.6	9.0
Halliburton Company	HAL		15.75	0.7	5.6	12	3.2	8.2

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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Mid Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

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Energy Infrastructure								
Kinder Morgan Energy Partners, L.P.	KMP	5	30.98	136	4,200	12.40	0.48	1.78
Kinder Morgan Management, LLC	KMR	5	30.75	30	900	12.40	0.48	1.77
Kinder Morgan, Inc.	KMI	5	38.60	125	4,800	16.00	0.78	1.32
Enterprise Products Part.	EPD		18.67	174	3,300	15.80	0.23	1.14
Calpine Corporation	CPN	3	6.38	375	2,400	5.00	0.87	1.04
AES Corporation	AES		4.98	543	2,700	8.80	0.83	0.93
Consol Energy Inc.	CNX		21.87	79	1,700	35.90	0.51	0.81
Valero Energy Corporation	VLO		36.75	104	3,800	60.00	0.46	0.79
Mirant Corporation	MIR		6.75	353	2,400	18.60	0.65	0.78
Sempra Energy	SRE		21.70	203	4,400	41.70	0.50	0.76
CMS Energy Corporation	CMS		10.46	128	1,300	43.80	0.62	0.71
Dynegy Inc.	DYN		6.08	419	2,600	14.90	0.51	0.71
Constellation Energy Group	CEG		28.35	152	4,300	56.50	0.35	0.68
	<i>Total or Median</i>				<i>34,500</i>		<i>0.51</i>	<i>0.87</i>
Natural Gas and Oil								
Ocean Energy, Inc.	OEI		21.16	178	3,800	20.00	0.30	1.04
Suncor Energy	SU		17.76	454	8,100	17.00	0.25	1.03
Imperial Oil Limited (30%)	IMO		30.32	114	3,400	30.00	0.14	1.01
Murphy Oil Corporation	MUR		82.15	46	3,800	82.00	0.18	1.00
Norsk Hydro ASA (49%)	NHY		48.45	126	6,100	54.00	0.18	0.92
Petro-Canada	PCZ		27.60	262	7,200	31.00	0.11	0.90
XTO Energy Inc.	XTO	2	19.67	124	2,400	26.00	0.21	0.81
PetroChina Company Ltd (10%)	PTR	2	21.48	176	3,800	30.00	0.17	0.76
	<i>Total or Median</i>				<i>32,400</i>		<i>0.18</i>	<i>1.01</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.

			Price (\$/sh)	EV/ Sales	EV/ Ebitda	P/E	Dividend or Distribution	PV/ Ebitda
	Symbol/ Rating		27-Jun 2002	NTM	NTM	NTM	NTM (%)	NTM
Energy Infrastructure								
Kinder Morgan Energy Partners, L.P.	KMP	5	30.98	4.1	16.0	21	7.6	9.0
Kinder Morgan Management, LLC	KMR	5	30.75	4.1	15.9	21	7.7	9.0
Calpine Corporation	CPN	3	6.38	2.0	11.8	6	-	11.4
Kinder Morgan, Inc.	KMI	5	38.60	3.7	11.1	14	0.5	8.4
Enterprise Products Part.	EPD		18.67	1.4	10.2	11	6.7	9.0
AES Corporation	AES		4.98	2.9	8.3	4	-	9.0
Consol Energy Inc.	CNX		21.87	2.0	7.3	7	5.1	9.0
Mirant Corporation	MIR		6.75	0.4	7.0	3	-	9.0
Sempra Energy	SRE		21.70	1.1	6.9	8	4.6	9.0
CMS Energy Corporation	CMS		10.46	0.7	6.4	5	14.0	9.0
Dynegy Inc.	DYN		6.08	0.3	6.4	6	4.9	9.0
Constellation Energy Group	CEG		28.35	1.8	6.1	9	1.7	9.0
Valero Energy Corporation	VLO		36.75	0.2	5.4	7	1.1	6.8
	<i>Median</i>			<i>1.8</i>	<i>7.3</i>	<i>7</i>	<i>4.6</i>	<i>9.0</i>
Natural Gas and Oil								
Suncor Energy	SU		17.76	3.7	11.2	25	1.2	10.8
Imperial Oil Limited (30%)	IMO		30.32	1.4	10.4	24	1.8	10.3
Ocean Energy, Inc.	OEI		21.16	4.8	8.1	36	0.8	7.8
Murphy Oil Corporation	MUR		82.15	0.9	8.0	39	1.8	8.0
Petro-Canada	PCZ		27.60	1.7	6.6	17	0.9	7.4
XTO Energy Inc.	XTO	2	19.67	3.3	6.3	13	0.2	7.8
Norsk Hydro ASA (49%)	NHY		48.45	0.8	4.4	13	2.1	4.8
PetroChina Company Ltd (10%)	PTR	2	21.48	1.7	3.9	8	5.9	5.1
	<i>Median</i>			<i>2.5</i>	<i>8.1</i>	<i>24</i>	<i>1.1</i>	<i>7.9</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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Small Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating	Price (\$/sh) 27-Jun 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Energy Infrastructure								
El Paso Energy Partners	EPN	5	31.70	39.9	1,260	11.10	0.59	1.75
Enbridge Energy Partners,	EEP		44.53	31.0	1,380	16.60	0.58	1.71
TEPPCO Partners, L.P.	TPP		31.77	46.5	1,480	12.90	0.61	1.58
Plains All Amer. Pipeline	PAA		25.85	41.6	1,080	14.90	0.39	1.46
Northern Border Partners	NBP		35.50	42.0	1,490	20.10	0.57	1.33
Penn Virginia Res. Part, L.P.(48%)	PVR		20.75	7.7	160	17.90	0.12	1.14
Penn Virginia Corporation	PVA		38.80	9.0	350	35.00	0.10	1.10
AmeriGas Partners, L.P.	APU		22.73	49.0	1,110	23.50	0.47	0.98
	<i>Total or Median</i>				8,300		0.52	1.39
Natural Gas and Oil								
Provident Energy Trust	PVX		7.20	36.0	260	5.00	0.46	1.24
Dorchester Hugoton, Ltd.	DHULZ		13.50	10.7	145	11.60	(0.17)	1.19
Quicksilver Resources Inc.	KWK		25.46	19.4	490	19.00	0.44	1.19
Newfield Exploration Company	NFX		36.80	48.6	1,790	33.00	0.25	1.09
Spinnaker Exploration Company	SKE		36.57	28.5	1,040	35.00	0.03	1.04
Stone Energy Company	SGY		39.44	26.4	1,040	42.00	0.29	0.96
Enerplus Resources Fund	ERF		18.55	69.6	1,290	20.00	0.19	0.94
Southwestern Energy Company	SWN		14.30	25.6	370	17.00	0.44	0.91
CNOOC Limited (19%)	CEO	2	26.75	78.0	2,090	30.00	-	0.89
Encore Acquisition Corp. (25%)	EAC		17.09	7.5	128	20.00	0.18	0.88
Pogo Producing Company	PPP		25.76	60.5	1,560	32.00	0.27	0.86
Forest Oil Corporation	FST	3	27.76	46.8	1,300	35.00	0.30	0.86
Magnum Hunter Resources, Inc.	MHR		7.67	71.5	550	11.00	0.46	0.84
Unit Corporation	UNT		17.35	36.2	630	21.00	0.03	0.83
Swift Energy Company	SFY		15.49	24.8	380	22.00	0.32	0.80
Canadian Oil Sands Trust (US\$)	COS_u.TO	2	27.17	56.9	1,540	40.00	0.12	0.71
	<i>Total or Median</i>				14,600		0.26	0.90
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		15.85	6.0	95	19.90	-	0.80
San Juan Basin Royalty Trust	SJT	2	11.23	46.6	520	16.10	-	0.70
Hugoton Royalty Trust (46%)	HGT		10.60	18.4	200	15.60	-	0.68
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.63	27.0	17	2.00	0.84	0.89
Energy Partners Ltd.(30%)	EPL	2	7.74	8.2	64	10.00	0.38	0.86
Torch Energy Royalty Trust	TRU		3.57	8.6	31	4.50	-	0.80
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.69	27.3	46	3.00	0.18	0.64

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

July 1, 2002

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

	Symbol/		Price (\$/sh)	EV/ Sales	EV/ Ebitda	P/E	Dividend or Distribution	PV/ Ebitda
	Rating	27-Jun 2002	NTM	NTM	NTM	NTM	(%)	NTM
Energy Infrastructure								
El Paso Energy Partners	EPN	5	31.70	11.2	15.8	27	8.2	9.0
Enbridge Energy Partners,	EEP		44.53	6.9	15.4	86	7.9	9.0
TEPPCO Partners, L.P.	TPP		31.77	1.1	14.2	20	7.2	9.0
Plains All Amer. Pipeline	PAA		25.85	0.2	13.1	19	7.9	9.0
Northern Border Partners	NBP		35.50	7.5	12.0	16	9.0	9.0
Penn Virginia Res. Part, L.P.(48%)	PVR		20.75	7.7	10.3	11	9.6	9.0
AmeriGas Partners, L.P.	APU		22.73	1.5	8.8	12	9.7	9.0
Penn Virginia Corporation	PVA		38.80	3.4	5.3	13	2.3	4.8
	<i>Median</i>			5.2	12.5	17	8.1	9.0
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		13.50	6.7	10.1	14	8.6	8.5
Quicksilver Resources Inc.	KWK		25.46	5.3	9.9	27	-	8.3
Provident Energy Trust	PVX		7.20	3.7	7.5	94	15.4	6.1
Canadian Oil Sands Trust (US\$)	COS_u.TO	2	27.17	4.0	7.4	8	4.7	10.3
Enerplus Resources Fund	ERF		18.55	4.9	6.9	17	11.8	7.4
Magnum Hunter Resources, Inc.	MHR		7.67	3.4	6.9	22	-	8.3
Forest Oil Corporation	FST	3	27.76	3.9	6.7	22	-	7.8
Swift Energy Company	SFY		15.49	4.4	6.5	32	-	8.1
Encore Acquisition Corp. (25%)	EAC		17.09	4.3	6.5	14	-	7.4
Pogo Producing Company	PPP		25.76	3.7	6.2	36	0.5	7.3
CNOOC Limited (19%)	CEO	2	26.75	4.5	5.8	12	0.9	6.5
Southwestern Energy Company	SWN		14.30	2.4	5.7	14	-	6.3
Unit Corporation	UNT		17.35	3.0	5.5	12	-	6.6
Newfield Exploration Company	NFX		36.80	3.6	5.1	20	-	4.7
Spinnaker Exploration Company	SKE		36.57	4.3	5.1	16	-	4.8
Stone Energy Company	SGY		39.44	3.7	4.8	12	-	5.0
	<i>Median</i>			3.9	6.5	16	-	7.3
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		15.85	5.8	8.3	9	11.1	10.4
San Juan Basin Royalty Trust	SJT	2	11.23	5.5	7.1	10	10.0	10.1
Hugoton RoyaltyTrust (46%)	HGT		10.60	4.5	6.7	10	10.5	9.9
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.63	4.3	6.2		-	6.9
Energy Partners Ltd.(30%)	EPL	2	7.74	2.5	4.9		-	5.7
Purcell Energy, Ltd. (US\$)	PEL.TO	2	1.69	3.1	4.2	10	-	6.5
Torch Energy Royalty Trust	TRU		3.57	2.8	3.4	4	25.1	4.3

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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