

## ***Meter Reader***

*A Weekly Analysis of Energy Stocks Using the McDep Ratio*

August 26, 2002

# **McDep Energy Portfolio**

## **Summary and Recommendation**

In a model portfolio we weight all our current recommendations as a coherent combination that could be the complete energy portion of a diversified investment program. Even though the same portfolio cannot meet the needs of every investor, we hope the discussion stimulates action in a rewarding direction. At the same time we simplify our classification of recommendations such that Strong Buy is now the same as Buy and Strong Sell is now the same as Sell. We suggest an equal unlevered weighting in most stock ideas, a half position in some and combine related stocks of the same entity. The unlevered portfolio is concentrated 46% on North American natural gas, 59% on oil and international natural gas and -5% on energy infrastructure. Considering ratios of debt we adjust recommended equity weightings to a range from 13% for a full position in a no-debt stock to -4% for a full position in the combined entities of a high debt sell idea. Though we show sell recommendations as negative positions, we realize that some investors will only invest long. Recommendations are drawn from some seventy stocks some of which could be substitutes for the selections we make (see Table L-1, L-2, M-1, M-2, S-1, and S-2).

## **McDep Energy Portfolio Combines Stock Ideas**

### Size Positions on Unlevered Basis

Expanding use of debt in energy acquisitions two decades ago triggered our adoption of the McDep Ratio. Just paying attention to debt alone was enough to differentiate effectively among prospective investments. Yet hardly a day goes by when we don't see someone touting a seemingly cheap stock without acknowledging that the stock would not look so cheap if high debt were recognized. Comparisons of stocks on the common measures of price/earnings ratios and dividend yields make high debt stocks look too good. Therefore the first step we take in determining how much to own of a particular stock is to neutralize for debt. Thus our first weighting is by gross present value or gross asset value.

While index portfolios weight by market cap it is more practical in actively managed portfolios to weight by ideas. Thus we count Mega Cap stocks like Royal Dutch and ChevronTexaco as single ideas. Yet large portfolios will be limited in the amount that could be invested in smaller companies. We ignore that factor except for our Micro Cap recommendation that we hold to a half position of gross present value.

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In another exception we have limited to a half weight stocks that are headquartered in emerging countries. Thus we count our two China recommendations at one full position and our Brazil recommendation at a half position.

The final consideration for position size is related stocks under the same management. We count the sponsoring company and its partnership as one position. In the case where the partnership has two stocks we divide the half position into quarters.

### Convert Unlevered Position to Levered Equity Weight

The ratio of debt/present value we print in our tables provides a tool to shortcut the process. Subtract that ratio from one and get the ratio of equity to present value or the ratio of net present value to gross present value. Then size equity positions in proportion to the latter ratio. Thus a stock with zero debt could be weighted three times the size of a stock with 0.60 debt for the same sensitivity to changes in gross present value. The McDep Energy Portfolio has now been defined (see Table).

Security	Mkt. Cap	Unlev. Position	N Am Gas	Oil Sens	Infra	Debt/ PV	Equity Weight	McDep Ratio
Royal Dutch/Shell	XL	1.00	0.04	0.63	0.33	0.12	12%	0.81
ChevronTexaco Corporation	XL	1.00	0.12	0.68	0.20	0.16	11%	0.76
Encana Corporation	L	1.00	0.60	0.40		0.25	10%	0.91
Burlington Resources	L	1.00	0.80	0.20		0.28	9%	0.76
Marathon Oil Corporation	L	1.00	0.33	0.33	0.33	0.36	8%	0.76
ConocoPhillips	L	1.00	0.10	0.50	0.40	0.32	9%	0.77
Petroleo Brasileiro S. A.	L	0.50		0.45	0.05	0.27	5%	0.62
PetroChina Company Ltd (10%)	M	0.50		0.40	0.10	0.17	5%	0.75
CNOOC Limited (19%)	S	0.50		0.50		0.00	7%	0.93
XTO Energy Inc.	M	1.00	0.80	0.20		0.23	10%	0.83
San Juan Basin Royalty Trust	S	1.00	1.00			0.00	13%	0.73
Canadian Oil Sands Trust (US\$)	S	0.50		0.50		0.12	6%	0.68
Energy Partners Ltd.(30%)	XS	0.50	0.25	0.25		0.38	4%	0.90
El Paso Corporation	L	-0.50	-0.10	-0.03	-0.38	0.66	-2%	0.97
El Paso Energy Partners	S	-0.50			-0.50	0.64	-2%	1.91
Kinder Morgan, Inc.	M	-0.50			-0.50	0.87	-1%	1.56
Kinder Morgan Management, LLC	M	-0.25			-0.25	0.49	-2%	1.64
Kinder Morgan Energy Partners, L.P.	M	-0.25			-0.25	0.49	-2%	1.68
Total		8.50	3.94	5.02	-0.46		100%	
		100%	46%	59%	-5%			

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### **Sensitivity High on Oil and Low on Infrastructure on Portfolio Basis**

After debt, the next most important characteristic of a company may be what business is it in? We characterize our recommended stocks on three measures. North American natural gas is our favorite exposure because we see strong demand and tight supply in a geographically separate market. Overseas natural gas tends to be more sensitive to oil price just as is worldwide oil production. Everything else in energy we call infrastructure to keep it simple. We combined the representation of each stock to those factors to measure the position of the portfolio.

We were mildly surprised to see how high oil and how low infrastructure exposure became on a portfolio basis. As a result we adjusted the recommended position in Canadian Oil Sands Trust to a half unlevered position instead of full. COS is all oil and we would not mind seeing sensitivity to North American natural gas equal to oil.

The sell recommendations identified by the minus sign, being almost all infrastructure, cancelled the infrastructure exposure in the integrated oil recommendations. We don't mind low infrastructure exposure, but note that for the long only portfolio infrastructure moves up to 13%.

### **Valuation Deteriorated for Mid Cap Infrastructure; Stock Prices Recovering**

We view our research responsibility to be on top of developments for recommended companies at all times. In the necessary prioritizing we give less attention to non-recommended stocks. As a result when we updated our quantitative work this past week for the Mid Cap Infrastructure Group, we saw a sharp increase in McDep Ratios and in ratios of debt. Having warned in the case of some of the stocks we now give quantitative recognition to wide spread deterioration. The new median ratio of debt is a high 0.77. In the debt deflation that appears to be underway, the equity of a company with debt that high is at high risk of becoming worthless. In some cases that is obvious. Other cases bear close watching by investors in the stocks.

Ironically just as updated estimates recognize how bad conditions have become, stock prices appear to be in a sharp recovery mode, at least temporarily. Psychologically most of us seem to be overly conditioned by what has just become obvious and have to struggle with what we think will become obvious. We believe the McDep Energy Portfolio offers a strong combination of total return potential from a basic business while limiting risk with diversification and control of leverage.

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) 22-Aug 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>
<b>Mega Cap</b>							
Exxon Mobil Corporation	XOM	37.03	6,858	254,000	36.00	0.09	1.03
BP plc	BP	49.33	3,734	184,000	50.00	0.15	0.99
TotalFinaElf S.A.	TOT	73.10	1,352	98,800	90.00	0.14	0.84
Royal Dutch/Shell	RD B	46.95	3,502	164,000	60.00	0.12	0.81
ChevronTexaco Corporation	CVX B	78.72	1,062	83,600	110.00	0.16	0.76
	<i>Total or Median</i>			<i>784,000</i>		<i>0.14</i>	<i>0.84</i>
<b>Energy Infrastructure</b>							
Southern Company	SO	29.02	701	20,300	23.90	0.47	1.11
El Paso Corporation	EP S	17.94	590	10,600	20.00	0.66	0.97
Duke Energy Corporation	DUK	28.00	792	22,200	30.40	0.48	0.96
American Electric Power Co. Inc.	AEP N	35.76	322	11,500	42.20	0.63	0.94
Dominion Resources	D	65.10	269	17,500	76.20	0.45	0.92
Enel S.p.a. (32%)	EN	25.62	388	9,900	32.70	0.39	0.87
Exelon Corporation	EXC N	51.79	323	16,700	70.80	0.45	0.85
	<i>Total or Median</i>			<i>88,000</i>		<i>0.47</i>	<i>0.93</i>
<b>Natural Gas and Oil</b>							
Occidental Petroleum Corp.	OXY	29.39	372	10,900	30.00	0.48	0.99
OAo Lukoil	LUKOY	66.19	299	19,800	70.00	0.08	0.95
Devon Energy	DVN	47.50	165	7,800	55.00	0.48	0.93
ENI S.p.A.	E	76.77	776	59,600	85.00	0.18	0.92
Encana Corporation	ECA B	30.78	484	14,900	35.00	0.25	0.91
Anadarko Petroleum Corp.	APC	44.32	266	11,800	56.00	0.26	0.85
Unocal Corporation	UCL	33.94	245	8,300	45.00	0.33	0.83
ConocoPhillips	P B	52.79	680	35,900	80.00	0.32	0.77
Burlington Resources	BR B	38.25	202	7,700	57.00	0.28	0.76
Marathon Oil Corporation	MRO B	24.85	310	7,700	40.00	0.36	0.76
Petroleo Brasileiro S. A.	PBR B	14.49	1,086	15,700	30.00	0.27	0.62
	<i>Total or Median</i>			<i>189,000</i>		<i>0.28</i>	<i>0.84</i>
<b>Service</b>							
Baker Hughes Inc.	BHI	29.61	339	10,000	25.00	0.09	1.16
Schlumberger Ltd.	SLB	44.00	581	25,600	44.00	0.22	1.00
Halliburton Company	HAL	15.00	432	6,500	20.00	0.21	0.80

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - 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-Aug 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
<b>Mega Cap</b>								
Exxon Mobil Corporation	XOM	37.03	1.6	10.4	22	2.5	10.1	
BP plc	BP	49.33	1.4	9.1	19	2.8	9.2	
TotalFinaElf S.A.	TOT	73.10	1.3	7.9	16	2.6	9.4	
ChevronTexaco Corporation	CVX	B	78.72	1.2	7.0	14	3.6	9.2
Royal Dutch/Shell	RD	B	46.95	1.2	6.4	12	3.6	7.9
	<i>Median</i>		<i>1.3</i>	<i>7.9</i>	<i>16</i>	<i>2.8</i>	<i>9.2</i>	
<b>Energy Infrastructure</b>								
Southern Company	SO	29.02	3.5	10.0	17	4.6	9.0	
Duke Energy Corporation	DUK	28.00	0.8	8.6	11	3.9	9.0	
American Electric Power Co. Inc.	AEP	N	35.76	0.6	8.5	10	6.7	9.0
Dominion Resources	D	65.10	3.5	8.3	13	4.0	9.0	
Enel S.p.a. (32%)	EN	25.62	2.1	7.8	31	6.3	9.0	
El Paso Corporation	EP	S	17.94	2.8	7.7	11	4.8	7.9
Exelon Corporation	EXC	N	51.79	2.3	7.7	11	3.4	9.0
	<i>Median</i>		<i>2.3</i>	<i>8.3</i>	<i>11</i>	<i>4.6</i>	<i>9.0</i>	
<b>Natural Gas and Oil</b>								
Occidental Petroleum Corp.	OXY	29.39	1.5	8.0	14	3.4	8.1	
ConocoPhillips	P	B	52.79	0.9	7.2	16	2.7	9.3
Devon Energy	DVN	47.50	3.1	6.8	48	0.4	7.4	
Anadarko Petroleum Corp.	APC	44.32	2.7	6.8	14	0.7	8.1	
ENI S.p.A.	E	76.77	1.6	6.7	15	4.4	7.3	
Burlington Resources	BR	B	38.25	4.6	6.1	15	1.4	8.0
Encana Corporation	ECA	B	30.78	3.9	5.9	13	0.8	6.5
Marathon Oil Corporation	MRO	B	24.85	0.4	5.5	10	3.7	7.3
Unocal Corporation	UCL	33.94	2.3	5.1	12	2.4	6.2	
OAOLukoil	LUKOY	66.19	1.7	4.6	9	1.6	4.9	
Petroleo Brasileiro S. A.	PBR	B	14.49	1.3	3.4	4	9.3	5.5
	<i>Median</i>		<i>1.7</i>	<i>6.1</i>	<i>14</i>	<i>2.4</i>	<i>7.3</i>	
<b>Service</b>								
Baker Hughes Inc.	BHI	29.61	2.1	12.5	35	1.6	10.8	
Schlumberger Ltd.	SLB	44.00	2.4	8.9	32	1.7	8.9	
Halliburton Company	HAL	15.00	0.7	7.9	21	3.3	9.8	

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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**Mid Cap Energy Companies**  
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<b>Energy Infrastructure</b>							
Enterprise Products Part.	EPD	21.74	175	3,800	9.50	0.43	1.74
Kinder Morgan Energy Partners, L.P.	KMP S	32.63	136	4,400	14.00	0.49	1.68
Kinder Morgan Management, LLC	KMR S	31.55	30	1,000	14.00	0.49	1.64
Kinder Morgan, Inc.	KMI S	43.21	123	5,300	8.10	0.87	1.56
Constellation Energy Group	CEG	29.70	164	4,900	20.00	0.69	1.15
Calpine Corporation	CPN N	4.70	375	1,800	1.00	0.97	1.11
Dynegy Inc.	DYN	2.37	419	1,000	1.00	0.94	1.08
Williams Companies	WMB	3.77	521	2,000	1.00	0.97	1.07
AES Corporation	AES	3.15	543	1,700	1.00	0.98	1.05
CMS Energy Corporation	CMS	11.02	137	1,500	8.70	0.90	1.02
Mirant Corporation	MIR	3.95	413	1,600	4.00	0.86	1.00
Sempra Energy	SRE	23.39	207	4,800	24.30	0.64	0.99
Valero Energy Corporation	VLO	36.95	106	3,900	40.00	0.62	0.97
Consol Energy Inc.	CNX	15.47	79	1,200	20.00	0.65	0.92
	<i>Total or Median</i>			<i>38,900</i>		<i>0.77</i>	<i>1.08</i>
<b>Natural Gas and Oil</b>							
Ocean Energy, Inc.	OEI	21.87	178	3,900	20.00	0.30	1.06
Murphy Oil Corporation	MUR	87.25	46	4,000	82.00	0.18	1.05
Suncor Energy	SU	17.88	454	8,100	17.00	0.25	1.04
Petro-Canada	PCZ	30.05	262	7,900	31.00	0.11	0.97
Imperial Oil Limited (30%)	IMO	28.10	114	3,200	30.00	0.14	0.95
XTO Energy Inc.	XTO B	20.32	124	2,500	26.00	0.23	0.83
Norsk Hydro ASA (49%)	NHY	42.80	126	5,400	54.00	0.18	0.83
PetroChina Company Ltd (10%)	PTR B	20.86	176	3,700	30.00	0.17	0.75
	<i>Total or Median</i>			<i>38,700</i>		<i>0.18</i>	<i>0.96</i>

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

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

			Price (\$/sh)	EV/ Sales	EV/ Ebitda	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
	Symbol/ Rating		22-Aug 2002	NTM	NTM	NTM		
<b>Energy Infrastructure</b>								
Enterprise Products Part.	EPD		21.74	1.9	19.1	47	5.7	11.0
Kinder Morgan Energy Partners, L.P.	KMP	S	32.63	3.2	15.1	17	7.5	9.0
Kinder Morgan Management, LLC	KMR	S	31.55	3.1	14.8	17	7.7	9.0
Kinder Morgan, Inc.	KMI	S	43.21	3.7	14.1	18	0.5	9.0
Valero Energy Corporation	VLO		36.95	0.4	12.1	49	1.1	12.4
Calpine Corporation	CPN	N	4.70	1.9	11.3			10.2
Constellation Energy Group	CEG		29.70	3.0	10.5	11	3.2	9.2
Consol Energy Inc.	CNX		15.47	2.0	10.1	12	3.6	10.9
Dynegy Inc.	DYN		2.37	0.2	9.7		-	9.0
Williams Companies	WMB		3.77	2.0	9.7		-	9.0
AES Corporation	AES		3.15	2.8	9.4			9.0
CMS Energy Corporation	CMS		11.02	1.3	9.2	6	6.5	9.0
Mirant Corporation	MIR		3.95	0.5	9.0	3	-	9.0
Sempra Energy	SRE		23.39	2.5	8.9	9	4.3	9.0
	<i>Median</i>			2.0	10.3	14	3.4	9.0
<b>Natural Gas and Oil</b>								
Suncor Energy	SU		17.88	3.7	11.2	25	1.2	10.8
Imperial Oil Limited (30%)	IMO		28.10	1.3	9.7	22	1.9	10.3
Murphy Oil Corporation	MUR		87.25	1.0	8.4	41	1.7	8.0
Ocean Energy, Inc.	OEI		21.87	4.9	8.3	37	0.7	7.8
Petro-Canada	PCZ		30.05	1.8	7.2	19	0.8	7.4
XTO Energy Inc.	XTO	B	20.32	3.6	6.9	14	0.2	8.3
Norsk Hydro ASA (49%)	NHY		42.80	0.8	3.9	12	2.4	4.8
PetroChina Company Ltd (10%)	PTR	B	20.86	1.6	3.8	7	6.1	5.1
	<i>Median</i>			1.7	7.7	20	1.5	7.9

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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**Small Cap Energy Companies**  
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	Symbol/ Rating		Price (\$/sh) 22-Aug 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Energy Infrastructure</b>								
El Paso Energy Partners	EPN	S	35.80	42.8	1,530	10.20	0.64	1.91
Enbridge Energy Partners,	EEP		43.70	31.0	1,350	16.60	0.58	1.68
TEPPCO Partners, L.P.	TPP		31.40	46.5	1,460	12.90	0.61	1.56
Northern Border Partners	NBP		36.80	42.0	1,550	20.10	0.57	1.36
Plains All Amer. Pipeline	PAA		23.53	41.6	980	14.90	0.39	1.36
Penn Virginia Res. Part, L.P.	PVR		19.80	15.3	300	15.00	-	1.32
AmeriGas Partners, L.P.	APU		23.44	49.0	1,150	23.50	0.47	1.00
Penn Virginia Corporation	PVA		34.63	9.0	310	38.00	0.09	0.92
	<i>Total or Median</i>				8,600		0.52	1.36
<b>Natural Gas and Oil</b>								
Provident Energy Trust	PVX		6.96	36.0	250	5.00	0.46	1.21
Dorchester Hugoton, Ltd.	DHULZ		12.90	10.7	139	11.60	(0.17)	1.13
Pogo Producing Company	PPP		33.45	60.5	2,020	32.00	0.27	1.03
Quicksilver Resources Inc.	KWK		19.59	19.4	380	19.00	0.44	1.02
Newfield Exploration Company	NFX		33.26	48.6	1,620	33.00	0.25	1.01
CNOOC Limited (19%)	CEO	B	27.80	78.0	2,170	30.00	-	0.93
Spinnaker Exploration Company	SKE		31.56	28.5	900	35.00	0.03	0.90
Enerplus Resources Fund	ERF		17.41	69.6	1,210	20.00	0.19	0.90
Encore Acquisition Corp. (25%)	EAC		17.32	7.5	130	20.00	0.18	0.89
Stone Energy Company	SGY		35.45	26.4	940	42.00	0.29	0.89
Southwestern Energy Company	SWN		12.90	25.6	330	17.00	0.44	0.87
Unit Corporation	UNT		17.75	36.2	640	21.00	0.03	0.85
Forest Oil Corporation	FST	N	25.96	46.8	1,220	35.00	0.30	0.82
Swift Energy Company	SFY		14.01	24.8	350	22.00	0.32	0.75
Magnum Hunter Resources, Inc.	MHR		5.91	71.5	420	11.00	0.46	0.75
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	25.29	56.9	1,440	40.00	0.12	0.68
	<i>Total or Median</i>				14,200		0.26	0.89
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		17.75	6.0	107	20.60	-	0.87
San Juan Basin Royalty Trust	SJT	B	11.60	46.6	540	16.00	-	0.73
Hugoton RoyaltyTrust (46%)	HGT		11.38	18.4	210	16.00	-	0.71
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		0.90	27.0	24	2.00	0.84	0.91
Energy Partners Ltd.(30%)	EPL	B	8.35	8.2	69	10.00	0.38	0.90
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.54	27.3	42	3.00	0.19	0.60

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - 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](http://www.mcdep.com). Mr. Wulff is not paid by covered companies. He and his spouse do not sell short nor act contrary to a buy or sell rating except for tax loss purposes. 8



## Meter Reader

### A Weekly Analysis of Energy Stocks Using the McDep Ratio

August 26, 2002

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

	Symbol/ Rating	Price (\$/sh) 22-Aug 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
<b>Energy Infrastructure</b>								
El Paso Energy Partners	EPN	S	35.80	9.7	17.2	27	7.5	9.0
Enbridge Energy Partners,	EEP		43.70	6.8	15.1	84	8.0	9.0
TEPPCO Partners, L.P.	TPP		31.40	1.1	14.1	20	7.3	9.0
Penn Virginia Res. Part, L.P.	PVR		19.80	9.3	12.8	14	10.1	9.7
Northern Border Partners	NBP		36.80	7.7	12.3	16	8.7	9.0
Plains All Amer. Pipeline	PAA		23.53	0.2	12.2	17	8.7	9.0
AmeriGas Partners, L.P.	APU		23.44	1.6	9.0	13	9.4	9.0
Penn Virginia Corporation	PVA		34.63	3.3	5.3	23	2.6	5.8
	<i>Median</i>			<i>5.0</i>	<i>12.6</i>	<i>19</i>	<i>8.4</i>	<i>9.0</i>
<b>Natural Gas and Oil</b>								
Dorchester Hugoton, Ltd.	DHULZ		12.90	6.4	9.6	13	9.0	8.5
Quicksilver Resources Inc.	KWK		19.59	4.6	8.5	21	-	8.3
Pogo Producing Company	PPP		33.45	4.4	7.5	47	0.4	7.3
Provident Energy Trust	PVX		6.96	3.7	7.4	90	15.9	6.1
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	25.29	3.7	7.0	8	5.1	10.3
Enerplus Resources Fund	ERF		17.41	4.6	6.6	16	12.5	7.4
Encore Acquisition Corp. (25%)	EAC		17.32	4.4	6.6	15	-	7.4
Forest Oil Corporation	FST	N	25.96	3.8	6.4	21	-	7.8
Magnum Hunter Resources, Inc.	MHR		5.91	3.0	6.2	17	-	8.3
Swift Energy Company	SFY		14.01	4.1	6.1	29	-	8.1
CNOOC Limited (19%)	CEO	B	27.80	4.6	6.1	12	0.9	6.5
Unit Corporation	UNT		17.75	3.0	5.7	12	-	6.6
Southwestern Energy Company	SWN		12.90	2.3	5.5	13	-	6.3
Newfield Exploration Company	NFX		33.26	3.4	4.7	18	-	4.7
Stone Energy Company	SGY		35.45	3.4	4.5	11	-	5.0
Spinnaker Exploration Company	SKE		31.56	3.8	4.4	13	-	4.8
	<i>Median</i>			<i>3.8</i>	<i>6.3</i>	<i>15</i>	<i>-</i>	<i>7.3</i>
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		17.75	6.3	9.0	10	10.4	10.4
San Juan Basin Royalty Trust	SJT	B	11.60	5.4	7.0	9	10.7	9.6
Hugoton RoyaltyTrust (46%)	HGT		11.38	4.7	7.0	10	10.3	9.8
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		0.90	4.4	6.3	-	-	6.9
Energy Partners Ltd.(30%)	EPL	B	8.35	2.7	5.6	-	-	6.3
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.54	2.9	3.9	9	-	6.4

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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