

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 25, 2002

Halliburton Breakthrough

Summary and Recommendation

Stock price for oil service company, **Halliburton (HAL)**, has traced a classic pattern pointing to a possible 50-100% further gain. A low McDep Ratio supports some of that expectation and the ratio of debt is reasonable. As we saw the price trend strengthen a week ago we prepared an analysis of HAL stock much of which we reprint below. Yet we stopped short of recommending HAL officially. The stock has almost doubled already from its low and we already have solid recommendations. Among our buys are Canadian stocks, natural gas producer **Encana (ECA)** and oil producer **Canadian Oil Sands Trust (COS_u.TO)**. The latter, a low fee, efficient, long life royalty trust offers investment potential that we believe is superior to that of sell recommendations among high-greed U.S. master limited partnerships. Recommended issues are flagged among 86 stocks ranked by McDep Ratio and cash flow multiple (see Tables L-1, L-2, M-1, M-2, S-1, S-2).

Rebounding Energy Service Leader

Symbol	Price (\$/sh)		Market Cap (\$mm)	Net Present Value (\$/sh)		Debt/ Present Value	McDep Ratio	EV/ Sales NTM		EV/ Ebitda NTM	P/E NTM	Div'd NTM (%)	PV/ Ebitda NTM
	21-Nov 2002	Shares (mm)		Value	Value			NTM	NTM				
HAL	19.11	434	8,300	22	0.25	0.90	1.0	8.1	17	2.6	9.0		

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

EV = Enterprise Value = Market Cap and Debt:

US\$m 11,400

Ebitda = Earnings before interest, tax, depreciation and amortization:

US\$m 1,410

NTM = Next Twelve Months Ended September 30, 2003; P/E = Stock Price to Earnings

PV = Present Value of energy businesses:

US\$m 12,700

The common shares of Halliburton Company, a leading provider of essential energy services, appear to be rebounding from concerns over asbestos liabilities. Energy Services enables the drilling and completing of natural gas and oil wells and generates most of the company's current cash flow. Engineering and construction builds natural gas liquefaction plants, refineries and power plants and is currently contributing much less than its normal share of cash flow. Remote connections to the health problems of asbestos have caused management to post a balance sheet liability of \$2.2 billion. Laboring under the asbestos cloud for more than a year, Halliburton's stock is now trading above the 29-week average indicating the possibility that most of the selling has occurred and that the price may move up to a better valuation. Our estimate of net

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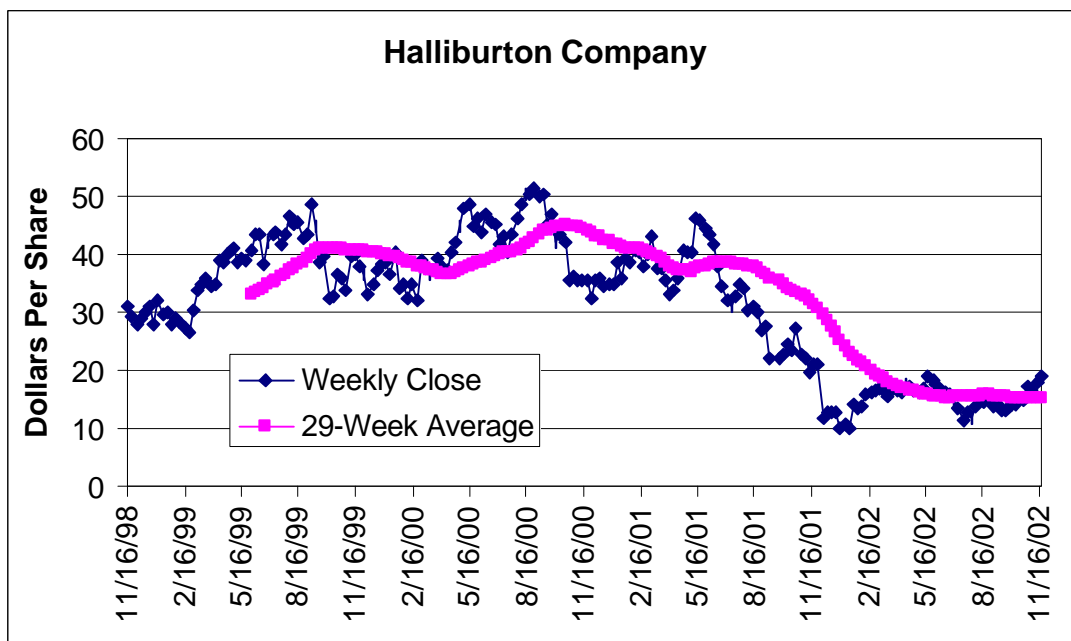
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present value of \$22 per share takes account of asbestos and reflects a valuation of cash flow in line with major oil companies while leading service companies have traditionally been valued higher.

Stock Chart Triggers Our Attention

Though we first published an analysis of Halliburton more than thirty years ago, our research emphasis has been on oil and gas producers. Recently, for almost two years we have been including a McDep Ratio on Halliburton and a few peers as points of comparison to other energy companies. In the second half of 2001 Halliburton's stock price plunged drastically. In 2002 the stock price trend leveled (see Chart). There are few stocks among the 86 in our current coverage that exhibit such a pronounced pattern of steep decline followed by stabilization. Not only has the decline been arrested, but also the stock may be in the early stage of rising trend.



Energy Services Sensitive to Capital Spending Cycle

We are optimistic about energy and economic growth while being respectful of the unpredictability of near term developments. Energy producers generate cash even in hard times. Thus, low-debt energy producers will always survive. Yet in hard times energy producers may not spend as much on new supply, Halliburton's bread and butter. Thus cyclical companies like Halliburton can starve when producers are merely hungry.

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The most encouraging aspect of Halliburton's cyclical business is that it is down now. Thus, it is likely to be up again in the future. Cyclical companies can boom when producers merely do well.

Asbestos Connection Brings Bad Luck

Few mature industrial companies have not had some unfavorable exposure to the health consequences of those microscopic particles that emanated from a widely used insulating material. Who cannot be sympathetic to workers who unknowingly breathed carcinogens that brought bad health and early demise? Halliburton is paying dearly for exposure through a subsidiary of an acquired company that was already defunct at the time of acquisition. Wrestling intensely with the problem for the past year, management increased its provision for loss to some \$0.6 billion as the net of \$2.2 billion of asbestos related liabilities and \$1.6 billion of insurance. The impact on Halliburton's stock seems to have been much greater.

Cash Flow Valuation Points to Potential Gain

We measure cash flow (Ebitda) in the quarter just ended of \$352 million. Annualized, that becomes \$1408 million for the next twelve months (NTM) (see Table). Projected NTM results are better than current experience, but still less than for 2001.

	Halliburton										Next Twelve Months 9/30/03
	Quarterly Results										
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4E	Year	
	3/31/01	6/30/01	9/30/01	12/31/01	2001	3/31/02	6/30/02	9/30/02	12/31/02	2002E	
Revenue (\$mm)	3,144	3,339	3,391	3,172	13,046	3,007	3,235	2,982	2,982	12,206	11,928
Expense	2,835	2,969	2,956	2,790	11,549	2,720	2,951	2,630	2,630	10,932	10,520
Ebitda	309	370	435	382	1,497	287	284	352	352	1,274	1,408
Deprec., Deplet., & An	134	124	132	141	531	132	134	136	136	538	544
Ebit	175	246	303	241	966	155	150	216	216	736	864
Interest	43	28	26	23	120	28	30	29	29	116	116
Ebt	132	218	277	218	846	127	120	187	187	620	748
Income Tax	46	76	97	76	296	44	42	65	65	217	262
Net Income (\$mm)	86	142	180	142	550	82	78	122	122	403	486
Shares (millions)	430	430	429	430	430	433	432	434	434	433	434
Per Share (\$)	0.20	0.33	0.42	0.33	1.28	0.19	0.18	0.28	0.28	0.93	1.12
Ebitda Margin	10%	11%	13%	12%	11%	10%	9%	12%	12%	10%	12%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%

NTM cash flow gives us the denominator of the EV/Ebitda cash flow multiple. The multiple for HAL becomes 8.1 (see summary valuation measures on first page). We assess a multiple of 9.0 for estimating present value. As a result the McDep Ratio for HAL becomes 0.90. That seems low relative to service company peers. If the incipient trend of improving cash flow continues it may justify a stock price higher than present value of \$22.

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) 21-Nov 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	34.86	6,787	237,000	36.00	0.09	0.97
BP plc	BP	39.09	3,738	146,000	50.00	0.15	0.81
TotalFinaElf S.A.	TOT	69.99	1,346	94,200	90.00	0.14	0.81
Royal Dutch/Shell	RD B	44.40	3,481	155,000	60.00	0.15	0.78
ChevronTexaco Corporation	CVX B	67.60	1,063	71,800	101.00	0.17	0.73
<i>Total or Median</i>				<i>704,000</i>		<i>0.15</i>	<i>0.81</i>
Energy Infrastructure							
Southern Company	SO	25.81	701	18,100	23.90	0.47	1.04
American Electric Power Co. Inc.	AEP N	27.10	326	8,800	27.40	0.74	1.00
Enel S.p.a. (32%)	EN	25.10	388	9,700	32.70	0.39	0.86
El Paso Corporation	EP N	11.33	590	6,700	20.00	0.66	0.85
Exelon Corporation	EXC N	49.26	323	15,900	70.80	0.45	0.83
Dominion Resources	D	50.10	269	13,500	76.20	0.45	0.81
Duke Energy Corporation	DUK	19.08	792	15,100	30.40	0.48	0.81
<i>Total or Median</i>				<i>70,000</i>		<i>0.47</i>	<i>0.84</i>
Natural Gas and Oil							
OAo Lukoil	LUKOY	65.00	299	19,500	70.00	0.08	0.93
Occidental Petroleum Corp.	OXY	28.24	376	10,600	32.00	0.38	0.93
Devon Energy	DVN	46.35	165	7,600	55.00	0.48	0.91
Anadarko Petroleum Corp.	APC	47.20	266	12,600	56.00	0.26	0.89
ENI S.p.A.	E	71.83	776	55,700	85.00	0.18	0.87
Encana Corporation	ECA B	28.45	470	13,400	35.00	0.28	0.87
Burlington Resources	BR B	41.98	202	8,500	57.00	0.28	0.81
Unocal Corporation	UCL	28.90	245	7,100	45.00	0.33	0.76
ConocoPhillips	COP B	49.94	680	34,000	80.00	0.32	0.75
Marathon Oil Corporation	MRO B	20.14	310	6,200	40.00	0.37	0.69
Petroleo Brasileiro S. A.	PBR N	14.23	1,086	15,500	30.00	0.27	0.62
<i>Total or Median</i>				<i>171,000</i>		<i>0.30</i>	<i>0.84</i>
Service							
Baker Hughes Inc.	BHI	31.82	339	10,800	25.00	0.09	1.25
Schlumberger Ltd.	SLB	43.88	581	25,500	44.00	0.22	1.00
Halliburton Company	HAL	19.11	434	8,300	22.00	0.25	0.90

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.

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 21-Nov 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	34.86	1.2	9.3	20	2.6	9.6	
BP plc	BP	39.09	1.0	7.4	15	3.7	9.1	
Royal Dutch/Shell	RD	B	44.40	1.0	7.4	17	3.8	9.5
TotalFinaElf S.A.	TOT		69.99	1.2	7.3	15	3.6	9.0
ChevronTexaco Corporation	CVX	B	67.60	0.9	6.5	15	4.1	9.0
	<i>Median</i>		<i>1.0</i>	<i>7.4</i>	<i>15</i>	<i>3.7</i>	<i>9.1</i>	
Energy Infrastructure								
Southern Company	SO		25.81	3.2	9.4	15	5.2	9.0
American Electric Power Co. Inc.	AEP	N	27.10	0.6	9.0	9	8.9	9.0
Enel S.p.a. (32%)	EN		25.10	2.1	7.7	30	6.5	9.0
Exelon Corporation	EXC	N	49.26	2.3	7.5	11	3.6	9.0
Dominion Resources	D		50.10	3.1	7.3	10	5.1	9.0
Duke Energy Corporation	DUK		19.08	0.7	7.3	7	5.8	9.0
El Paso Corporation	EP	N	11.33	2.4	6.5	6	7.7	7.7
	<i>Median</i>			<i>2.3</i>	<i>7.5</i>	<i>10</i>	<i>5.8</i>	<i>9.0</i>
Natural Gas and Oil								
ConocoPhillips	COP	B	49.94	0.8	6.8	14	3.2	9.1
Burlington Resources	BR	B	41.98	4.5	6.8	22	1.3	8.4
Devon Energy	DVN		46.35	3.0	6.8	47	0.4	7.4
ENI S.p.A.	E		71.83	1.5	6.4	14	4.7	7.3
Anadarko Petroleum Corp.	APC		47.20	2.6	5.9	11	0.8	6.7
Occidental Petroleum Corp.	OXY		28.24	1.4	5.6	10	3.5	6.0
Encana Corporation	ECA	B	28.45	2.4	5.2	10	0.9	6.1
Marathon Oil Corporation	MRO	B	20.14	0.4	5.2	9	4.6	7.6
Unocal Corporation	UCL		28.90	2.1	4.7	10	2.8	6.2
OAo Lukoil	LUKOY		65.00	1.7	4.6	9	1.7	4.9
Petroleo Brasileiro S. A.	PBR	N	14.23	1.2	3.1	4	9.5	5.0
	<i>Median</i>			<i>1.7</i>	<i>5.6</i>	<i>10</i>	<i>2.8</i>	<i>6.7</i>
Service								
Baker Hughes Inc.	BHI		31.82	2.2	13.5	38	1.4	10.8
Schlumberger Ltd.	SLB		43.88	2.4	8.9	32	1.7	8.9
Halliburton Company	HAL		19.11	1.0	8.1	17	2.6	9.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended September 30, 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) 21-Nov 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 Energy Partners, L.P.	KMP	S	34.00	135	4,600	14.00	0.47	1.75
Kinder Morgan Management, LLC	KMR	S	29.94	40	1,200	14.00	0.47	1.60
Kinder Morgan, Inc.	KMI	S	40.66	123	5,000	8.10	0.87	1.50
Enterprise Products Part.	EPD		17.01	175	3,000	9.50	0.43	1.45
Constellation Energy Group	CEG		26.24	164	4,300	20.00	0.69	1.10
Calpine Corporation	CPN	N	3.44	375	1,300	1.00	0.97	1.07
Williams Companies	WMB		2.68	521	1,400	1.00	0.97	1.05
AES Corporation	AES		1.54	543	800	1.00	0.98	1.01
CMS Energy Corporation	CMS		9.67	137	1,300	8.70	0.90	1.01
Dynegy Inc.	DYN		1.17	418	500	1.00	0.94	1.01
Sempra Energy	SRE		22.61	207	4,700	24.30	0.64	0.98
Valero Energy Corporation	VLO		32.83	115	3,800	40.00	0.60	0.93
Mirant Corporation	MIR		1.93	413	800	4.00	0.86	0.93
<i>Total or Median</i>					<i>32,700</i>		<i>0.86</i>	<i>1.05</i>
Natural Gas and Oil								
Murphy Oil Corporation	MUR		81.76	46	3,700	82.00	0.18	1.00
Ocean Energy, Inc.	OEI		18.99	178	3,400	20.00	0.30	0.96
Petro-Canada	PCZ		28.88	262	7,600	31.00	0.11	0.94
Suncor Energy	SU		15.61	454	7,100	17.00	0.25	0.94
XTO Energy Inc.	XTO	B	23.53	124	2,900	26.00	0.25	0.93
Imperial Oil Limited (30%)	IMO		27.93	114	3,200	33.00	0.13	0.87
CNOOC Limited (19%)	CEO	B	26.48	78	2,070	33.00	-	0.80
Norsk Hydro ASA (49%)	NHY		39.10	126	4,900	54.00	0.18	0.77
PetroChina Company Ltd (10%)	PTR	B	19.15	176	3,400	30.00	0.17	0.70
<i>Total or Median</i>					<i>38,300</i>		<i>0.18</i>	<i>0.93</i>
Coal Producers (Small Cap)								
Penn Virginia Res. Part, L.P.	PVR		20.15	15	300	17.00	-	1.19
Consol Energy Inc.	CNX		13.01	79	1,000	5.00	0.88	1.19
Peabody Energy	BTU		27.02	55	1,500	18.00	0.75	1.13
Arch Coal	ACI		19.26	48	900	18.00	0.61	1.03
Alliance Res. Part, L.P.	ARLP		23.62	16	400	29.00	0.36	0.88
Fording Coal (US\$)	FDG		20.04	52	1,000	23.00	0.04	0.88
Massey Energy	MEE		9.02	75	700	18.00	0.37	0.69
					<i>5,800</i>		<i>0.37</i>	<i>1.03</i>

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - 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		21-Nov 2002	NTM	NTM	NTM	NTM (%)	NTM
Energy Infrastructure								
Enterprise Products Part.	EPD		17.01	1.6	15.9	37	7.3	11.0
Kinder Morgan Energy Partners, L.P.	KMP	S	34.00	3.3	14.8	17	7.2	8.4
Kinder Morgan Management, LLC	KMR	S	29.94	3.0	13.5	15	8.1	8.4
Kinder Morgan, Inc.	KMI	S	40.66	3.6	13.3	15	0.5	8.8
Calpine Corporation	CPN	N	3.44	1.8	10.9			10.2
Constellation Energy Group	CEG		26.24	2.8	10.0	10	3.7	9.2
Williams Companies	WMB		2.68	1.9	9.4		-	9.0
AES Corporation	AES		1.54	2.7	9.1			9.0
CMS Energy Corporation	CMS		9.67	1.3	9.1	5	7.4	9.0
Dynegy Inc.	DYN		1.17	0.2	9.1		-	9.0
Sempra Energy	SRE		22.61	2.5	8.8	8	4.4	9.0
Mirant Corporation	MIR		1.93	0.4	8.3	1	-	9.0
Valero Energy Corporation	VLO		32.83	0.4	7.3	8	1.2	7.8
	<i>Median</i>			<i>1.9</i>	<i>9.4</i>	<i>10</i>	<i>3.7</i>	<i>9.0</i>
Natural Gas and Oil								
Suncor Energy	SU		15.61	3.4	10.2	22	1.4	10.8
Murphy Oil Corporation	MUR		81.76	0.9	8.0	39	1.8	8.0
Ocean Energy, Inc.	OEI		18.99	4.5	7.5	32	0.8	7.8
Imperial Oil Limited (30%)	IMO		27.93	1.1	7.0	13	1.9	8.1
Petro-Canada	PCZ		28.88	1.8	6.9	18	0.9	7.4
XTO Energy Inc.	XTO	B	23.53	4.4	6.2	12	0.2	6.6
CNOOC Limited (19%)	CEO	B	26.48	3.6	4.6	9	2.4	5.7
Norsk Hydro ASA (49%)	NHY		39.10	0.7	3.7	11	2.7	4.8
PetroChina Company Ltd (10%)	PTR	B	19.15	1.5	3.5	7	6.6	5.1
	<i>Median</i>			<i>1.8</i>	<i>6.9</i>	<i>13</i>	<i>1.8</i>	<i>7.4</i>
Coal Producers (Small Cap)								
Penn Virginia Res. Part, L.P.	PVR		20.15	9.5	13.1	15	9.9	11.0
Consol Energy Inc.	CNX		13.01	1.9	11.6	30	4.3	9.7
Peabody Energy	BTU		27.02	1.6	10.1	23	1.5	9.0
Arch Coal	ACI		19.26	1.5	9.3	108	1.2	9.0
Fording Coal (US\$)	FDG		20.04	1.8	7.9	18	1.9	9.0
Massey Energy	MEE		9.02	1.1	6.1	226	1.8	8.9
Alliance Res. Part, L.P.	ARLP		23.62	1.3	5.3	7	8.5	6.0
				<i>1.6</i>	<i>9.3</i>	<i>23</i>	<i>1.9</i>	<i>9.0</i>

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	Symbol/ Rating		Price (\$/sh) 21-Nov 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Energy Infrastructure								
El Paso Energy Partners	EPN	S	30.31	44.1	1,340	10.20	0.61	1.78
Enbridge Energy Partners, L.P.	EEP	S	39.25	35.0	1,370	14.90	0.64	1.59
Enbridge Energy Management, L.L.C	EEQ	S	34.85	9.0	310	14.90	0.64	1.48
Northern Border Partners	NBP		35.70	42.0	1,500	20.10	0.57	1.34
Plains All Amer. Pipeline	PAA		22.20	41.6	920	14.90	0.39	1.30
TEPPCO Partners, L.P.	TPP		26.63	50.0	1,330	17.70	0.56	1.22
Western Gas Resources	WGR		36.45	33.8	1,230	37.60	0.28	0.98
AmeriGas Partners, L.P.	APU		21.05	49.0	1,030	23.50	0.47	0.94
<i>Total or Median</i>					<i>9,000</i>		<i>0.56</i>	<i>1.32</i>
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		13.15	10.7	141	11.60	(0.17)	1.15
Quicksilver Resources Inc.	KWK		23.15	19.4	450	19.00	0.44	1.12
Provident Energy Trust	PVX		6.59	36.0	240	6.00	0.33	1.07
Newfield Exploration Company	NFX		36.78	48.9	1,800	35.00	0.24	1.04
Pogo Producing Company	PPP		35.71	64.5	2,300	35.00	0.23	1.02
Encore Acquisition Corp. (25%)	EAC		18.70	7.0	131	21.00	0.20	0.91
Penn Virginia Corporation	PVA		33.55	9.0	300	38.00	0.09	0.89
Enerplus Resources Fund	ERF		17.36	69.6	1,210	20.00	0.19	0.89
Unit Corporation	UNT		17.77	36.2	640	21.00	0.03	0.85
Pengrowth Energy Trust	PGH		8.71	84.6	740	11.00	0.16	0.82
Southwestern Energy Company	SWN		11.45	25.6	290	17.00	0.44	0.82
Forest Oil Corporation	FST	N	25.71	46.8	1,200	35.00	0.30	0.82
Stone Energy Company	SGY		30.29	26.4	800	42.00	0.29	0.80
Magnum Hunter Resources, Inc.	MHR		5.50	71.5	390	11.00	0.46	0.73
Spinnaker Exploration Company	SKE		22.82	34.2	780	33.00	-	0.69
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	22.13	57.3	1,270	40.00	0.12	0.61
Swift Energy Company	SFY		8.50	24.8	210	22.00	0.32	0.58
<i>Total or Median</i>					<i>12,900</i>		<i>0.23</i>	<i>0.85</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		18.74	6.0	112	19.40	-	0.96
San Juan Basin Royalty Trust	SJT	B	13.06	46.6	610	15.90	-	0.82
Hugoton RoyaltyTrust (46%)	HGT		11.45	18.4	210	15.40	-	0.74
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.63	30.0	19	1.00	0.91	0.97
Energy Partners Ltd.(30%)	EPL	B	9.34	8.3	77	10.00	0.38	0.96
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.56	27.3	42	2.50	0.26	0.71

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. 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.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

November 25, 2002

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

	Symbol/ Rating		Price (\$/sh) 21-Nov 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Energy Infrastructure								
El Paso Energy Partners	EPN	S	30.31	9.0	17.0	36	8.9	9.5
Enbridge Energy Partners, L.P.	EEP	S	39.25	1.9	14.3	29	9.2	9.0
Enbridge Energy Management, L.L.C	EEQ	S	34.85	1.7	13.3	26	10.3	9.0
Northern Border Partners	NBP		35.70	7.6	12.0	16	9.0	9.0
Plains All Amer. Pipeline	PAA		22.20	0.2	11.7	16	9.2	9.0
TEPPCO Partners, L.P.	TPP		26.63	0.9	11.0	14	9.0	9.0
Western Gas Resources	WGR		36.45	0.7	8.8	20	0.5	9.0
AmeriGas Partners, L.P.	APU		21.05	1.5	8.5	12	10.5	9.0
	<i>Median</i>			<i>1.6</i>	<i>11.9</i>	<i>18</i>	<i>9.1</i>	<i>9.0</i>
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		13.15	6.3	9.4	13	9.2	8.1
Quicksilver Resources Inc.	KWK		23.15	5.0	9.3	25	-	8.3
Enerplus Resources Fund	ERF		17.36	4.6	6.6	16	12.6	7.4
Forest Oil Corporation	FST	N	25.71	3.7	6.4	21	-	7.8
Magnum Hunter Resources, Inc.	MHR		5.50	2.9	6.0	16	-	8.3
Encore Acquisition Corp. (25%)	EAC		18.70	4.1	5.9	12	-	6.5
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	22.13	3.4	5.8	6	5.7	9.5
Unit Corporation	UNT		17.77	3.0	5.7	12	-	6.6
Pogo Producing Company	PPP		35.71	3.5	5.6	18	0.3	5.5
Provident Energy Trust	PVX		6.59	3.2	5.5	39	24.3	5.2
Pengrowth Energy Trust	PGH		8.71	3.4	5.5	16	17.3	6.6
Southwestern Energy Company	SWN		11.45	2.2	5.2	11	-	6.3
Penn Virginia Corporation	PVA		33.55	3.2	5.1	22	2.7	5.8
Swift Energy Company	SFY		8.50	3.2	4.7	18	-	8.1
Newfield Exploration Company	NFX		36.78	3.2	4.6	15	-	4.4
Stone Energy Company	SGY		30.29	3.1	4.0	9	-	5.0
Spinnaker Exploration Company	SKE		22.82	3.3	3.8	14	-	5.5
	<i>Median</i>			<i>3.3</i>	<i>5.6</i>	<i>16</i>	<i>-</i>	<i>6.6</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		18.74	6.7	9.6	10	9.7	9.9
San Juan Basin Royalty Trust	SJT	B	13.06	5.3	6.8	9	10.9	8.3
Hugoton RoyaltyTrust (46%)	HGT		11.45	4.5	6.4	9	11.2	8.6
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.63	5.7	9.6		-	10.0
Energy Partners Ltd.(30%)	EPL	B	9.34	3.0	6.1		-	6.4
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.56	3.6	5.6	14	-	7.8

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2003; P/E = Stock Price to Earnings; PV = 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. He and his spouse do not sell short nor act contrary to a buy or sell rating except for tax loss purposes. 9