

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 27, 2003

Accounting Abuse in Large Cap Energy Infrastructure

Summary and Recommendation

Among 7 large cap energy infrastructure utilities, McDep Ratios may be reasonable but risks are excessive, in our opinion, for **El Paso (EP)** and **Duke Energy (DUK)**. Risks appear acceptable in **Dominion Resources (D)** and **Enel S.p.a. (EN)**, the Italian electric giant. EP and DUK have the further distinction of operating “high greed” master limited partnerships that we believe use deceptive accounting to obtain financing from individual investors on terms made to appear more favorable than they are in reality. Though we rate none of the seven stocks as buy or sell currently we update the McDep Ratio ranking that we believe can be an indication of future relative performance though there can be no assurance of that. The three higher McDep Ratio stocks in the large cap infrastructure group a year ago declined a median 81% in stock price while the three lower McDep Ratio stocks a year ago declined a median 5% in stock price since then. We do have buy and sell recommendations among other groups of energy stocks that are ranked in our regular format, including sell recommended **El Paso Energy Partners (EPN)** (see Table 1-1, 1-2, 2-1, 2-2, 3-1, 3-2).

More Differentiation by Ratio of Debt Than by McDep Ratio

In our updated valuation ranking, ratios of Debt/Present Value range from 0.40 to 0.79 while McDep Ratios range from 0.85 to 1.01 (see Table below extracted from Table 1-1). As a result, the stocks that stand out are those with highest debt, El Paso and Duke Energy.

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 26-Mar 2003</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							
Southern Company	SO	28.59	696	19,900	28.00	0.43	1.01
Duke Energy Corporation	DUK	15.23	832	12,700	16.00	0.69	0.99
El Paso Corporation	EP	N	5.73	3,400	10.00	0.79	0.91
Exelon Corporation	EXC	N	49.98	16,200	65.00	0.51	0.88
American Electric Power Co. Inc.	AEP	N	22.80	7,900	35.00	0.60	0.86
Enel S.p.a. (32%)	EN		27.95	10,800	37.00	0.40	0.85
Dominion Resources	D		55.76	16,400	76.00	0.44	0.85
	<i>Total or Median</i>			67,000		0.55	0.87

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

March 27, 2003

Parallels in El Paso and Duke Energy

Both stocks have McDep Ratios near 1.0 or below that imply there is some value left over after matching the claims of debt. Next, both stocks have unacceptably high ratios of debt implying high risk of financial failure. We also find too often that companies with excessive debt take dubious measures to disguise the true situation.

Questionable Accounting

Is the accounting that we have used to make our estimates reliable? We have to say no in each case. Both companies hold some of their assets in master limited partnerships that we label “high greed”. The moniker refers to the excessive compensation exacted by the general partner that amounts to some 40% of partnership distributions by El Paso and some 30% by Duke. The excessive compensation helps hype the earnings of the general partner. At the same time, the general partner typically reports none of the debt of the partnership on the general partner’s books.

The partnership issue happens to be one that we have studied. If we think some hanky panky is being committed with the partnerships, we have to ask what else is going on? Indeed both El Paso and Duke have had multiple accounting controversies already unfold. Each time it seems management downplays suggestions of impropriety and then takes action that confirms the suspicions. Both stocks have already lost most of their value in the past year.

Apparent Mistreatment of Investors

Do the companies treat investors in the partnerships fairly? We have to say no in each case. We also see misleading representations made to limited partners and prospective limited partners. The excessive compensation arrangement is buried in occasional footnotes and is not fairly reflected in the income statement and balance sheet of the partnership, in our opinion. As a result, earnings to limited partners appear overstated. We suggest that there really are no earnings for limited partners when general partner compensation is adequately reflected.

Hype, Acquire, Collapse

Both companies have made major acquisitions with stock only to see their stock price collapse after the deals. El Paso acquired Coastal for stock not long ago while Duke acquired the Canadian company, Westcoast Energy.

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. 2

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 27, 2003

Come Clean

We could be more constructive on each stock if management would come clean and drop the disguised high greed compensation arrangement for its partnerships. Short of making the compensation more reasonable, the accounting for the current arrangement should be brought up to reasonable standards. In the end, both companies need large amounts of new equity to improve their balance sheets. That equity would be available, we believe, if investors thought management was honest.

El Paso a Bankruptcy Candidate

The good news is that there appears to be some value in the company. Our current estimate of present value is \$10 per share, down from \$20 that has been unchanged for months (see *McDep Stock Idea*, El Paso Corporation – High Debt, High Greed, August 16, 2002). We can get there with a cash flow multiple, PV/Ebitda, of 6.9 which is a blend of about 5 for the natural gas producing business and about 8 for the nation's largest natural gas pipeline system. If we thought the accounting was reliable we could use somewhat higher multiples. From that value we subtract debt, which is probably underreported, to get present value of equity.

The bad news is that the controversy does not appear to be over yet. A recent billion-dollar settlement with the State of California seems to limit some of the potential damage. Had El Paso management acted responsibly, California would not have had any case. Similarly, the departure of the chief executive is a step toward improved credibility, but the replacement, chosen from among the board of directors, also bears responsibility for the debacle. A lawsuit has been filed and an opposition slate is sponsored in part by a party who may cut a special deal to go away.

At any time a lender may pull the plug by refusing to renew credit. In the event of bankruptcy, there may be a charge that there was a "fraudulent conveyance" of properties to the limited partnership. If upheld by a judge, the transactions would then be reversed.

We think the partnership, propped up as it is by multiple layers of securities, is at risk of collapse. In that case the limited partners would likely seek to be made whole by the general partner further adding to the negative pressure.

Duke Energy a Surprisingly High Risk Investment

With energy trading becoming a worthless business for Duke as for El Paso and Enron, the real value in Duke appears to be in its electricity business and its natural gas pipeline business. We assess both businesses at 9 times cash flow; the multiple we also apply to more respectable companies. That leads to a McDep Ratio and a ratio of Debt/Present Value only somewhat better than for El Paso.

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. 3

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

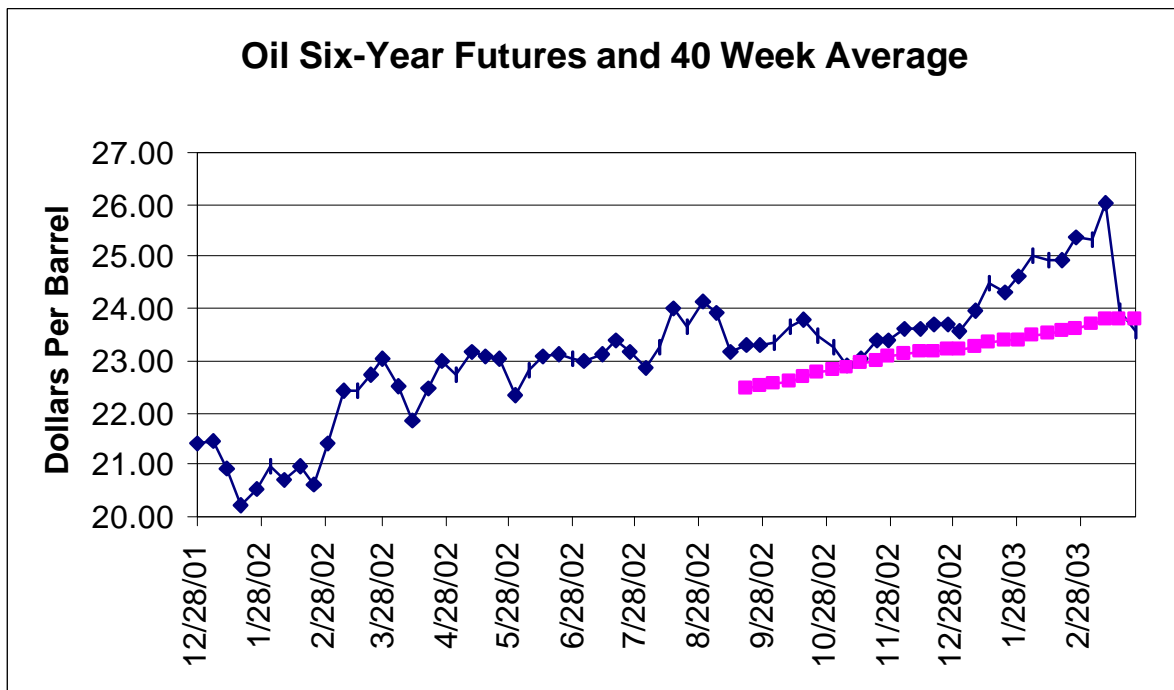
March 27, 2003

Duke's high greed partnership is **Teppco Partners (TPP)**. That apparent deception combined with an excessive debt load makes us conclude that the risks are too high for investment in Duke stock despite our positive expectations for the energy business.

Trends Mostly Intact Despite War

Six-year natural gas futures remain comfortably on a rising trend as defined by a current quote above the 40-week average (Chart not shown). Six-year oil futures have cracked the 40-week average, but have not decisively broken a rising trend (see Chart). Refining Crack futures remain in a rising trend (Chart not shown). Real yield and nominal yield on Ten-Year Treasuries continue in a downtrend while the difference, inflation expectation, continues in an uptrend (Charts not shown).

Kurt H. Wulff, CFA



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

March 27, 2003

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) 26-Mar 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap							
Exxon Mobil Corporation	XOM	35.86	6,755	242,000	35.00	0.09	1.02
BP plc	BP	40.44	3,725	151,000	45.00	0.16	0.92
TotalFinaElf S.A.	TOT	64.35	1,317	84,700	85.00	0.16	0.80
Royal Dutch/Shell	RD B	41.73	3,473	145,000	55.00	0.19	0.81
ChevronTexaco Corporation	CVX B	65.80	1,063	69,900	95.00	0.19	0.75
	<i>Total or Median</i>			693,000		0.16	0.81
Energy Infrastructure							
Southern Company	SO	28.59	696	19,900	28.00	0.43	1.01
Duke Energy Corporation	DUK	15.23	832	12,700	16.00	0.69	0.99
El Paso Corporation	EP N	5.73	589	3,400	10.00	0.79	0.91
Exelon Corporation	EXC N	49.98	325	16,200	65.00	0.51	0.88
American Electric Power Co. Inc.	AEP N	22.80	348	7,900	35.00	0.60	0.86
Enel S.p.a. (32%)	EN	27.95	388	10,800	37.00	0.40	0.85
Dominion Resources	D	55.76	294	16,400	76.00	0.44	0.85
	<i>Total or Median</i>			67,000		0.55	0.87
Natural Gas and Oil							
Occidental Petroleum Corp.	OXY	29.20	383	11,200	35.00	0.36	0.89
Devon Energy	DVN	47.70	163	7,800	65.00	0.42	0.85
Encana Corporation	ECA B	31.86	470	15,000	40.00	0.24	0.85
ConocoPhillips	COP B	51.87	680	35,300	70.00	0.38	0.84
Burlington Resources	BR B	45.56	202	9,200	60.00	0.26	0.82
Anadarko Petroleum Corp.	APC	44.00	258	11,400	60.00	0.29	0.81
ENI S.p.A.	E	67.38	750	50,500	90.00	0.14	0.78
Unocal Corporation	UCL	25.88	255	6,600	40.00	0.35	0.77
Marathon Oil Corporation	MRO B	23.54	310	7,300	40.00	0.31	0.71
OAo Lukoil	LUKOY	55.81	206	11,500	90.00	0.12	0.67
Petroleo Brasileiro S. A.	PBR N	14.96	1,086	16,200	30.00	0.25	0.62
	<i>Total or Median</i>			171,000		0.28	0.80
Service							
Baker Hughes Inc.	BHI	29.59	339	10,000	25.00	0.09	1.16
Halliburton Company	HAL	20.69	434	9,000	22.00	0.25	0.96
Schlumberger Ltd.	SLB	38.10	581	22,100	44.00	0.22	0.89

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

Italicized issues are subject to, or sponsor, deceptive compensation arrangements that threaten value and financial viability, in our opinion.

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. 5

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 27, 2003

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) 26-Mar 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
Mega Cap								
Exxon Mobil Corporation	XOM	35.86	1.2	8.4	17	2.6	8.2	
BP plc	BP	40.44	0.9	7.1	22	3.6	7.7	
Royal Dutch/Shell	RD	B	41.73	1.0	6.4	14	4.5	8.0
TotalFinaElf S.A.	TOT		64.35	1.0	6.1	14	5.0	7.7
ChevronTexaco Corporation	CVX	B	65.80	0.9	5.8	11	4.3	7.8
	<i>Median</i>			<i>1.0</i>	<i>6.4</i>	<i>14</i>	<i>4.3</i>	<i>7.8</i>
Energy Infrastructure								
Southern Company	SO		28.59	3.3	9.2	16	4.8	9.1
<i>Duke Energy Corporation</i>	<i>DUK</i>		<i>15.23</i>	<i>2.2</i>	<i>8.9</i>	<i>11</i>	<i>7.2</i>	<i>9.0</i>
Exelon Corporation	EXC	N	49.98	2.4	8.0	10	3.7	9.0
Dominion Resources	D		55.76	3.3	7.7	12	4.6	9.0
Enel S.p.a. (32%)	EN		27.95	2.0	7.6	22	5.0	8.9
American Electric Power Co. Inc.	AEP	N	22.80	0.7	7.3	9	6.1	8.5
<i>El Paso Corporation</i>	<i>EP</i>	<i>N</i>	<i>5.73</i>	<i>2.3</i>	<i>6.3</i>	<i>4</i>	<i>2.8</i>	<i>6.9</i>
	<i>Median</i>			<i>2.3</i>	<i>7.7</i>	<i>11</i>	<i>4.8</i>	<i>9.0</i>
Natural Gas and Oil								
ConocoPhillips	COP	B	51.87	0.7	6.3	11	3.1	7.5
Occidental Petroleum Corp.	OXY		29.20	2.3	5.3	9	3.6	5.9
Unocal Corporation	UCL		25.88	1.9	4.9	12	3.1	6.4
Anadarko Petroleum Corp.	APC		44.00	3.7	4.8	8	0.9	6.0
Burlington Resources	BR	B	45.56	3.5	4.8	10	1.2	5.8
Marathon Oil Corporation	MRO	B	23.54	0.4	4.5	10	3.9	6.3
Devon Energy	DVN		47.70	2.9	4.3	6	-	5.1
Encana Corporation	ECA	B	31.86	2.0	4.3	10	0.9	5.1
ENI S.p.A.	E		67.38	1.5	3.7	8	6.4	4.8
Petroleo Brasileiro S. A.	PBR	N	14.96	1.2	3.5	6	9.0	5.7
OAOLukoil	LUKOY		55.81	0.8	2.7	4	3.4	4.0
	<i>Median</i>			<i>1.9</i>	<i>4.5</i>	<i>9</i>	<i>3.1</i>	<i>5.8</i>
Service								
Baker Hughes Inc.	BHI		29.59	2.1	12.5	35	1.6	10.8
Halliburton Company	HAL		20.69	1.0	8.6	18	2.4	9.0
Schlumberger Ltd.	SLB		38.10	2.1	8.0	28	2.0	8.9

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Italicized issues are subject to, or sponsor, deceptive compensation arrangements that threaten value and financial viability, in our opinion.

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

March 27, 2003

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) 26-Mar 2003</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							
<i>Kinder Morgan Energy Partners, L.P.</i>	<i>KMP S</i>	<i>36.55</i>	<i>141</i>	<i>5,200</i>	<i>14.00</i>	<i>0.47</i>	<i>1.85</i>
<i>Kinder Morgan Management, LLC</i>	<i>KMR S</i>	<i>32.14</i>	<i>40</i>	<i>1,300</i>	<i>14.00</i>	<i>0.47</i>	<i>1.68</i>
<i>Kinder Morgan, Inc.</i>	<i>KMI S</i>	<i>45.16</i>	<i>123</i>	<i>5,500</i>	<i>14.00</i>	<i>0.80</i>	<i>1.44</i>
<i>Constellation Energy Group</i>	<i>CEG</i>	<i>27.70</i>	<i>164</i>	<i>4,500</i>	<i>20.00</i>	<i>0.69</i>	<i>1.12</i>
<i>Williams Companies</i>	<i>WMB</i>	<i>4.39</i>	<i>521</i>	<i>2,300</i>	<i>1.00</i>	<i>0.97</i>	<i>1.09</i>
<i>Dynegy Inc.</i>	<i>DYN</i>	<i>2.33</i>	<i>418</i>	<i>1,000</i>	<i>1.00</i>	<i>0.94</i>	<i>1.08</i>
<i>Calpine Corporation</i>	<i>CPN N</i>	<i>3.21</i>	<i>375</i>	<i>1,200</i>	<i>1.00</i>	<i>0.97</i>	<i>1.06</i>
<i>AES Corporation</i>	<i>AES</i>	<i>3.57</i>	<i>543</i>	<i>1,900</i>	<i>1.00</i>	<i>0.98</i>	<i>1.06</i>
<i>Sempra Energy</i>	<i>SRE</i>	<i>24.49</i>	<i>207</i>	<i>5,100</i>	<i>24.30</i>	<i>0.64</i>	<i>1.00</i>
<i>CMS Energy Corporation</i>	<i>CMS</i>	<i>4.54</i>	<i>137</i>	<i>600</i>	<i>8.70</i>	<i>0.90</i>	<i>0.95</i>
<i>Mirant Corporation</i>	<i>MIR</i>	<i>1.56</i>	<i>413</i>	<i>600</i>	<i>4.00</i>	<i>0.86</i>	<i>0.91</i>
<i>Valero Energy Corporation</i>	<i>VLO</i>	<i>40.05</i>	<i>114</i>	<i>4,600</i>	<i>50.00</i>	<i>0.50</i>	<i>0.90</i>
<i>Total or Median</i>				<i>33,800</i>		<i>0.83</i>	<i>1.07</i>
Natural Gas and Oil							
<i>Murphy Oil Corporation</i>	<i>MUR</i>	<i>44.12</i>	<i>93</i>	<i>4,100</i>	<i>41.00</i>	<i>0.24</i>	<i>1.06</i>
<i>Petro-Canada</i>	<i>PCZ</i>	<i>33.75</i>	<i>264</i>	<i>8,900</i>	<i>38.00</i>	<i>0.20</i>	<i>0.91</i>
<i>Imperial Oil Limited (30%)</i>	<i>IMO</i>	<i>31.45</i>	<i>114</i>	<i>3,600</i>	<i>36.00</i>	<i>0.12</i>	<i>0.89</i>
<i>XTO Energy Inc.</i>	<i>XTO B</i>	<i>18.70</i>	<i>169</i>	<i>3,200</i>	<i>24.00</i>	<i>0.25</i>	<i>0.83</i>
<i>Suncor Energy</i>	<i>SU</i>	<i>16.67</i>	<i>448</i>	<i>7,500</i>	<i>22.00</i>	<i>0.22</i>	<i>0.81</i>
<i>CNOOC Limited (19%)</i>	<i>CEO B</i>	<i>26.58</i>	<i>78</i>	<i>2,070</i>	<i>35.00</i>	<i>-</i>	<i>0.76</i>
<i>Norsk Hydro ASA (49%)</i>	<i>NHY</i>	<i>38.01</i>	<i>126</i>	<i>4,800</i>	<i>60.00</i>	<i>0.26</i>	<i>0.73</i>
<i>PetroChina Company Ltd (10%)</i>	<i>PTR B</i>	<i>20.93</i>	<i>176</i>	<i>3,700</i>	<i>33.00</i>	<i>0.15</i>	<i>0.69</i>
<i>Total or Median</i>				<i>37,900</i>		<i>0.21</i>	<i>0.82</i>
Coal Producers (Small Cap)							
<i>Penn Virginia Res. Part, L.P.</i>	<i>PVR</i>	<i>23.80</i>	<i>15</i>	<i>400</i>	<i>18.00</i>	<i>-</i>	<i>1.31</i>
<i>Consol Energy Inc.</i>	<i>CNX</i>	<i>16.00</i>	<i>79</i>	<i>1,300</i>	<i>5.00</i>	<i>0.88</i>	<i>1.26</i>
<i>Peabody Energy</i>	<i>BTU</i>	<i>27.84</i>	<i>55</i>	<i>1,500</i>	<i>18.00</i>	<i>0.75</i>	<i>1.14</i>
<i>Alliance Res. Part, L.P.</i>	<i>ARLP</i>	<i>22.53</i>	<i>16</i>	<i>400</i>	<i>20.00</i>	<i>0.45</i>	<i>1.07</i>
<i>Arch Coal</i>	<i>ACI</i>	<i>18.88</i>	<i>48</i>	<i>900</i>	<i>18.00</i>	<i>0.61</i>	<i>1.02</i>
<i>Massey Energy</i>	<i>MEE</i>	<i>8.80</i>	<i>75</i>	<i>700</i>	<i>18.00</i>	<i>0.37</i>	<i>0.68</i>
<i>Total or Median</i>				<i>5,200</i>		<i>0.53</i>	<i>1.10</i>

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

Italicized issues are subject to, or sponsor, deceptive compensation arrangements that threaten value and financial viability, in our opinion.

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. 7

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 27, 2003

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	Dividend or Distribution	PV/ Ebitda
	Symbol/ Rating	26-Mar 2003	NTM	NTM	NTM	NTM	(%)	NTM
Energy Infrastructure								
Kinder Morgan Energy Partners, L.P.	KMP	S	36.55	3.3	16.0	19	6.8	8.7
Kinder Morgan Management, LLC	KMR	S	32.14	3.0	14.6	17	7.8	8.7
Kinder Morgan, Inc.	KMI	S	45.16	3.2	12.1	14	1.3	8.4
Calpine Corporation	CPN	N	3.21	1.8	10.9			10.2
Constellation Energy Group	CEG		27.70	2.9	10.3	11	3.5	9.2
Williams Companies	WMB		4.39	2.0	9.8		-	9.0
Dynegy Inc.	DYN		2.33	0.2	9.7		-	9.0
AES Corporation	AES		3.57	2.8	9.5			9.0
Sempra Energy	SRE		24.49	2.5	9.0	9	4.1	9.0
CMS Energy Corporation	CMS		4.54	1.3	8.6	3	15.9	9.0
Mirant Corporation	MIR		1.56	0.4	8.2	1	-	9.0
Valero Energy Corporation	VLO		40.05	0.3	5.1	6	1.0	5.6
	<i>Median</i>			2.3	9.8	10	2.4	9.0
Natural Gas and Oil								
Suncor Energy	SU		16.67	2.8	6.5	11	0.7	8.0
Murphy Oil Corporation	MUR		44.12	1.2	6.3	16	1.8	5.9
Imperial Oil Limited (30%)	IMO		31.45	1.1	5.8	10	1.7	6.5
XTO Energy Inc.	XTO	B	18.70	4.0	5.7	10	0.2	6.9
CNOOC Limited (19%)	CEO	B	26.58	3.5	4.4	9	2.4	5.9
Petro-Canada	PCZ		33.75	1.4	4.2	8	0.8	4.6
PetroChina Company Ltd (10%)	PTR	B	20.93	1.5	2.8	5	8.5	4.1
Norsk Hydro ASA (49%)	NHY		38.01	0.7	2.7	5	3.8	3.8
	<i>Median</i>			1.4	5.1	9	1.8	5.9
Coal Producers (Small Cap)								
Consol Energy Inc.	CNX		16.00	2.0	12.2	36	3.5	9.7
Penn Virginia Res. Part, L.P.	PVR		23.80	8.7	11.2	13	8.4	8.6
Peabody Energy	BTU		27.84	1.6	10.2	23	1.4	9.0
Arch Coal	ACI		18.88	1.5	9.2	106	1.2	9.0
Alliance Res. Part, L.P.	ARLP		22.53	1.2	7.5	19	8.9	7.0
Massey Energy	MEE		8.80	1.0	6.1	220	1.8	8.9
				1.6	9.7	30	2.7	8.9

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Italicized issues are subject to, or sponsor, deceptive compensation arrangements that threaten value and financial viability, in our opinion.

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

March 27, 2003

Table S-1
Small Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating		Price (\$/sh) 26-Mar 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Energy Infrastructure								
El Paso Energy Partners	EPN	S	31.32	57.0	1,790	10.60	0.60	1.80
Enterprise Products Part (16%)	EPD		20.26	28.5	580	6.70	0.63	1.74
Enbridge Energy Partners, L.P.	EEP	S	45.23	35.0	1,580	14.90	0.64	1.74
Enbridge Energy Management, L.L.C	EEQ	S	39.56	9.0	360	14.90	0.64	1.61
Plains All Amer. Pipeline	PAA		24.50	50.0	1,230	11.60	0.49	1.57
TEPPCO Partners, L.P.	TPP		30.60	50.0	1,530	17.70	0.56	1.32
Northern Border Partners	NBP		37.72	44.0	1,660	20.40	0.62	1.32
AmeriGas Partners, L.P.	APU		24.00	49.4	1,190	18.30	0.51	1.15
Western Gas Resources	WGR		31.89	33.7	1,070	37.60	0.29	0.89
<i>Total or Median</i>					11,000		0.60	1.57
Natural Gas and Oil								
Provident Energy Trust	PVX		7.02	63.5	450	6.00	0.23	1.13
Unit Corporation	UNT		19.65	43.6	860	18.00	0.04	1.09
Dorchester Minerals, L.P.	DMLP		13.90	27.0	375	13.00	-	1.07
Pogo Producing Company	PPP		38.80	64.5	2,500	38.00	0.22	1.02
Enerplus Resources Fund	ERF		18.70	75.0	1,400	20.00	0.16	0.95
Quicksilver Resources Inc.	KWK		22.42	20.4	460	25.00	0.35	0.93
Pengrowth Energy Trust	PGH		9.77	110.0	1,080	11.00	0.16	0.91
Newfield Exploration Company	NFX		32.62	51.7	1,690	40.00	0.31	0.87
Penn Virginia Corporation	PVA		36.59	9.0	330	45.00	0.06	0.82
Southwestern Energy Company	SWN		12.55	36.0	450	17.00	0.30	0.82
Encore Acquisition Corp. (25%)	EAC		18.00	7.0	126	24.00	0.19	0.80
Stone Energy Company	SGY		31.53	26.5	840	46.00	0.27	0.77
Swift Energy Company	SFY		8.66	27.2	240	16.00	0.43	0.74
Spinnaker Exploration Company	SKE		18.43	33.8	620	25.00	-	0.74
Forest Oil Corporation	FST	N	21.05	48.2	1,020	35.00	0.33	0.73
Magnum Hunter Resources, Inc.	MHR		5.48	69.0	380	11.00	0.45	0.72
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	23.66	76.8	1,820	45.00	0.15	0.60
<i>Total or Median</i>					14,600		0.22	0.82
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		18.86	6.0	113	19.50	-	0.97
Hugoton RoyaltyTrust (46%)	HGT		14.00	18.4	260	15.60	-	0.90
San Juan Basin Royalty Trust	SJT	B	14.60	46.6	680	17.40	-	0.84
Micro Cap								
Energy Partners Ltd.(30%)	EPL	B	10.15	8.3	84	12.00	0.34	0.90
Abraxas Petroleum Corporation	ABP		0.71	30.0	21	2.00	0.72	0.81
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.97	26.6	52	2.80	0.28	0.78

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

Italicized issues are subject to, or sponsor, deceptive compensation arrangements that threaten value and financial viability, in our opinion.

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

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 27, 2003

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

	Symbol/ Rating	Price (\$/sh) 26-Mar 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
Energy Infrastructure								
El Paso Energy Partners	EPN	S	31.32	8.9	16.2	38	8.6	9.0
Enterprise Products Part (16%)	EPD		20.26	1.7	15.7	27	6.8	9.0
Enbridge Energy Partners, L.P.	EEP	S	45.23	2.0	15.6	34	8.0	9.0
Enbridge Energy Management, L.L.C	EEQ	S	39.56	1.9	14.5	30	9.1	9.0
Plains All Amer. Pipeline	PAA		24.50	0.2	14.1	20	8.8	9.0
TEPPCO Partners, L.P.	TPP		30.60	1.0	11.9	16	7.8	9.0
Northern Border Partners	NBP		37.72	6.8	11.9	14	8.5	9.0
AmeriGas Partners, L.P.	APU		24.00	1.6	10.4	23	9.2	9.0
Western Gas Resources	WGR		31.89	0.6	6.6	14	-	7.4
	<i>Median</i>			1.7	14.1	23	8.5	9.0
Natural Gas and Oil								
Unit Corporation	UNT		19.65	3.6	8.3	21	-	7.6
Dorchester Minerals, L.P.	DMLP		13.90	6.3	7.8	10	11.5	7.3
Quicksilver Resources Inc.	KWK		22.42	4.3	6.3	11	-	6.7
Enerplus Resources Fund	ERF		18.70	4.6	6.0	10	15.3	6.4
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	23.66	3.1	5.4	5	5.7	9.1
Pengrowth Energy Trust	PGH		9.77	3.6	5.4	11	19.3	6.0
Encore Acquisition Corp. (25%)	EAC		18.00	3.5	5.3	12	-	6.6
Forest Oil Corporation	FST	N	21.05	3.2	5.2	16	-	7.1
Swift Energy Company	SFY		8.66	3.4	5.1	14	-	6.9
Pogo Producing Company	PPP		38.80	3.2	5.0	13	0.3	4.9
Provident Energy Trust	PVX		7.02	3.3	4.8	10	22.1	4.2
Southwestern Energy Company	SWN		12.55	2.3	4.7	8	-	5.8
Magnum Hunter Resources, Inc.	MHR		5.48	2.7	4.7	9	-	6.5
Penn Virginia Corporation	PVA		36.59	2.4	4.7	12	2.5	5.7
Stone Energy Company	SGY		31.53	2.5	3.3	7	-	4.4
Newfield Exploration Company	NFX		32.62	2.4	3.2	6	-	3.6
Spinnaker Exploration Company	SKE		18.43	2.4	2.7	9	-	3.6
	<i>Median</i>			3.2	5.1	10	-	6.4
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		18.86	5.8	8.1	9	11.5	8.4
San Juan Basin Royalty Trust	SJT	B	14.60	5.0	6.2	7	14.0	7.4
Hugoton RoyaltyTrust (46%)	HGT		14.00	4.5	5.9	7	14.5	6.6
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.71	5.1	7.1		-	8.7
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.97	3.4	4.7	10	-	6.0
Energy Partners Ltd.(30%)	EPL	B	10.15	2.7	4.6		-	5.1

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

Italicized issues are subject to, or sponsor, deceptive compensation arrangements that threaten value and financial viability, in our opinion.

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.