

## ***Meter Reader***

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

April 24, 2003

# **Pipeline Partnership Take Under**

## **Summary and Recommendation**

Valuation risk appears to be mounting in "high greed" pipeline partnerships. The price paid by private equity buyers for the general partner (GP) and limited partner interests in **Williams Energy Partners (WEG)** implies a cash flow multiple, 8.5 times, that is in line with our valuation of similar entities by the McDep Ratio. It is far less than the unlevered multiple investors place on sell recommendations, **Kinder Morgan (KMI, KMP, KMR)**, **El Paso Energy Partners (EPN)**, and **Enbridge (EEP, EEQ)**. In fact the price paid appears to be an astonishing 26% under the public stock price. Meanwhile, favorable natural gas and oil trends support our independent producer recommendations. Integrated oil recommendations remain attractive as well. Our valuation tables that list our recommendations have a new look with natural gas and oil producers - mega, large and mid cap in a set of two tables (see Tables 1-1,1-2). Pipeline and power companies are in another set (see Tables 2-1, 2-2). Small and micro cap producers make up the final set (see Tables 3-1, 3-2)

## **Williams Energy Partners Deal Looks Like a "Take Under"**

Williams Companies (WMB) announces the sale of its general partner and limited partner interests in Williams Energy Partners (WEG). To judge the price paid we add WEG to our Small Cap Pipeline Group of Energy Pipeline and Power Companies (see Tables 2-1, 2-2). Presuming that the buyers, private equity firms Madison Dearborn Partners, LLC and Carlyle/Riverstone Global Energy and Power Fund II, L.P., paid a McDep Ratio of 1.0, we conclude that the purchase price implies a cash flow multiple, PV/Ebitda, of 8.5 times. That compares to a median of 9.0 for our estimates of Present Value for small cap pipelines.

The buyers apparently will pay about \$510 million for a partial equity interest. The purchase price covers 14.6 million, or 52.6% of 27.7 million limited partners units, as we interpret it. In addition the buyer acquires the general partner interest that we estimate at 9%, our estimate of the GP share of partnership income for the next twelve months. One could say that the GP share "dilutes" ownership by 2.7 million units bringing the total units acquired to 17.3 million. Thus, the price paid per unit appears to be about \$29, well under the stock market price of \$40. We take that private market price to be an indication of present value that we use in measuring McDep Ratios.

The 9% share we attribute to the GP is a minimal number. For the greediest of GP's, Kinder Morgan, El Paso and Duke Energy, the GP share of current cash flow exceeds

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40%, 29% and 26% respectively. The higher the assumed share for the GP, the less the implied price paid per unit of WEG. Yet the price paid per unit looks like a “take under” price, as it is less than the public price. Suppose the GP interest had no value. The price of units in the take under would then be \$35, still some 12% under market.

A take under price is not too surprising in the context of McDep analysis. Few thoughtful investors can justify the stock market values for high greed partnerships, in our opinion.

### **Will Respectable Buyers Renounce Ponzi Scheme?**

There appears to be a temptation for an unscrupulous buyer to appropriate increasingly more value for the GP at the expense of limited partners. Already the GP extols its record of increasing distributions for eight straight quarters. Now at \$0.75 per unit the quarterly distribution is only \$0.04 from the pyramid level of \$0.79 after which the GP gets 50% of incremental distributions. Nor is it particularly difficult to declare higher distributions when the starting level was less than cash flow. All it takes is the stroke of a pen. Similarly, WEG seems to have more debt capacity than the more advanced high greed partnerships. Thus all the GP has to do is borrow to finance the acquisition of another asset. Then like a Ponzi scheme, the distribution would be paid from future financing. Like a Ponzi perp, the GP would be overcompensated for little fundamental contribution and would have almost no liability for debt repayment.

The buyers include the Carlyle Group whose partners apparently include some of our most respected former political leaders. Surely such responsible citizens would have nothing to do with a Ponzi scheme!

Let us not be so cynical. An argument against WEG becoming a Ponzi scheme is that the buyers may be paying a low enough price for WEG to make money legitimately. Perhaps the new GP will renounce excessive compensation and compete for new funds in the capital markets on a fairer basis.

Kurt H. Wulff, CFA

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

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**Table 1-1**  
**Energy Producers**  
**Rank by McDep Ratio: Market Cap and Debt to Present Value**

	Symbol/ Rating	Price (\$/sh) 23-Apr 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Mega Cap</b>							
Exxon Mobil Corporation	XOM	35.30	6,755	239,000	35.00	0.09	1.01
BP plc	BP	39.17	3,725	146,000	45.00	0.16	0.89
TotalFinaElf S.A.	TOT	67.84	1,317	89,300	85.00	0.16	0.83
Royal Dutch/Shell	RD B	42.77	3,473	149,000	55.00	0.19	0.82
ChevronTexaco Corporation	CVX B	64.85	1,063	68,900	95.00	0.19	0.74
				<i>Total or Median</i>		<i>0.16</i>	<i>0.83</i>
<b>Producer/Refiners - Large Cap and Mid Cap</b>							
Murphy Oil Corporation	MUR	43.52	93	4,030	41.00	0.24	1.05
Petro-Canada	PCZ	34.11	264	8,990	38.00	0.20	0.92
Valero Energy Corporation	VLO	37.78	114	4,310	50.00	0.50	0.88
Imperial Oil Limited (30%)	IMO	30.26	114	3,440	36.00	0.12	0.86
ConocoPhillips	COP B	51.53	680	35,100	70.00	0.38	0.84
ENI S.p.A.	E	72.15	750	54,100	90.00	0.14	0.83
Suncor Energy	SU	16.95	448	7,590	22.00	0.22	0.82
Norsk Hydro ASA (49%)	NHY	41.90	126	5,300	60.00	0.26	0.78
OAOLukoil	LUKOY	65.49	206	13,000	90.00	0.12	0.76
Marathon Oil Corporation	MRO B	22.93	310	7,110	40.00	0.31	0.70
PetroChina Company Ltd (10%)	PTR B	20.94	176	3,680	33.00	0.15	0.69
Petroleo Brasileiro S. A.	PBR N	17.46	1,086	19,000	30.00	0.25	0.69
				<i>Total or Median</i>		<i>0.22</i>	<i>0.82</i>
<b>Independent Natural Gas and Oil</b>							
Pogo Producing Company	PPP	40.90	65	2,640	38.00	0.22	1.06
Occidental Petroleum Corp.	OXY	30.32	383	11,600	35.00	0.36	0.91
Encana Corporation	ECA B	33.29	470	15,600	40.00	0.24	0.87
Devon Energy	DVN	49.47	163	8,100	65.00	0.42	0.86
XTO Energy Inc.	XTO B	19.50	169	3,290	24.00	0.25	0.86
Burlington Resources	BR B	48.18	202	9,700	60.00	0.26	0.85
Anadarko Petroleum Corp.	APC	46.66	258	12,000	60.00	0.29	0.84
Pioneer Natural Resources Company	PXD	25.56	118	3,020	35.00	0.31	0.81
Unocal Corporation	UCL	27.30	255	7,000	40.00	0.35	0.80
CNOOC Limited (19%)	CEO B	25.48	78	1,990	35.00	-	0.73
Canadian Natural Resources Limited	CNQ	33.27	139	4,630	55.00	0.29	0.72
				<i>Total or Median</i>		<i>0.29</i>	<i>0.85</i>
<b>Service</b>							
Baker Hughes Inc.	BHI	28.97	339	9,800	25.00	0.09	1.14
Halliburton Company	HAL	21.10	434	9,100	22.00	0.25	0.97
Schlumberger Ltd.	SLB	41.64	581	24,200	44.00	0.22	0.96

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

April 24, 2003

**Table 1-2**  
**Energy Producers**  
**Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.**

	Symbol/ Rating	Price (\$/sh) 23-Apr 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
<b>Mega Cap</b>							
Exxon Mobil Corporation	XOM	35.30	1.2	8.3	17	2.6	8.2
BP plc	BP	39.17	0.9	6.9	21	3.7	7.7
Royal Dutch/Shell	RD B	42.77	1.0	6.5	14	4.3	8.0
TotalFinaElf S.A.	TOT	67.84	1.0	6.4	15	4.7	7.7
ChevronTexaco Corporation	CVX B	64.85	0.8	5.8	11	4.3	7.8
	<i>Median</i>		<i>1.0</i>	<i>6.5</i>	<i>15</i>	<i>4.3</i>	<i>7.8</i>
<b>Producer/Refiners - Large Cap and Mid Cap</b>							
Suncor Energy	SU	16.95	2.8	6.6	12	0.7	8.0
ConocoPhillips	COP B	51.53	0.7	6.3	11	3.1	7.5
Murphy Oil Corporation	MUR	43.52	1.2	6.2	16	1.8	5.9
Imperial Oil Limited (30%)	IMO	30.26	1.1	5.9	10	1.8	6.9
Valero Energy Corporation	VLO	37.78	0.3	4.8	5	1.1	5.5
Marathon Oil Corporation	MRO B	22.93	0.4	4.5	9	4.0	6.3
Petro-Canada	PCZ	34.11	1.4	4.2	8	0.8	4.6
ENI S.p.A.	E	72.15	1.6	3.9	9	5.9	4.8
Petroleo Brasileiro S. A.	PBR N	17.46	1.3	3.9	7	7.7	5.7
OAo Lukoil	LUKOY	65.49	0.9	3.1	5	2.9	4.0
Norsk Hydro ASA (49%)	NHY	41.90	0.7	2.9	5	3.4	3.8
PetroChina Company Ltd (10%)	PTR B	20.94	1.5	2.8	5	8.5	4.1
	<i>Median</i>		<i>1.1</i>	<i>4.3</i>	<i>9</i>	<i>3.0</i>	<i>5.6</i>
<b>Independent Natural Gas and Oil</b>							
Pioneer Natural Resources Company	PXD	25.56	4.9	7.7	26	-	9.5
XTO Energy Inc.	XTO B	19.50	4.2	5.9	10	0.2	6.9
Occidental Petroleum Corp.	OXY	30.32	2.3	5.6	9	3.4	6.1
Pogo Producing Company	PPP	40.90	3.4	5.2	14	0.3	4.9
Unocal Corporation	UCL	27.30	2.0	5.1	13	2.9	6.5
Anadarko Petroleum Corp.	APC	46.66	3.8	5.1	8	0.9	6.0
Burlington Resources	BR B	48.18	3.7	5.0	10	1.1	5.8
Encana Corporation	ECA B	33.29	2.1	4.5	11	0.8	5.1
Devon Energy	DVN	49.47	2.9	4.5	7	-	5.2
CNOOC Limited (19%)	CEO B	25.48	3.4	4.3	9	2.5	6.0
Canadian Natural Resources Limited	CNQ	33.27	2.0	3.2	6	1.2	4.5
	<i>Median</i>		<i>3.4</i>	<i>5.1</i>	<i>10</i>	<i>0.9</i>	<i>6.0</i>
<b>Service</b>							
Baker Hughes Inc.	BHI	28.97	2.0	12.3	34	1.6	10.8
Halliburton Company	HAL	21.10	1.0	8.7	19	2.4	9.0
Schlumberger Ltd.	SLB	41.64	2.3	8.5	31	1.8	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

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

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**Table 2-1**  
**Energy Pipeline and Power Companies**  
**Rank by McDep Ratio: Market Cap and Debt to Present Value**

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 23-Apr 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>
<b>Large Cap Power</b>							
Southern Company	SO	28.74	696	20,000	28.00	0.43	1.01
Duke Energy Corporation	DUK	16.75	832	13,900	16.00	0.69	1.01
Exelon Corporation	EXC N	50.94	325	16,600	65.00	0.51	0.89
American Electric Power Co. Inc.	AEP N	24.93	348	8,700	35.00	0.60	0.88
Enel S.p.a. (32%)	EN	29.31	388	11,400	37.00	0.40	0.88
Dominion Resources	D	58.87	294	17,300	76.00	0.44	0.87
<b>Mid Cap Pipeline and Power</b>							
Kinder Morgan Energy Partners, L.P.	KMP S	39.55	141	5,580	14.00	0.47	1.96
Kinder Morgan Management, LLC	KMR S	35.02	40	1,380	14.00	0.47	1.79
Kinder Morgan, Inc.	KMI S	47.70	123	5,850	14.00	0.80	1.49
Williams Companies	WMB	6.60	518	3,420	1.00	0.97	1.17
Calpine Corporation	CPN N	4.64	381	1,770	1.00	0.98	1.09
AES Corporation	AES	4.96	558	2,770	1.00	0.98	1.08
Dynegy Inc.	DYN	3.35	418	1,400	1.00	0.97	1.07
Constellation Energy Group	CEG	29.60	164	4,850	25.00	0.61	1.07
Mirant Corporation	MIR	2.47	402	990	1.00	0.96	1.06
CMS Energy Corporation	CMS	6.13	139	850	5.00	0.93	1.02
Sempra Energy	SRE	26.68	206	5,500	30.00	0.59	0.95
El Paso Corporation	EP N	7.83	589	4,600	10.00	0.79	0.95
<b>Small Cap Pipeline</b>							
El Paso Energy Partners	EPN S	34.49	57	1,970	10.60	0.60	1.92
Enterprise Products Part (16%)	EPD	22.75	29	650	6.70	0.63	1.88
Enbridge Energy Partners, L.P.	EEP S	44.40	35	1,550	14.90	0.64	1.72
Plains All Amer. Pipeline	PAA	26.80	50	1,340	11.60	0.49	1.67
Enbridge Energy Management, L.L.C	EEQ S	39.40	35	1,380	14.90	0.64	1.60
Northern Border Partners	NBP	40.11	44	1,760	20.40	0.62	1.36
TEPPCO Partners, L.P.	TPP	32.25	50	1,610	17.70	0.56	1.36
Williams Energy Partners	WEG	40.10	28	1,110	29.00	0.38	1.24
AmeriGas Partners, L.P.	APU	25.09	49	1,240	18.30	0.51	1.18
Western Gas Resources	WGR	35.91	34	1,210	37.60	0.29	0.97
<b>Coal</b>							
Penn Virginia Res. Part, L.P.	PVR	25.28	15	390	18.00	-	1.42
Consol Energy Inc.	CNX	17.20	79	1,360	5.00	0.88	1.29
Peabody Energy	BTU	28.05	55	1,540	18.00	0.75	1.14
Alliance Res. Part, L.P.	ARLP	24.32	16	390	20.00	0.45	1.12
Arch Coal	ACI	18.50	48	880	18.00	0.61	1.01
Massey Energy	MEE	9.85	75	740	18.00	0.37	0.72
<i>Total or Median</i>				<i>5,300</i>	<i>0.53</i>	<i>1.13</i>	

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

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**Table 2-2**  
**Energy Pipeline and Power Companies**  
**Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.**

	Symbol/ Rating	Price (\$/sh) 23-Apr 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
<b>Large Cap Power</b>							
Southern Company	SO	28.74	3.3	9.2	16	4.8	9.1
Duke Energy Corporation	DUK	16.75	2.3	9.2	12	6.6	9.0
Exelon Corporation	EXC N	50.94	2.5	8.1	10	3.6	9.0
Dominion Resources	D	58.87	3.4	7.9	12	4.4	9.0
Enel S.p.a. (32%)	EN	29.31	2.1	7.8	23	4.7	8.9
American Electric Power Co. Inc.	AEP N	24.93	0.7	7.5	9	5.6	8.5
<b>Mid Cap Pipeline and Power</b>							
Kinder Morgan Energy Partners, L.P.	KMP S	39.55	3.5	17.0	20	6.3	8.7
Kinder Morgan Management, LLC	KMR S	35.02	3.2	15.5	18	7.1	8.7
Calpine Corporation	CPN N	4.64	2.3	13.2	6	-	12.2
Kinder Morgan, Inc.	KMI S	47.70	3.6	13.2	15	1.3	8.9
Dynegy Inc.	DYN	3.35	2.9	12.1	27	-	11.3
AES Corporation	AES	4.96	3.6	10.9	15	-	10.1
Williams Companies	WMB	6.60	3.5	9.8		0.6	8.3
Mirant Corporation	MIR	2.47	1.2	9.4	4	-	8.9
CMS Energy Corporation	CMS	6.13	1.1	8.9	8	-	8.7
Constellation Energy Group	CEG	29.60	2.4	8.6	14	3.5	8.1
Sempra Energy	SRE	26.68	2.1	8.4	10	3.7	8.7
El Paso Corporation	EP N	7.83	2.4	6.6	5	2.0	6.9
	<i>Median</i>		2.4	9.8	12	0.6	8.7
<b>Small Cap Pipeline</b>							
El Paso Energy Partners	EPN S	34.49	9.5	17.3	42	7.8	9.0
Enterprise Products Part (16%)	EPD	22.75	1.9	16.9		0.9	9.0
Enbridge Energy Partners, L.P.	EEP S	44.40	2.0	15.5	33	8.1	9.0
Plains All Amer. Pipeline	PAA	26.80	0.2	15.0	22	8.0	9.0
Enbridge Energy Management, L.L.C	EEQ S	39.40	1.9	14.4	29	9.1	9.0
Northern Border Partners	NBP	40.11	7.0	12.2	15	8.0	9.0
TEPPCO Partners, L.P.	TPP	32.25	1.0	12.2	17	7.4	9.0
AmeriGas Partners, L.P.	APU	25.09	1.7	10.6	24	8.8	9.0
Williams Energy Partners	WEG	40.10	3.9	10.5	12	7.5	8.5
Western Gas Resources	WGR	35.91	0.7	7.1	15	-	7.4
	<i>Median</i>		1.9	13.3	22	7.9	9.0
<b>Coal</b>							
Consol Energy Inc.	CNX	17.20	2.0	12.5	39	3.3	9.7
Penn Virginia Res. Part, L.P.	PVR	25.28	9.4	12.1	14	7.9	8.6
Peabody Energy	BTU	28.05	1.6	10.2	24	1.4	9.0
Arch Coal	ACI	18.50	1.5	9.1		1.2	9.0
Alliance Res. Part, L.P.	ARLP	24.32	1.2	7.9	20	8.2	7.0
Massey Energy	MEE	9.85	1.1	6.4		1.6	8.9
	<i>Median</i>		1.5	9.7	22	2.4	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

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**Table 3-1**  
**Small Cap Energy Companies**  
**Rank by McDep Ratio: Market Cap and Debt to Present Value**

	<i>Symbol/</i>		<i>Price</i>		<i>Market</i>	<i>Net</i>	<i>Debt/</i>	
	<i>Rating</i>		<i>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>McDep</i>
			<i>23-Apr</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Value</i>	<i>Ratio</i>
			<i>2003</i>			<i>(\$/sh)</i>		
<b>Short Life</b>								
Dorchester Minerals, L.P.	DMLP		15.19	27.0	410	13.00	-	1.17
Newfield Exploration Company	NFX		33.91	51.7	1,750	40.00	0.31	0.90
Southwestern Energy Company	SWN		13.87	36.0	500	17.00	0.30	0.87
Stone Energy Company	SGY		35.68	26.5	950	46.00	0.27	0.84
Cimarex Energy Company	XEC		19.91	41.0	820	24.00	0.03	0.83
Spinnaker Exploration Company	SKE		20.46	33.8	690	25.00	-	0.82
Denbury Resources Inc.	DNR		10.78	55.0	590	15.00	0.29	0.80
Wesport Resources Corporation	WRC		20.79	68.0	1,410	30.00	0.29	0.78
St. Mary Land and Exploration Compar	SM		26.08	29.0	760	35.00	0.11	0.77
Forest Oil Corporation	FST	N	22.32	48.2	1,080	35.00	0.33	0.76
Chesapeake Energy Corporation	CHK		7.96	220	1,750	14.00	0.38	0.73
The Houston Explorator Company	THX		29.26	31.0	910	45.00	0.16	0.71
			<i>Total or Median</i>		<i>11,600</i>		<i>0.28</i>	<i>0.81</i>
<b>Long Life</b>								
Ultra Petroleum Corp.	UPL		9.40	78.0	730	7.00	0.15	1.29
Unit Corporation	UNT		19.99	43.6	870	18.00	0.04	1.11
Quicksilver Resources Inc.	KWK		24.35	20.4	500	25.00	0.35	0.98
Penn Virginia Corporation	PVA		39.66	9.0	360	45.00	0.06	0.89
Evergreen Resources, Inc.	EVG		49.20	22.0	1,080	60.00	0.10	0.84
Encore Acquisition Corp. (25%)	EAC		17.50	7.0	123	24.00	0.19	0.78
Magnum Hunter Resources, Inc.	MHR		5.70	69.0	390	11.00	0.45	0.73
Swift Energy Company	SFY		8.25	27.2	220	16.00	0.43	0.72
Vintage Petroleum, Inc.	VPI		9.74	63.0	610	20.00	0.40	0.69
			<i>Total or Median</i>		<i>4,900</i>		<i>0.19</i>	<i>0.84</i>
<b>Canadian Royalty Trusts</b>								
Provident Energy Trust	PVX		7.61	63.5	480	6.00	0.23	1.21
Enerplus Resources Fund	ERF		19.56	75.0	1,470	20.00	0.16	0.98
Pengrowth Energy Trust	PGH		9.93	110.0	1,090	11.00	0.16	0.92
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	23.53	76.8	1,810	45.00	0.15	0.59
			<i>Total or Median</i>		<i>4,900</i>		<i>0.16</i>	<i>0.95</i>
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		21.18	6.0	127	21.90	-	0.97
Hugoton RoyaltyTrust (46%)	HGT		14.43	18.4	270	17.10	-	0.85
San Juan Basin Royalty Trust	SJT	B	14.89	46.6	690	18.20	-	0.82
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		0.67	30.0	20	1.00	0.85	0.95
Energy Partners Ltd.(30%)	EPL	B	9.56	8.3	79	12.00	0.34	0.87
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.70	26.6	45	2.80	0.28	0.72

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. Neither he nor his spouse act contrary to a buy or sell rating.

## Meter Reader

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

April 24, 2003

**Table 3-2**  
**Small Cap Energy Companies**  
**Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.**

	<i>Symbol/</i>	<i>Price</i>	<i>EV/</i>	<i>EV/</i>	<i>Dividend or</i>	<i>PV/</i>
	<i>Rating</i>	<i>(\$/sh)</i>	<i>Sales</i>	<i>Ebitda</i>	<i>Distribution</i>	<i>Ebitda</i>
		<i>23-Apr</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>
		<i>2003</i>			<i>NTM</i>	<i>NTM</i>
					<i>(%)</i>	
<b>Short Life</b>						
Dorchester Minerals, L.P.	DMLP	15.19	6.9	8.6	11	7.3
Forest Oil Corporation	FST	22.32	3.4	5.4	17	7.2
Southwestern Energy Company	SWN	13.87	2.5	5.1	9	5.8
Chesapeake Energy Corporation	CHK	7.96	3.2	4.7	9	6.4
Wesport Resources Corporation	WRC	20.79	3.3	4.6	13	5.9
Cimarex Energy Company	XEC	19.91	3.0	4.4	12	5.3
St. Mary Land and Exploration Company	SM	26.08	2.9	4.4	12	5.7
Denbury Resources Inc.	DNR	10.78	2.8	3.8	8	4.8
Stone Energy Company	SGY	35.68	2.7	3.7	8	4.4
Newfield Exploration Company	NFX	33.91	2.5	3.3	6	3.6
Spinnaker Exploration Company	SKE	20.46	2.6	3.0	10	3.6
The Houston Exploraton Company	THX	29.26	2.4	2.9	7	4.1
	<i>Median</i>		<i>2.8</i>	<i>4.4</i>	<i>10</i>	<i>5.5</i>
<b>Long Life</b>						
Ultra Petroleum Corp.	UPL	9.40	9.0	14.7	28	11.4
Evergreen Resources, Inc.	EVG	49.20	6.3	9.0	15	10.7
Unit Corporation	UNT	19.99	3.6	8.4	21	7.6
Quicksilver Resources Inc.	KWK	24.35	4.5	6.7	12	6.8
Encore Acquisition Corp. (25%)	EAC	17.50	3.5	5.3	13	6.8
Swift Energy Company	SFY	8.25	3.3	5.1	14	7.0
Penn Virginia Corporation	PVA	39.66	2.6	5.0	13	5.7
Magnum Hunter Resources, Inc.	MHR	5.70	2.8	4.8	10	6.5
Vintage Petroleum, Inc.	VPI	9.74	2.3	4.3	41	6.2
<b>Canadian Royalty Trusts</b>						
Enerplus Resources Fund	ERF	19.56	4.8	6.3	10	6.5
Canadian Oil Sands Trust (US\$)	COS_u.TO	23.53	3.2	5.6	6	9.4
Pengrowth Energy Trust	PGH	9.93	3.7	5.5	12	6.0
Provident Energy Trust	PVX	7.61	3.6	5.2	11	4.3
<b>Natural Gas Royalty Trusts</b>						
Cross Timbers Royalty Trust	CRT	21.18	6.0	8.2	9	8.5
San Juan Basin Royalty Trust	SJT	14.89	4.8	5.9	7	7.2
Hugoton RoyaltyTrust (46%)	HGT	14.43	4.3	5.6	6	6.6
<b>Micro Cap</b>						
Abraxas Petroleum Corporation	ABP	0.67	6.2	11.4		12.0
Energy Partners Ltd.(30%)	EPL	9.56	2.7	4.5		5.2
Purcell Energy, Ltd. (US\$)	PEL.TO	1.70	3.1	4.3	9	6.0

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

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