

## **Jobs and Growth Tax Relief Reconciliation Act of 2003**

### **Summary and Recommendation**

A historic change in dividend taxation boosts the after tax income of the McDep Energy Portfolio by about 0.7% of principal annually depending on the tax rate on ordinary income among other factors. In order of declining portfolio contribution, the recommended stocks paying the most income that benefits from the new law include **Royal Dutch (RD)**, **ChevronTexaco (CVX)**, **PetroChina (PTR)**, **Marathon (MRO)**, **CNOOC Ltd. (CEO)** and **ConocoPhillips (COP)**. Those six stocks yielding a median 4% annually account for about 44% of the recommended portfolio. Two high distribution paying royalty trusts make up for five low dividend paying independent producers to keep the total income near 4% annually. The recommended portfolio includes short positions in high greed partnerships not included in the above statistics. Buy and sell ideas are also ranked among 97 stocks (see Tables 1-1, 1-2, 2-1, 2-2, 3-1, and 3-2).

### **Time for a Strategy Check**

It has been a momentous few weeks with the testimony of the chairman of the Federal Reserve, the international pronouncement of the Secretary of the Treasury and now the signing of a potent new tax law. Investors ought to be reconsidering their posture with respect to a changing economic and financial outlook. In our continuing analysis we pause to look at our current stance in a portfolio context. Any recommended changes will follow.

### **Weight Positions on Unlevered Basis**

We think that equally weighted portfolios are effective combinations of stocks. Our unique modification is to define equal weight on an unlevered basis that uses equity value and debt rather than just equity value to determine weight. Our largest clients will necessarily have to concentrate more on mega cap stocks than the weights we recommend here. There is nothing particularly magic about precise weightings, but large deviations should have a rational basis. We only put a half weight in some issues. We use weights as low as a quarter in the case of high greed partnership sell ideas where there are multiple securities for the same entity. Weights change continuously in any technique tied to market value. Compared to late last year (*Meter Reader*, December 16, 2002) the main change in the currently recommended portfolio is the addition of **Anadarko Petroleum (APC)** (see table).

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

May 29, 2003

#### McDep Energy Portfolio Position Weights and Income

	Symbol/ Rating		Price (\$/sh) 28-May 2003	Market Cap/EV	Unlevered Position	Equity Position	Equity Weight	Dividend or Distribution NTM (% of prtfol)
<b>Mega Cap</b>								
ChevronTexaco Corporation	CVX	B	70.61	0.75	1.00	0.75	9.2%	0.36
Royal Dutch/Shell	RD	B	45.55	0.79	1.00	0.79	9.6%	0.39
<b>Producer/Refiners - Large Cap and Mid Cap</b>								
ConocoPhillips	COP	B	53.83	0.56	1.00	0.56	6.8%	0.20
Marathon Oil Corporation	MRO	B	25.39	0.59	1.00	0.59	7.2%	0.26
PetroChina Company Ltd (10%)	PTR	B	25.88	0.80	0.50	0.40	4.9%	0.27
<b>Independent Natural Gas and Oil - Large Cap and Mid Cap</b>								
Anadarko Petroleum Corp.	APC	B	49.22	0.65	1.00	0.65	8.0%	0.06
Burlington Resources	BR	B	51.55	0.70	1.00	0.70	8.5%	0.09
CNOOC Limited (19%)	CEO	B	28.82	1.00	0.50	0.50	6.1%	0.22
Encana Corporation	ECA	B	36.32	0.78	1.00	0.78	9.5%	0.08
XTO Energy Inc.	XTO	B	20.80	0.74	1.00	0.74	9.0%	0.02
<b>Independent Natural Gas and Oil - Small Cap</b>								
Canadian Oil Sands Trust (US\$)	COS_u.TCB		25.20	0.74	0.50	0.37	4.5%	0.25
Energy Partners Ltd.	EPL	B	11.16	0.77	0.50	0.38	4.7%	-
San Juan Basin Royalty Trust	SJT	B	17.51	1.00	1.00	1.00	12.2%	1.57
	<i>Total Buy</i>				<i>11.00</i>	<i>8.21</i>	<i>100.0%</i>	<i>3.78</i>
<b>Pipeline and Power</b>								
Kinder Morgan, Inc.	KMI	S	51.00	0.47	(0.50)	(0.23)	-2.8%	(0.03)
Kinder Morgan Energy Partners, L.P.	KMP	S	39.35	0.75	(0.25)	(0.19)	-2.3%	(0.15)
Kinder Morgan Management, LLC	KMR	S	35.57	0.74	(0.25)	(0.18)	-2.2%	(0.16)
Enbridge Energy Partners, L.P.	EEP	S	45.50	0.64	(0.25)	(0.16)	-1.9%	(0.15)
Enbridge Energy Management, L.L.C	EEQ	S	41.86	0.62	(0.25)	(0.15)	-1.9%	(0.16)
Gulfterra Energy Partners	GTM	S	36.66	0.64	(0.50)	(0.32)	-3.9%	(0.29)
	<i>Total Sell</i>				<i>(2.00)</i>	<i>(1.24)</i>	<i>-15.1%</i>	<i>(0.95)</i>

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

The main feature of unlevered weighting is that high debt stocks tend to be weighted lower and vice versa. For example, we suggest that ConocoPhillips and San Juan Basin Royalty Trust should have equal unlevered weight. When we take account of moderately high debt at COP compared to no debt at SJT, we suggest an equity weighting of 6.8% for COP compared to 12.2% for SJT.

#### North American Natural Gas Most Heavily Weighted

When we consider the businesses of each portfolio stock we like the strong emphasis on the North American natural gas segment that accounts for 4.94 of 11.00 long positions (see line with indented "Total Buy" heading about two thirds of the way down on the

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

May 29, 2003

table that follows). Worldwide oil production and overseas nature gas account for almost as much with 4.77 of 11.00 long positions.

#### McDep Energy Portfolio Cash Flow by Segment

	Symbol/ Rating	Unlevered Position	North American Nat Gas	Oil and Overseas Nat Gas	Down Stream	Distribution/ Equity Ebitda	McDep Ratio	
<b>Mega Cap</b>								
ChevronTexaco Corporation	CVX	B	1.00	0.16	0.64	0.20	0.26	0.79
Royal Dutch/Shell	RD	B	1.00	0.06	0.55	0.38	0.28	0.86
<b>Producer/Refiners - Large Cap and Mid Cap</b>								
ConocoPhillips	COP	B	1.00	0.16	0.50	0.34	0.20	0.86
Marathon Oil Corporation	MRO	B	1.00	0.30	0.47	0.22	0.15	0.75
PetroChina Company Ltd (10%)	PTR	B	0.50	-	0.38	0.12	0.18	0.82
<b>Independent Natural Gas and Oil - Large Cap and Mid Cap</b>								
Anadarko Petroleum Corp.	APC	B	1.00	0.59	0.41	-	0.04	0.87
Burlington Resources	BR	B	1.00	0.79	0.21	-	0.06	0.90
CNOOC Limited (19%)	CEO	B	0.50	-	0.50	-	0.20	0.82
Encana Corporation	ECA	B	1.00	0.70	0.27	0.03	0.03	0.93
XTO Energy Inc.	XTO	B	1.00	0.86	0.14	-	0.01	0.90
<b>Independent Natural Gas and Oil - Small Cap</b>								
Canadian Oil Sands Trust (US\$)	COS_u.T	B	0.50	-	0.50	-	0.33	0.63
Energy Partners Ltd.	EPL	B	0.50	0.32	0.18	-	-	0.95
San Juan Basin Royalty Trust	SJT	B	1.00	0.99	0.01	-	0.88	0.90
	<i>Total Buy</i>		<i>11.00</i>	<i>4.94</i>	<i>4.77</i>	<i>1.29</i>		
<b>Pipeline and Power</b>								
Kinder Morgan, Inc.	KMI	S	(0.50)			(0.50)	0.36	1.51
Kinder Morgan Energy Partners, L.P.	KMP	S	(0.25)			(0.25)	1.60	1.95
Kinder Morgan Management, LLC	KMR	S	(0.25)			(0.25)	1.60	1.81
Enbridge Energy Partners, L.P.	EEP	S	(0.25)			(0.25)	2.17	1.75
Enbridge Energy Management, L.L.C	EEQ	S	(0.25)			(0.25)	2.17	1.66
Gulfterra Energy Partners	GTM	S	(0.50)			(0.50)	1.54	1.58
	<i>Total Sell</i>		<i>(2.00)</i>			<i>(2.00)</i>		

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

Valuation disparities remain wide for buy recommendations compared to sell recommendations. Abnormally high ratios of distributions to equity ebitda for the partnerships shows how misleading it is to promote those securities on a yield basis as though they were legitimate entities rather than Ponzi schemes.

The McDep Energy Portfolio appears to be holding its own in delivering a positive return. At the same time it appears to have low risk as measured by daily volatility relative to the stock market. The portfolio has a low McDep Ratio and low debt.

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](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

May 29, 2003

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

	Symbol/ Rating	Price (\$/sh) 28-May 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Mega Cap</b>							
Exxon Mobil Corporation	XOM	36.45	6,714	245,000	35.00	0.09	1.04
BP plc	BP	42.10	3,725	157,000	45.00	0.16	0.95
TotalFinaElf S.A.	TOT	72.50	1,317	95,500	85.00	0.16	0.88
Royal Dutch/Shell	RD B	45.55	3,473	158,000	55.00	0.18	0.86
ChevronTexaco Corporation	CVX B	70.61	1,064	75,100	95.00	0.20	0.79
<i>Total or Median</i>				<i>731,000</i>		<i>0.16</i>	<i>0.88</i>
<b>Producer/Refiners - Large Cap and Mid Cap</b>							
Murphy Oil Corporation	MUR	50.01	93	4,630	41.00	0.24	1.17
Petro-Canada	PCZ	37.15	264	9,790	38.00	0.20	0.98
Imperial Oil Limited (30%)	IMO	33.04	113	3,750	36.00	0.12	0.93
ENI S.p.A.	E	80.70	750	60,500	90.00	0.14	0.91
Suncor Energy	SU	18.44	448	8,260	22.00	0.22	0.87
Valero Energy Corporation	VLO	37.17	114	4,240	50.00	0.50	0.87
ConocoPhillips	COP B	53.83	682	36,700	70.00	0.38	0.86
PetroChina Company Ltd (10%)	PTR B	25.88	176	4,550	33.00	0.16	0.82
OAo Lukoil	LUKOY	71.40	206	15,000	90.00	0.12	0.82
Norsk Hydro ASA (49%)	NHY	44.76	126	5,660	60.00	0.26	0.81
Marathon Oil Corporation	MRO B	25.39	310	7,870	40.00	0.31	0.75
Petroleo Brasileiro S. A.	PBR N	19.33	1,086	21,000	30.00	0.25	0.73
<i>Total or Median</i>				<i>177,000</i>		<i>0.22</i>	<i>0.86</i>
<b>Independent Natural Gas and Oil</b>							
Pogo Producing Company	PPP	42.32	65	2,730	38.00	0.22	1.09
Occidental Petroleum Corp.	OXY	33.24	383	12,700	35.00	0.36	0.97
Apache Corporation	APA	65.16	159	10,400	70.00	0.20	0.95
Encana Corporation	ECA B	36.32	470	17,100	40.00	0.21	0.93
XTO Energy Inc.	XTO B	20.80	185	3,850	24.00	0.24	0.90
Burlington Resources	BR B	51.55	202	10,400	60.00	0.27	0.90
Devon Energy	DVN	51.40	163	8,400	65.00	0.42	0.88
Anadarko Petroleum Corp.	APC B	49.22	258	12,700	60.00	0.30	0.87
Unocal Corporation	UCL	29.88	255	7,600	40.00	0.35	0.83
CNOOC Limited (19%)	CEO B	28.82	78	2,250	35.00	-	0.82
Pioneer Natural Resources Company	PXD	25.70	118	3,030	35.00	0.31	0.82
Canadian Natural Resources Limited	CNQ	38.11	139	5,300	55.00	0.29	0.78
<i>Total or Median</i>				<i>81,000</i>		<i>0.28</i>	<i>0.88</i>
<b>Service</b>							
Baker Hughes Inc.	BHI	32.91	339	11,200	25.00	0.09	1.29
Schlumberger Ltd.	SLB	47.78	581	27,800	44.00	0.22	1.07
Halliburton Company	HAL	23.56	434	10,200	22.00	0.25	1.05

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

May 29, 2003

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

	Symbol/ Rating	Price (\$/sh) 28-May 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	36.45	1.1	9.9	21	2.7	9.5
BP plc	BP	42.10	1.0	7.7	26	3.4	8.2
TotalFinaElf S.A.	TOT	72.50	1.1	7.2	18	4.4	8.2
Royal Dutch/Shell	RD B	45.55	1.0	7.2	16	4.1	8.3
ChevronTexaco Corporation	CVX B	70.61	0.8	6.9	14	4.0	8.7
	<i>Median</i>		<i>1.0</i>	<i>7.2</i>	<i>18</i>	<i>4.0</i>	<i>8.3</i>
<b>Producer/Refiners - Large Cap and Mid Cap</b>							
ConocoPhillips	COP B	53.83	0.6	7.4	14	3.0	8.7
Suncor Energy	SU	18.44	3.0	7.0	13	0.6	8.0
Murphy Oil Corporation	MUR	50.01	1.3	6.9	18	1.6	5.9
Imperial Oil Limited (30%)	IMO	33.04	1.0	6.4	12	1.7	6.9
Marathon Oil Corporation	MRO B	25.39	0.4	5.0	13	3.6	6.7
Valero Energy Corporation	VLO	37.17	0.3	4.8	5	1.1	5.5
Petro-Canada	PCZ	37.15	1.5	4.5	9	0.7	4.6
ENI S.p.A.	E	80.70	1.7	4.3	10	5.3	4.8
Petroleo Brasileiro S. A.	PBR N	19.33	1.4	4.2	7	7.0	5.7
PetroChina Company Ltd (10%)	PTR B	25.88	1.8	3.3	6	5.6	4.1
OAOLukoil	LUKOY	71.40	1.0	3.3	6	2.7	4.0
Norsk Hydro ASA (49%)	NHY	44.76	0.7	3.1	6	3.2	3.8
	<i>Median</i>		<i>1.2</i>	<i>4.6</i>	<i>9</i>	<i>2.8</i>	<i>5.6</i>
<b>Independent Natural Gas and Oil</b>							
XTO Energy Inc.	XTO B	20.80	5.1	7.5	15	0.2	8.4
Pioneer Natural Resources Company	PXD	25.70	4.7	7.5	23	-	9.2
Occidental Petroleum Corp.	OXY	33.24	2.5	6.0	11	3.1	6.2
Apache Corporation	APA	65.16	4.2	5.8	12	0.6	6.2
CNOOC Limited (19%)	CEO B	28.82	3.7	5.5	13	3.6	6.7
Burlington Resources	BR B	51.55	3.8	5.5	12	1.1	6.1
Anadarko Petroleum Corp.	APC B	49.22	4.0	5.4	9	0.8	6.2
Unocal Corporation	UCL	29.88	2.0	5.3	14	2.7	6.3
Pogo Producing Company	PPP	42.32	3.4	5.2	13	0.3	4.7
Devon Energy	DVN	51.40	2.9	4.3	6	-	4.9
Encana Corporation	ECA B	36.32	2.0	4.2	9	0.8	4.5
Canadian Natural Resources Limited	CNQ	38.11	2.1	3.4	6	1.1	4.3
	<i>Median</i>		<i>3.5</i>	<i>5.5</i>	<i>12</i>	<i>0.8</i>	<i>6.2</i>
<b>Service</b>							
Baker Hughes Inc.	BHI	32.91	2.3	13.9	39	1.4	10.8
Schlumberger Ltd.	SLB	47.78	2.5	9.5	35	1.6	8.9
Halliburton Company	HAL	23.56	1.1	9.5	21	2.1	9.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2004; 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](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

May 29, 2003

**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) 28-May 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	31.57	696	22,000	28.00	0.43	1.07
Duke Energy Corporation	DUK	19.18	832	16,000	16.00	0.69	1.06
Enel S.p.a. (32%)	EN	34.90	388	13,500	37.00	0.40	0.96
Exelon Corporation	EXC N	58.34	325	19,000	65.00	0.51	0.95
American Electric Power Co. Inc.	AEP N	28.53	348	9,900	35.00	0.60	0.92
Dominion Resources	D	63.50	294	18,600	76.00	0.44	0.91
<b>Mid Cap Pipeline and Power</b>							
Kinder Morgan Energy Partners, L.P.	KMP S	39.35	135	5,330	14.00	0.48	1.95
Kinder Morgan Management, LLC	KMR S	35.57	46	1,640	14.00	0.48	1.81
Kinder Morgan, Inc.	KMI S	51.00	123	6,270	14.00	0.81	1.51
Williams Companies	WMB	8.08	518	4,190	1.00	0.97	1.22
Constellation Energy Group	CEG	33.47	164	5,490	25.00	0.61	1.13
AES Corporation	AES	7.65	558	4,270	1.00	0.98	1.13
Dynegy Inc.	DYN	5.03	418	2,100	1.00	0.97	1.12
Calpine Corporation	CPN N	5.22	381	1,990	1.00	0.98	1.10
Mirant Corporation	MIR	3.43	402	1,380	1.00	0.96	1.09
CMS Energy Corporation	CMS	7.96	139	1,110	5.00	0.93	1.04
El Paso Corporation	EP N	8.65	589	5,100	10.00	0.79	0.97
Sempra Energy	SRE	27.12	206	5,590	30.00	0.59	0.96
<b>Small Cap Pipeline</b>							
Enterprise Products Part (16%)	EPD	23.04	29	660	6.70	0.63	1.89
Plains All Amer. Pipeline	PAA	29.14	50	1,460	11.60	0.49	1.77
Enbridge Energy Partners, L.P.	EEP S	45.50	35	1,590	14.90	0.64	1.74
Enbridge Energy Management, L.L.C	EEQ S	41.86	35	1,470	14.90	0.64	1.66
Gulfterra Energy Partners	GTM S	36.66	55	2,020	15.70	0.56	1.58
TEPPCO Partners, L.P.	TPP	34.01	50	1,700	17.70	0.56	1.40
Northern Border Partners	NBP	40.65	44	1,790	20.40	0.62	1.37
Williams Energy Partners	WEG	43.77	28	1,210	29.00	0.38	1.31
AmeriGas Partners, L.P.	APU	26.68	49	1,320	18.30	0.51	1.22
Western Gas Resources	WGR	39.45	34	1,330	37.60	0.29	1.04
<b>Coal</b>							
Penn Virginia Res. Part, L.P.	PVR	27.43	15	420	18.00	-	1.53
Consol Energy Inc.	CNX	21.58	79	1,700	5.00	0.88	1.39
Peabody Energy	BTU	31.10	55	1,710	18.00	0.75	1.18
Alliance Res. Part, L.P.	ARLP	26.40	16	420	20.00	0.45	1.18
Arch Coal	ACI	21.09	48	1,000	18.00	0.61	1.06
Massey Energy	MEE	12.73	75	950	18.00	0.37	0.81
<i>Total or Median</i>				<i>6,200</i>	<i>0.53</i>	<i>1.18</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

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

May 29, 2003

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

	Symbol/ Rating	Price (\$/sh) 28-May 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	31.57	3.5	9.8	18	4.3	9.1
Duke Energy Corporation	DUK	19.18	2.4	9.6	14	5.7	9.0
Enel S.p.a. (32%)	EN	34.90	2.3	8.6	27	4.0	8.9
Exelon Corporation	EXC N	58.34	2.6	8.6	12	3.2	9.0
Dominion Resources	D	63.50	3.5	8.2	13	4.1	9.0
American Electric Power Co. Inc.	AEP N	28.53	0.8	7.8	11	4.9	8.5
<b>Mid Cap Pipeline and Power</b>							
Kinder Morgan Energy Partners, L.P.	KMP S	39.35	2.5	17.1	20	6.5	8.8
Kinder Morgan Management, LLC	KMR S	35.57	2.3	15.8	18	7.2	8.8
Calpine Corporation	CPN N	5.22	2.4	13.4	6	-	12.2
Dynegy Inc.	DYN	5.03	3.0	12.7	40	-	11.3
Kinder Morgan, Inc.	KMI S	51.00	2.5	12.6	16	1.2	8.4
AES Corporation	AES	7.65	3.8	11.4	22	-	10.1
Williams Companies	WMB	8.08	3.6	10.1		0.5	8.3
Mirant Corporation	MIR	3.43	1.3	9.7	6	-	8.9
Constellation Energy Group	CEG	33.47	2.5	9.1	15	3.1	8.1
CMS Energy Corporation	CMS	7.96	1.1	9.1	10	-	8.7
Sempra Energy	SRE	27.12	2.2	8.4	10	3.7	8.7
El Paso Corporation	EP N	8.65	2.4	6.8	6	1.8	6.9
	<i>Median</i>		2.4	10.1	13	0.5	8.7
<b>Small Cap Pipeline</b>							
Enterprise Products Part (16%)	EPD	23.04	1.9	17.1		0.9	9.0
Plains All Amer. Pipeline	PAA	29.14	0.2	15.9	24	7.4	9.0
Enbridge Energy Partners, L.P.	EEP S	45.50	2.1	15.7	34	7.9	9.0
Enbridge Energy Management, L.L.C	EEQ S	41.86	2.0	14.9	31	8.6	9.0
Gulfterra Energy Partners	GTM S	36.66	5.3	14.2	23	7.4	9.0
TEPPCO Partners, L.P.	TPP	34.01	1.1	12.6	18	7.1	9.0
Northern Border Partners	NBP	40.65	7.1	12.4	15	7.9	9.0
Williams Energy Partners	WEG	43.77	4.1	11.2	13	6.9	8.5
AmeriGas Partners, L.P.	APU	26.68	1.7	11.0	26	8.2	9.0
Western Gas Resources	WGR	39.45	0.7	7.6	17	-	7.4
	<i>Median</i>		1.9	13.4	23	7.4	9.0
<b>Coal</b>							
Consol Energy Inc.	CNX	21.58	2.2	13.5	49	2.6	9.7
Penn Virginia Res. Part, L.P.	PVR	27.43	10.1	13.1	15	7.3	8.6
Peabody Energy	BTU	31.10	1.7	10.6	26	1.3	9.0
Arch Coal	ACI	21.09	1.6	9.6		1.1	9.0
Alliance Res. Part, L.P.	ARLP	26.40	1.3	8.2	22	7.6	7.0
Massey Energy	MEE	12.73	1.3	7.3		1.3	8.9
	<i>Median</i>		1.6	10.1	24	1.9	8.9

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2004; 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](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

May 29, 2003

**Table 3-1**  
**Independent Natural Gas and Oil Producers - Small Cap**  
**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>28-May</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		17.56	27.0	470	13.00	-	1.35
Spinnaker Exploration Company	SKE		25.64	33.8	870	25.00	-	1.03
Newfield Exploration Company	NFX		37.49	51.7	1,940	40.00	0.31	0.96
Energy Partners Ltd.	EPL	B	11.16	36.4	406	12.00	0.22	0.95
Southwestern Energy Company	SWN		15.00	36.0	540	17.00	0.30	0.92
Stone Energy Company	SGY		39.60	26.5	1,050	46.00	0.27	0.90
Cimarex Energy Company	XEC		21.26	41.0	870	24.00	0.03	0.89
Denbury Resources Inc.	DNR		12.05	55.0	660	15.00	0.29	0.86
Chesapeake Energy Corporation	CHK		10.04	220	2,210	14.00	0.38	0.83
St. Mary Land and Exploration Compar	SM		27.90	29.0	810	35.00	0.11	0.82
Wesport Resources Corporation	WRC		22.01	68.0	1,500	30.00	0.29	0.81
Forest Oil Corporation	FST	N	23.85	48.2	1,150	35.00	0.33	0.79
The Houston Explorator Company	THX		30.66	31.0	950	45.00	0.16	0.73
			<i>Total or Median</i>		<i>13,400</i>		<i>0.27</i>	<i>0.89</i>
<b>Long Life</b>								
Ultra Petroleum Corp.	UPL		11.70	78.0	910	7.00	0.15	1.57
Unit Corporation	UNT		21.85	43.6	950	18.00	0.04	1.21
Quicksilver Resources Inc.	KWK		24.90	20.4	510	25.00	0.35	1.00
Penn Virginia Corporation	PVA		41.62	9.0	380	45.00	0.06	0.93
Evergreen Resources, Inc.	EVG		52.75	22.0	1,160	60.00	0.10	0.89
Encore Acquisition Corp. (25%)	EAC		18.95	7.0	133	24.00	0.19	0.83
Swift Energy Company	SFY		11.25	27.2	310	16.00	0.43	0.83
Magnum Hunter Resources, Inc.	MHR		6.89	69.0	480	11.00	0.45	0.79
Vintage Petroleum, Inc.	VPI		10.26	63.0	650	20.00	0.40	0.71
			<i>Total or Median</i>		<i>5,500</i>		<i>0.19</i>	<i>0.89</i>
<b>Canadian Royalty Trusts</b>								
Provident Energy Trust	PVX		8.36	63.5	530	6.00	0.23	1.30
Enerplus Resources Fund	ERF		23.50	75.0	1,760	20.00	0.16	1.15
Pengrowth Energy Trust	PGH		11.36	110.0	1,250	11.00	0.16	1.03
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	25.20	79.5	2,000	45.00	0.16	0.63
			<i>Total or Median</i>		<i>5,500</i>		<i>0.16</i>	<i>1.09</i>
<b>Natural Gas Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT		24.09	6.0	145	22.10	-	1.09
Hugoton RoyaltyTrust (46%)	HGT		17.32	18.4	320	16.60	-	1.04
San Juan Basin Royalty Trust	SJT	B	17.51	46.6	820	19.50	-	0.90
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP		1.03	30.0	31	1.00	0.85	1.01
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.89	31.2	59	2.80	0.26	0.76

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

May 29, 2003

**Table 3-2**  
**Independent Natural Gas and Oil Producers - Small Cap**  
**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>28-May</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	17.56	8.0	9.9	13	7.3
Forest Oil Corporation	FST	23.85	3.5	5.7	18	7.2
Southwestern Energy Company	SWN	15.00	2.6	5.3	10	5.8
Chesapeake Energy Corporation	CHK	10.04	3.6	5.3	11	6.4
Wesport Resources Corporation	WRC	22.01	3.4	4.8	14	5.9
Cimarex Energy Company	XEC	21.26	3.2	4.7	13	5.3
St. Mary Land and Exploration Company	SM	27.90	3.0	4.6	13	5.7
Energy Partners Ltd.	EPL	11.16	2.7	4.6		4.8
Denbury Resources Inc.	DNR	12.05	3.0	4.1	8	4.8
Stone Energy Company	SGY	39.60	2.9	3.9	8	4.4
Spinnaker Exploration Company	SKE	25.64	3.3	3.7	13	3.6
Newfield Exploration Company	NFX	37.49	2.7	3.5	7	3.6
The Houston Exploraton Company	THX	30.66	2.5	3.0	7	4.1
	<i>Median</i>		<i>3.0</i>	<i>4.6</i>	<i>12</i>	<i>5.3</i>
<b>Long Life</b>						
Ultra Petroleum Corp.	UPL	11.70	11.0	17.9	35	11.4
Evergreen Resources, Inc.	EVG	52.75	6.7	9.5	16	10.7
Unit Corporation	UNT	21.85	4.0	9.1	23	7.6
Quicksilver Resources Inc.	KWK	24.90	4.6	6.8	12	6.8
Swift Energy Company	SFY	11.25	3.8	5.8	19	7.0
Encore Acquisition Corp. (25%)	EAC	18.95	3.7	5.6	14	6.8
Penn Virginia Corporation	PVA	41.62	2.7	5.3	14	5.7
Magnum Hunter Resources, Inc.	MHR	6.89	3.0	5.2	12	6.5
Vintage Petroleum, Inc.	VPI	10.26	2.3	4.4	43	6.2
<b>Canadian Royalty Trusts</b>						
Enerplus Resources Fund	ERF	23.50	5.6	7.4	13	6.5
Canadian Oil Sands Trust (US\$)	COS_u.TO	25.20	3.5	6.6	7	10.5
Pengrowth Energy Trust	PGH	11.36	4.1	6.2	14	6.0
Provident Energy Trust	PVX	8.36	3.9	5.6	12	4.3
<b>Natural Gas Royalty Trusts</b>						
Cross Timbers Royalty Trust	CRT	24.09	7.1	9.9	10	9.0
Hugoton RoyaltyTrust (46%)	HGT	17.32	5.3	7.0	8	6.7
San Juan Basin Royalty Trust	SJT	17.51	5.6	6.9	8	7.6
<b>Micro Cap</b>						
Abraxas Petroleum Corporation	ABP	1.03	6.6	12.1		12.0
Purcell Energy, Ltd. (US\$)	PEL.TO	1.89	3.2	4.3	9	5.6

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2004; 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](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.