

## **High Natural Gas Price is a Good Thing**

### **Summary and Recommendation**

In an unusual appearance before a Congressional committee on an industry issue, the Chairman of the Federal Reserve, Mr. Greenspan, urged “a major expansion of LNG terminal import capacity”. The widely respected financial leader portrayed access to world supplies as the antidote to “spikes in price” as we “encourage the use of environmentally desirable natural gas”. Thus in his own way, the Fed Chairman gave a ringing endorsement of the value of North American natural gas. In our view, high and higher natural gas prices are going to be with us for awhile as liquefied natural gas development is sure to take a long time. And that is a good thing because there is nothing more powerful than the prospects of attractive profits to encourage business investment that produces real economic growth and, in this case, also improves the environment by displacing dirtier fuel. High natural gas price is a good thing for every buy recommended stock in the McDep Energy Portfolio. We increase our estimate of trend value for six-year natural gas to \$7 from \$6 a Million Btu

### **Good Ideas Take a Long Time to Become Accepted**

The eminently practical rationale in Mr. Greenspan’s testimony has been an option for some four decades. We co-authored a paper published in *Pipe Line Industry* in October 1968 with the highlight “If a shortage of natural gas should develop in the United States, importation of LNG could assure distribution companies of a continuing supply”. No, that date is not a misprint; it really was 35 years ago.

The shortage soon developed and the U.S. political response was to extend regulation of price to include demand restrictions. Power generation was declared to be an “inferior use” of natural gas.

### **Natural Gas Price Conveys Valuable Signals**

Fortunately, as evidenced by Mr. Greenspan’s testimony, we have come a long way in taking a more intelligent regulatory approach. This time we hope the price of natural gas can remain largely free of regulation at the wellhead. That high price will make it easy for anyone to quantify the importance of further development of indigenous resources, as well as the value of making imports more readily available. Indirectly the price of natural gas also becomes a measure of the economic worth we are willing to place on a cleaner environment. We might be surprised at all the implications.

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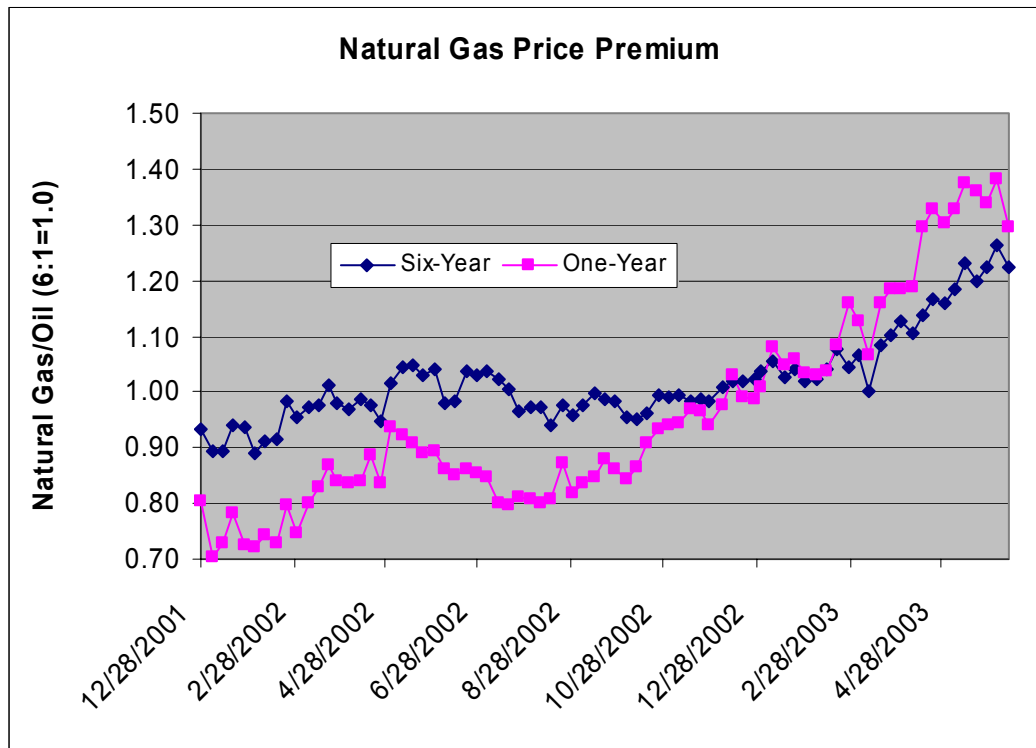
## Meter Reader

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

June 12, 2003

### Revise Trend Value for Six-Year Natural Gas to \$7 from \$6 a Million Btu

A few months ago we estimated that the trend value for the Louisiana natural gas price for the next six years was about \$6.00 (see *Meter Reader*, February 20, 2003). Last week we repeated our estimate for the trend value for Light Sweet Crude Oil for the next six years as \$33 in 2006 dollars. That implies a heating equivalent ratio of about 1.09 (6 times 6 divided by 33). Recent trends in the futures market suggest a higher ratio (see Chart). The ratios plotted are the same that we print weekly in *Natural Gas Royalty Trusts*.



Sticking to round numbers, we are inclined to place the trend value for natural gas for the next six years in 2006 dollars at \$7.00 a million Btu. That implies a heating equivalent ratio of about 1.27, which falls between the ratio implied by today's quotes for six-year and one-year futures. It is also close to the level where refined products like home heating oil and power turbine fuel are competitive in energy content though not in cleanliness.

The implication of our estimates is that current six-year futures for natural gas at slightly more than \$5 could appreciate more than a third to reach trend. Current six-year oil at less than \$25 could appreciate about a third to reach trend.

Kurt H. Wulff, CFA

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## Meter Reader

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

June 12, 2003

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

	Symbol/ Rating	Price (\$/sh) 11-Jun 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Mega Cap</b>							
Exxon Mobil Corporation	XOM	38.20	6,714	257,000	35.00	0.09	1.08
BP plc	BP	44.60	3,725	166,000	45.00	0.16	0.99
TotalFinaElf S.A.	TOT	79.80	1,317	105,100	85.00	0.16	0.95
Royal Dutch/Shell	RD B	48.85	3,473	170,000	55.00	0.18	0.91
ChevronTexaco Corporation	CVX B	75.61	1,064	80,400	95.00	0.20	0.84
<i>Total or Median</i>				779,000		0.16	0.95
<b>Producer/Refiners - Large Cap and Mid Cap</b>							
Murphy Oil Corporation	MUR	53.25	93	4,930	41.00	0.24	1.23
Petro-Canada	PCZ	41.52	264	10,940	38.00	0.20	1.07
Imperial Oil Limited (30%)	IMO	34.75	113	3,940	36.00	0.12	0.97
ENI S.p.A.	E	82.05	750	61,500	90.00	0.14	0.92
Suncor Energy	SU	19.45	448	8,710	22.00	0.22	0.91
Valero Energy Corporation	VLO	38.31	114	4,370	50.00	0.50	0.88
Norsk Hydro ASA (49%)	NHY	49.69	126	6,280	60.00	0.26	0.87
ConocoPhillips	COP B	55.29	682	37,700	70.00	0.38	0.87
PetroChina Company Ltd (10%)	PTR B	27.11	176	4,770	33.00	0.16	0.85
OAOLukoil	LUKOY	71.10	206	15,000	90.00	0.12	0.82
Marathon Oil Corporation	MRO B	27.00	310	8,370	40.00	0.31	0.77
Petroleo Brasileiro S. A.	PBR N	20.41	1,086	22,200	30.00	0.25	0.76
<i>Total or Median</i>				184,000		0.22	0.87
<b>Independent Natural Gas and Oil</b>							
Pogo Producing Company	PPP	44.95	65	2,900	38.00	0.22	1.14
Encana Corporation	ECA B	39.26	470	18,500	40.00	0.21	0.99
Occidental Petroleum Corp.	OXY	34.17	383	13,100	35.00	0.38	0.99
Apache Corporation	APA	68.15	159	10,800	70.00	0.20	0.98
Burlington Resources	BR B	55.50	202	11,200	60.00	0.27	0.94
XTO Energy Inc.	XTO B	22.22	185	4,120	24.00	0.24	0.94
Devon Energy	DVN	55.95	163	9,100	65.00	0.42	0.92
Pioneer Natural Resources Company	PXD	28.14	119	3,350	35.00	0.33	0.87
Unocal Corporation	UCL	31.21	255	8,000	40.00	0.35	0.86
Anadarko Petroleum Corp.	APC B	46.43	258	12,000	60.00	0.30	0.84
Canadian Natural Resources Limited	CNQ	42.05	139	5,850	55.00	0.29	0.83
CNOOC Limited (19%)	CEO B	27.69	78	2,160	35.00	-	0.79
<i>Total or Median</i>				101,000		0.28	0.93
<b>Service</b>							
Baker Hughes Inc.	BHI	35.94	339	12,200	25.00	0.09	1.40
Schlumberger Ltd.	SLB	49.78	581	28,900	44.00	0.22	1.10
Halliburton Company	HAL	24.87	434	10,800	22.00	0.25	1.10

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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## Meter Reader

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

June 12, 2003

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

	Symbol/ Rating	Price (\$/sh) 11-Jun 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	38.20	1.2	10.3	22	2.6	9.5
BP plc	BP	44.60	1.0	8.1	28	3.2	8.2
TotalFinaElf S.A.	TOT	79.80	1.2	7.8	20	4.0	8.2
Royal Dutch/Shell	RD B	48.85	1.0	7.6	17	3.8	8.3
ChevronTexaco Corporation	CVX B	75.61	0.9	7.3	15	3.7	8.7
	<i>Median</i>		<i>1.0</i>	<i>7.8</i>	<i>20</i>	<i>3.7</i>	<i>8.3</i>
<b>Producer/Refiners - Large Cap and Mid Cap</b>							
ConocoPhillips	COP B	55.29	0.6	7.5	14	2.9	8.7
Suncor Energy	SU	19.45	3.1	7.3	13	0.6	8.0
Murphy Oil Corporation	MUR	53.25	1.4	7.3	19	1.5	5.9
Imperial Oil Limited (30%)	IMO	34.75	1.1	6.7	12	1.6	6.9
Petro-Canada	PCZ	41.52	1.6	4.9	10	0.6	4.6
Valero Energy Corporation	VLO	38.31	0.3	4.9	5	1.0	5.5
Marathon Oil Corporation	MRO B	27.00	0.4	4.7	10	3.4	6.1
ENI S.p.A.	E	82.05	1.8	4.4	10	5.2	4.8
Petroleo Brasileiro S. A.	PBR N	20.41	1.4	4.3	8	6.6	5.7
PetroChina Company Ltd (10%)	PTR B	27.11	1.9	3.5	7	5.4	4.1
Norsk Hydro ASA (49%)	NHY	49.69	0.8	3.3	6	2.9	3.8
OAOLukoil	LUKOY	71.10	1.0	3.3	6	2.7	4.0
	<i>Median</i>		<i>1.2</i>	<i>4.8</i>	<i>10</i>	<i>2.8</i>	<i>5.6</i>
<b>Independent Natural Gas and Oil</b>							
XTO Energy Inc.	XTO B	22.22	5.3	7.6	15	0.2	8.1
Pioneer Natural Resources Company	PXD	28.14	4.9	6.8	19	-	7.9
Occidental Petroleum Corp.	OXY	34.17	2.5	6.6	11	3.0	6.7
Apache Corporation	APA	68.15	4.1	5.6	12	0.6	5.7
Pogo Producing Company	PPP	44.95	3.6	5.5	14	0.3	4.8
Anadarko Petroleum Corp.	APC B	46.43	3.9	5.3	9	0.9	6.3
CNOOC Limited (19%)	CEO B	27.69	3.5	5.2	13	3.8	6.6
Unocal Corporation	UCL	31.21	2.0	5.1	12	2.6	6.0
Burlington Resources	BR B	55.50	3.6	5.0	10	1.0	5.3
Encana Corporation	ECA B	39.26	2.0	4.2	9	0.7	4.2
Devon Energy	DVN	55.95	2.8	4.2	6	-	4.5
Canadian Natural Resources Limited	CNQ	42.05	2.1	3.4	6	1.0	4.1
	<i>Median</i>		<i>3.6</i>	<i>5.3</i>	<i>11</i>	<i>0.8</i>	<i>5.9</i>
<b>Service</b>							
Baker Hughes Inc.	BHI	35.94	2.5	15.1	43	1.3	10.8
Halliburton Company	HAL	24.87	1.2	9.9	22	2.0	9.0
Schlumberger Ltd.	SLB	49.78	2.6	9.8	37	1.5	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

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## Meter Reader

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

June 12, 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) 11-Jun 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	31.11	696	21,700	28.00	0.43	1.06
Duke Energy Corporation	DUK	19.11	832	15,900	16.00	0.69	1.06
Enel S.p.a. (32%)	EN	35.21	388	13,700	37.00	0.40	0.97
Exelon Corporation	EXC N	58.61	325	19,000	65.00	0.51	0.95
American Electric Power Co. Inc.	AEP N	29.96	348	10,400	35.00	0.60	0.94
Dominion Resources	D	62.92	294	18,500	76.00	0.44	0.90
<b>Mid Cap Pipeline and Power</b>							
Kinder Morgan Energy Partners, L.P.	KMP S	39.45	135	5,340	14.00	0.48	1.95
Kinder Morgan Management, LLC	KMR S	36.30	46	1,670	14.00	0.48	1.83
Kinder Morgan, Inc.	KMI S	55.33	123	6,810	14.00	0.80	1.58
Williams Companies	WMB	8.77	518	4,540	1.00	0.97	1.24
Constellation Energy Group	CEG	33.98	164	5,570	25.00	0.61	1.14
AES Corporation	AES	7.94	558	4,430	1.00	0.98	1.13
Calpine Corporation	CPN N	6.10	381	2,320	1.00	0.98	1.12
Dynegy Inc.	DYN	4.20	418	1,760	1.00	0.97	1.10
Mirant Corporation	MIR	2.44	402	980	1.00	0.96	1.05
CMS Energy Corporation	CMS	8.21	139	1,140	5.00	0.93	1.05
El Paso Corporation	EP N	9.14	589	5,400	10.00	0.79	0.98
Sempra Energy	SRE	28.15	206	5,800	30.00	0.59	0.97
<b>Small Cap Pipeline</b>							
Enterprise Products Part (16%)	EPD	23.22	29	660	6.70	0.63	1.89
Plains All Amer. Pipeline	PAA	30.43	50	1,520	11.60	0.49	1.82
Enbridge Energy Partners, L.P.	EEP S	47.10	35	1,650	14.90	0.64	1.79
Enbridge Energy Management, L.L.C.	EEQ S	43.41	35	1,520	14.90	0.64	1.70
Gulfterra Energy Partners	GTM S	37.20	55	2,050	15.70	0.56	1.60
TEPPCO Partners, L.P.	TPP	35.85	50	1,790	17.70	0.56	1.45
Northern Border Partners	NBP	41.72	44	1,840	20.40	0.62	1.39
Williams Energy Partners	WEG	47.25	28	1,310	29.00	0.38	1.39
AmeriGas Partners, L.P.	APU	27.12	49	1,340	18.30	0.51	1.23
Western Gas Resources	WGR	41.65	34	1,400	37.60	0.29	1.08
<b>Coal</b>							
Penn Virginia Res. Part, L.P.	PVR	28.60	15	440	18.00	-	1.60
Consol Energy Inc.	CNX	24.00	79	1,900	5.00	0.88	1.45
Peabody Energy	BTU	34.93	55	1,920	18.00	0.75	1.24
Alliance Res. Part, L.P.	ARLP	27.82	16	440	20.00	0.45	1.21
Arch Coal	ACI	24.30	48	1,160	18.00	0.61	1.14
Massey Energy	MEE	14.90	75	1,120	18.00	0.37	0.89
<i>Total or Median</i>				<i>7,000</i>	<i>0.53</i>	<i>1.22</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

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## Meter Reader

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

June 12, 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) 11-Jun 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	31.11	3.5	9.7	17	4.4	9.1
Duke Energy Corporation	DUK	19.11	2.4	9.6	13	5.8	9.0
Enel S.p.a. (32%)	EN	35.21	2.3	8.7	28	4.0	8.9
Exelon Corporation	EXC N	58.61	2.6	8.6	12	3.1	9.0
Dominion Resources	D	62.92	3.5	8.1	13	4.1	9.0
American Electric Power Co. Inc.	AEP N	29.96	0.8	8.0	11	4.7	8.5
<b>Mid Cap Pipeline and Power</b>							
Kinder Morgan Energy Partners, L.P.	KMP S	39.45	2.5	17.1	20	6.5	8.8
Kinder Morgan Management, LLC	KMR S	36.30	2.3	16.1	19	7.1	8.8
Calpine Corporation	CPN N	6.10	2.4	13.6	7	-	12.2
Kinder Morgan, Inc.	KMI S	55.33	2.6	12.5	17	1.1	7.9
Dynegy Inc.	DYN	4.20	3.0	12.4	34	-	11.3
AES Corporation	AES	7.94	3.8	11.5	23	-	10.1
Williams Companies	WMB	8.77	3.7	10.3		0.5	8.3
Mirant Corporation	MIR	2.44	1.2	9.4	4	-	8.9
Constellation Energy Group	CEG	33.98	2.6	9.2	16	3.1	8.1
CMS Energy Corporation	CMS	8.21	1.1	9.1	10	-	8.7
Sempra Energy	SRE	28.15	2.2	8.5	11	3.6	8.7
El Paso Corporation	EP N	9.14	2.5	6.8	6	1.8	6.9
	<i>Median</i>		2.5	10.3	13	0.5	8.7
<b>Small Cap Pipeline</b>							
Enterprise Products Part (16%)	EPD	23.22	1.9	17.1		0.9	9.0
Plains All Amer. Pipeline	PAA	30.43	0.2	16.4	25	7.1	9.0
Enbridge Energy Partners, L.P.	EEP S	47.10	2.1	16.1	35	7.6	9.0
Enbridge Energy Management, L.L.C	EEQ S	43.41	2.0	15.3	32	8.3	9.0
Gulfterra Energy Partners	GTM S	37.20	5.3	14.4	23	7.3	9.0
TEPPCO Partners, L.P.	TPP	35.85	1.1	13.0	19	6.7	9.0
Northern Border Partners	NBP	41.72	7.2	12.5	16	7.7	9.0
Williams Energy Partners	WEG	47.25	4.3	11.8	14	6.3	8.5
AmeriGas Partners, L.P.	APU	27.12	1.8	11.1	26	8.1	9.0
Western Gas Resources	WGR	41.65	0.7	7.9	18	-	7.4
	<i>Median</i>		1.9	13.7	23	7.2	9.0
<b>Coal</b>							
Consol Energy Inc.	CNX	24.00	2.3	14.1	55	2.3	9.7
Penn Virginia Res. Part, L.P.	PVR	28.60	10.6	13.7	16	7.0	8.6
Peabody Energy	BTU	34.93	1.7	11.1	29	1.1	9.0
Arch Coal	ACI	24.30	1.7	10.3		0.9	9.0
Alliance Res. Part, L.P.	ARLP	27.82	1.3	8.5	23	7.2	7.0
Massey Energy	MEE	14.90	1.4	8.0		1.1	8.9
	<i>Median</i>		1.7	10.7	26	1.7	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

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## Meter Reader

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

June 12, 2003

**Table 3-1**  
**Independent Natural Gas and Oil Producers - Small Cap**  
**Rank by McDep Ratio: Market Cap and Debt to Present Value**

	Symbol/ Rating	Price (\$/sh) 11-Jun 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
<b>Short Life</b>								
Dorchester Minerals, L.P.	DMLP	18.10	27.0	490	13.00	-	1.39	
Spinnaker Exploration Company	SKE	26.80	33.8	910	25.00	-	1.07	
Energy Partners Ltd.	EPL	B	12.00	36.7	441	12.00	0.22	1.00
Cimarex Energy Company	XEC	23.80	41.0	980	24.00	0.03	0.99	
Newfield Exploration Company	NFX	38.92	51.7	2,010	40.00	0.31	0.98	
Stone Energy Company	SGY	43.86	26.5	1,160	46.00	0.27	0.97	
Southwestern Energy Company	SWN	16.13	36.0	580	17.00	0.30	0.96	
Denbury Resources Inc.	DNR	13.12	55.0	720	15.00	0.29	0.91	
Chesapeake Energy Corporation	CHK	11.20	220	2,460	14.00	0.38	0.88	
St. Mary Land and Exploration Company	SM	29.69	29.0	860	35.00	0.11	0.86	
Wesport Resources Corporation	WRC	23.97	68.0	1,630	30.00	0.29	0.86	
Forest Oil Corporation	FST	N	26.90	48.2	1,300	35.00	0.33	0.84
The Houston Explorator Company	THX	35.10	31.0	1,090	45.00	0.16	0.82	
<i>Total or Median</i>				<i>14,600</i>		<i>0.27</i>	<i>0.96</i>	
<b>Long Life</b>								
Ultra Petroleum Corp.	UPL	12.74	78.0	990	7.00	0.15	1.70	
Unit Corporation	UNT	22.75	43.6	990	18.00	0.04	1.25	
Quicksilver Resources Inc.	KWK	25.76	20.4	530	25.00	0.35	1.02	
Penn Virginia Corporation	PVA	44.71	9.0	400	45.00	0.06	0.99	
Evergreen Resources, Inc.	EVG	56.89	22.0	1,250	60.00	0.10	0.95	
Swift Energy Company	SFY	12.01	27.2	330	16.00	0.43	0.86	
Encore Acquisition Corp. (25%)	EAC	19.72	7.0	138	24.00	0.19	0.86	
Magnum Hunter Resources, Inc.	MHR	8.00	69.0	550	11.00	0.45	0.85	
Vintage Petroleum, Inc.	VPI	12.09	63.0	760	20.00	0.40	0.76	
<i>Total or Median</i>				<i>5,900</i>		<i>0.19</i>	<i>0.95</i>	
<b>Canadian Royalty Trusts</b>								
Provident Energy Trust	PVX	9.31	63.5	590	6.00	0.23	1.43	
Enerplus Resources Fund	ERF	24.04	75.0	1,800	20.00	0.16	1.17	
Pengrowth Energy Trust	PGH	13.23	110.0	1,460	11.00	0.16	1.17	
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	26.07	79.5	2,070	45.00	0.17	0.65
<i>Total or Median</i>				<i>5,900</i>		<i>0.17</i>	<i>1.17</i>	
<b>Natural Gas Royalty Trusts</b>								
Hugoton Royalty Trust (46%)	HGT	20.68	18.4	380	17.30	-	1.20	
Cross Timbers Royalty Trust	CRT	24.35	6.0	146	23.20	-	1.05	
San Juan Basin Royalty Trust	SJT	B	19.76	46.6	920	20.20	-	0.98
<b>Micro Cap</b>								
Abraxas Petroleum Corporation	ABP	1.25	30.0	38	1.00	0.85	1.04	
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.82	28.2	51	2.80	0.31	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

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## Meter Reader

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

June 12, 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>11-Jun</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	18.10	8.3	10.2	13	7.3
Forest Oil Corporation	FST	26.90	3.7	6.1	21	7.2
Chesapeake Energy Corporation	CHK	11.20	3.8	5.6	12	6.4
Southwestern Energy Company	SWN	16.13	2.8	5.6	11	5.8
Cimarex Energy Company	XEC	23.80	3.6	5.3	14	5.3
Wesport Resources Corporation	WRC	23.97	3.6	5.1	15	5.9
St. Mary Land and Exploration Company	SM	29.69	3.2	4.9	14	5.7
Denbury Resources Inc.	DNR	13.12	3.1	4.3	9	4.8
Energy Partners Ltd.	EPL	12.00	2.7	4.3		4.3
Stone Energy Company	SGY	43.86	3.2	4.2	9	4.4
Spinnaker Exploration Company	SKE	26.80	3.4	3.9	14	3.6
Newfield Exploration Company	NFX	38.92	2.8	3.6	7	3.6
The Houston Exploraton Company	THX	35.10	2.8	3.4	8	4.1
	<i>Median</i>		<i>3.2</i>	<i>4.9</i>	<i>13</i>	<i>5.3</i>
<b>Long Life</b>						
Ultra Petroleum Corp.	UPL	12.74	11.8	19.4	38	11.4
Evergreen Resources, Inc.	EVG	56.89	7.1	10.2	18	10.7
Unit Corporation	UNT	22.75	4.1	9.5	24	7.6
Quicksilver Resources Inc.	KWK	25.76	4.7	6.9	13	6.8
Swift Energy Company	SFY	12.01	4.0	6.0	20	7.0
Encore Acquisition Corp. (25%)	EAC	19.72	3.8	5.8	14	6.8
Penn Virginia Corporation	PVA	44.71	2.9	5.6	15	5.7
Magnum Hunter Resources, Inc.	MHR	8.00	3.2	5.6	14	6.5
Vintage Petroleum, Inc.	VPI	12.09	2.5	4.7	50	6.2
<b>Canadian Royalty Trusts</b>						
Enerplus Resources Fund	ERF	24.04	5.7	7.6	13	6.5
Pengrowth Energy Trust	PGH	13.23	4.7	7.0	16	6.0
Provident Energy Trust	PVX	9.31	4.3	6.2	14	4.3
Canadian Oil Sands Trust (US\$)	COS_u.TO	26.07	3.2	5.6	5	8.7
<b>Natural Gas Royalty Trusts</b>						
Cross Timbers Royalty Trust	CRT	24.35	6.8	9.3	10	8.9
Hugoton Royalty Trust (46%)	HGT	20.68	6.1	7.9	9	6.6
San Juan Basin Royalty Trust	SJT	19.76	6.0	7.3	8	7.5
<b>Micro Cap</b>						
Abraxas Petroleum Corporation	ABP	1.25	6.8	12.5		12.0
Purcell Energy, Ltd. (US\$)	PEL.TO	1.82	3.2	4.4	9	5.9

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

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