

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

July 17, 2003

Dividend Capacity

Summary and Recommendation

Conventional energy stocks that use more of their capacity to pay dividends are likely to outperform pipeline partnerships that pay dividends in excess of their sustainable capacity. Dividends are probably more important than at any time in many decades as double taxation has been reduced to a more acceptable level and an aging population seeks current income. Were the largest energy stock, **ExxonMobil (XOM)**, to double its dividend, it would use only three-fourths of its capacity that we define as equity cash flow. In contrast, four popular energy pipeline partnerships pay distributions at 125% to 160% of their capacity. Meanwhile amid volatile financial markets we are confident that our buy recommendations offer attractive real return potential with inflation protection and deflation resistance including **Royal Dutch/Shell (RD)**, **Marathon Oil (MRO)**, **Encana (ECA)**, and **San Juan Basin Royalty Trust (SJT)**.

Pay Distributions Out of Equity

Paying dividends in excess of capacity is one of the oldest tricks in the book to generate unwarranted investment in a stock. Apparently that was a concern as far back as the late nineteenth century at the time of the origination of the Dow Jones Industrial Average according to our recollection of reading a history in the sponsoring newspaper.

At the same time, special structures such as royalty trusts and master limited partnerships can be efficient in avoiding the double taxation that has discouraged higher payouts by corporations. We have been providing investment research on royalty trusts since 1979 and on MLP's since Apache created the first one in about 1983. Currently there are three U.S. royalty trusts, four Canadian royalty trusts and a dozen partnerships with L.P. in their name in our valuation tables. We have buy recommendations on a U.S. natural gas royalty trust, and a Canadian royalty trust. We regret that our work designates three pipeline partnerships as sell recommendations despite the appeal of their energy businesses and their efficient tax structure.

Fortunately there are now likely to be more income alternatives if ordinary corporations increasingly respond positively to the new tax law that was signed little more than a month ago. As an example of the potential, we include XOM in our discussion of dividend capacity that follows.

We believe that dividend paying capacity starts with operating cash flow, also known as Ebitda in our work. Our models of next twelve months financial activity for each stock estimate that measure.

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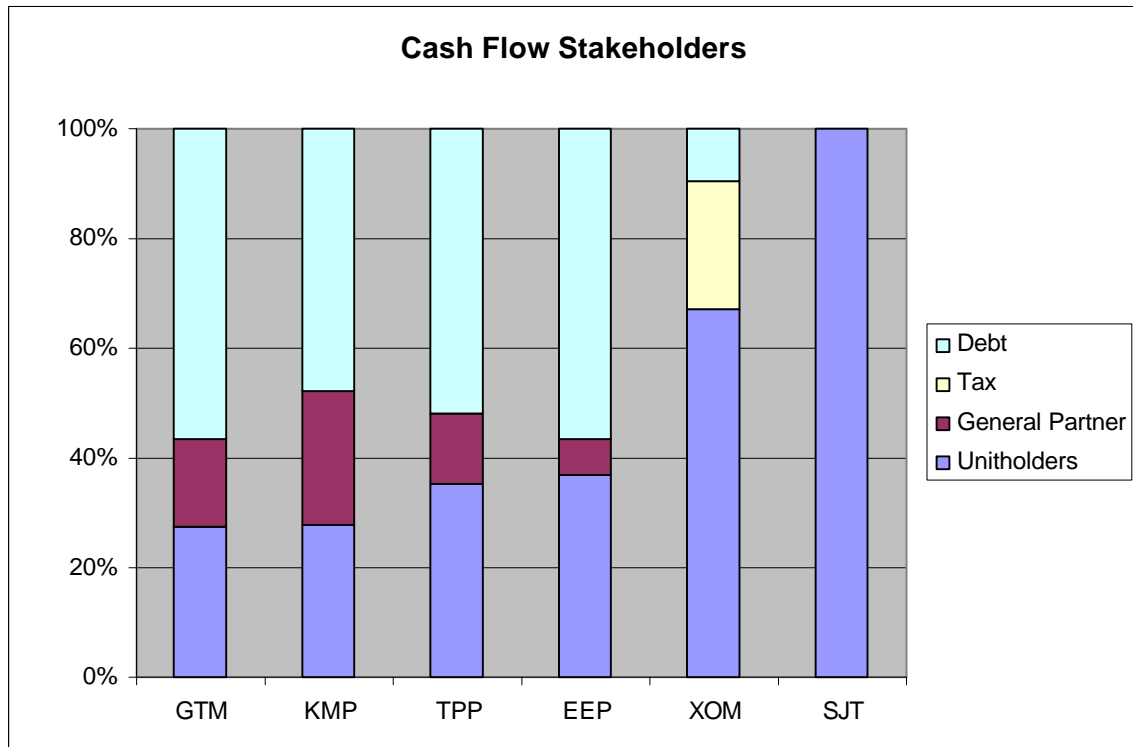
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The first claim on operating cash flow is debt, i.e. the “i” for interest in Ebitda. We broaden that claim to Ebitda times the ratio of debt to present value. That is the cash flow relating to the proceeds that would repay debt if a company were sold for present value.

The second claim on cash flow is tax, i.e. the “t” in Ebitda. While the government must be paid by corporations, royalty trusts and partnerships avoid that claim. We assess the corporate structure with a full tax rate even though much of the burden is usually deferred.

Some partnerships have a disguised provision often buried in their disclosures that forms a surprise third claim on cash flow, general partner compensation. The GP “tax” has potentially more onerous terms than the Federal income tax and in leading cases already is more of a burden than tax would be.

After the possible priority claims, the remaining cash flow is allocable to the unitholders or stockholders (see Chart). A corporation like XOM has a small debt and a large tax claim on cash flow while a royalty trust like SJT has none of the three priority claims. The general partner claim at **Kinder Morgan Energy Partners (KMP)** already appears to be larger proportionately than the tax claim at XOM.



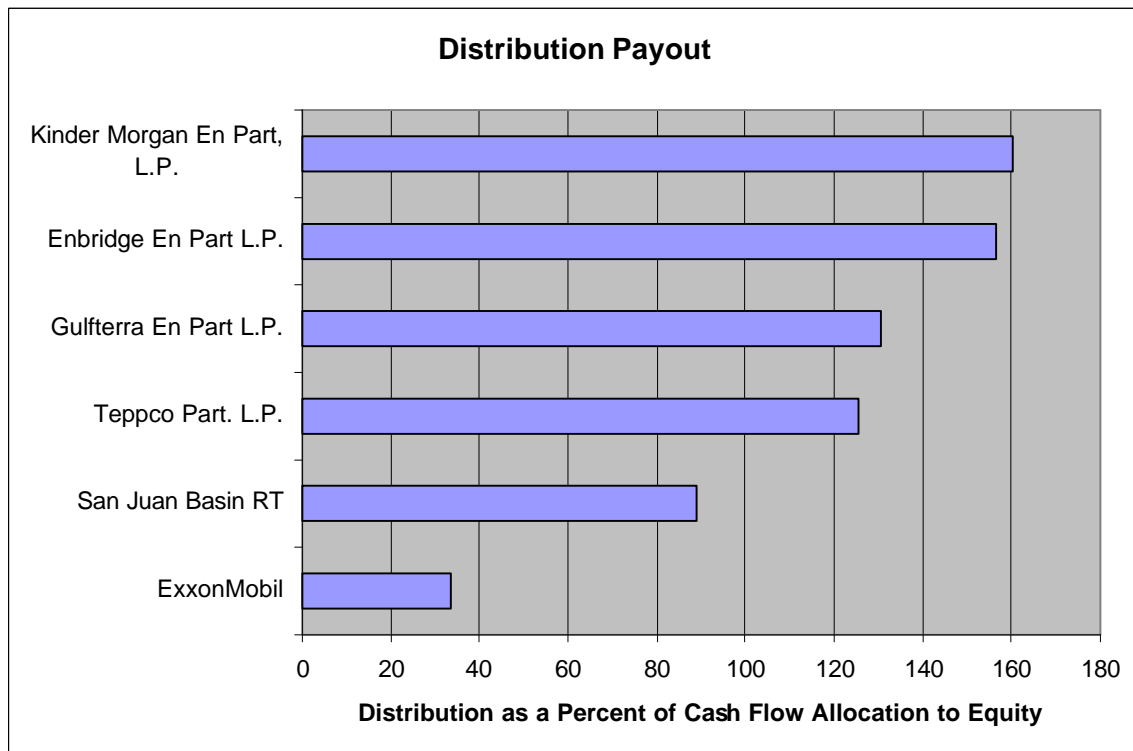
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In our opinion, it is not prudent for an entity to distribute more than the cash flow allocated to equity holders. To check for that we compare distributions to equity cash flow (see Chart). As we summarized in the beginning, the selected partnerships distribute more than a prudent amount. Conversely, energy stocks like XOM have large unused capacity to distribute more cash. The small amount of undistributed cash at SJT is expected to fund development expenditures that enhance present value.



Investors Reward High Distributions with High McDep Ratios

McDep Ratios for the four selected partnerships range from about 1.5 to 2.0. In contrast the McDep Ratio for XOM is about a neutral 1.0 and for SJT under 0.9. Being contrary minded, we recommend sale of three of the partnerships and purchase of SJT stock.

Partnerships Do Not Disclose General Partner's Equity

The balance sheets of each of the partnerships show only about 2% of the equity allocated to the general partner. If KMP, for example, were to report general partner equity in the same proportion as general partner compensation is to earnings, limited partner equity would be reduced by \$1.6 billion to about \$10 a unit from about \$18.

Kurt H. Wulff, CFA

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

	Symbol/ Rating	Price (\$/sh) 16-Jul 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap							
Exxon Mobil Corporation	XOM	34.92	6,714	235,000	35.00	0.09	1.00
Total S.A.	TOT	73.04	1,292	94,400	85.00	0.17	0.88
Royal Dutch/Shell	RD B	44.67	3,473	155,000	55.00	0.18	0.85
BP plc	BP	39.58	3,721	147,000	50.00	0.15	0.82
ChevronTexaco Corporation	CVX B	71.46	1,064	76,000	95.00	0.20	0.80
<i>Total or Median</i>				<i>707,000</i>		<i>0.17</i>	<i>0.85</i>
Producer/Refiners - Large Cap and Mid Cap							
Murphy Oil Corporation	MUR	49.55	92	4,580	41.00	0.26	1.15
Imperial Oil Limited (30%)	IMO	33.60	113	3,810	36.00	0.12	0.94
Petro-Canada	PCZ	38.32	265	10,150	45.00	0.19	0.88
Valero Energy Corporation	VLO	37.07	114	4,230	50.00	0.50	0.87
Norsk Hydro ASA (49%)	NHY	48.16	126	6,090	60.00	0.28	0.86
ENI S.p.A.	E	74.21	750	55,700	90.00	0.14	0.85
ConocoPhillips	COP B	52.90	682	36,100	70.00	0.38	0.85
OAo Lukoil	LUKOY	74.44	206	15,000	90.00	0.12	0.85
Petroleo Brasileiro S. A.	PBR N	21.12	1,096	23,100	30.00	0.25	0.78
Suncor Energy	SU	18.23	476	8,680	25.00	0.14	0.77
PetroChina Company Ltd (10%)	PTR B	28.58	176	5,020	40.00	0.14	0.75
Marathon Oil Corporation	MRO B	25.67	310	7,960	40.00	0.31	0.75
<i>Total or Median</i>				<i>176,000</i>		<i>0.19</i>	<i>0.85</i>
Independent Natural Gas and Oil							
Pogo Producing Company	PPP	41.43	65	2,670	38.00	0.22	1.07
Occidental Petroleum Corp.	OXY	31.13	383	11,900	35.00	0.38	0.93
Encana Corporation	ECA B	35.65	470	16,800	40.00	0.21	0.92
Apache Corporation	APA	62.23	159	9,900	70.00	0.20	0.91
CNOOC Limited (19%)	CEO B	30.80	78	2,400	35.00	-	0.88
Burlington Resources	BR B	48.83	202	9,900	60.00	0.27	0.87
Devon Energy	DVN	49.07	163	8,000	65.00	0.42	0.86
XTO Energy Inc.	XTO B	18.65	185	3,460	24.00	0.24	0.83
Unocal Corporation	UCL	28.07	255	7,200	40.00	0.35	0.81
Anadarko Petroleum Corp.	APC B	43.13	258	11,100	60.00	0.30	0.80
Pioneer Natural Resources Company	PXD	24.65	119	2,930	35.00	0.33	0.80
Canadian Natural Resources Limited	CNQ	38.55	139	5,360	55.00	0.29	0.79
<i>Total or Median</i>				<i>92,000</i>		<i>0.28</i>	<i>0.86</i>
Service							
Baker Hughes Inc.	BHI	31.65	339	10,700	25.00	0.09	1.24
Schlumberger Ltd.	SLB	45.70	581	26,600	44.00	0.22	1.03
Halliburton Company	HAL	21.50	434	9,300	22.00	0.25	0.98

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

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

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

	Symbol/ Rating	Price (\$/sh) 16-Jul 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Mega Cap							
Exxon Mobil Corporation	XOM	34.92	1.1	8.7	18	2.9	8.7
Total S.A.	TOT	73.04	1.0	7.5	15	4.8	8.5
BP plc	BP	39.58	0.7	6.8	16	3.8	8.3
Royal Dutch/Shell	RD B	44.67	1.0	6.8	15	4.5	8.0
ChevronTexaco Corporation	CVX B	71.46	0.8	6.5	12	3.9	8.1
	<i>Median</i>		<i>1.0</i>	<i>6.8</i>	<i>15</i>	<i>3.9</i>	<i>8.3</i>
Producer/Refiners - Large Cap and Mid Cap							
Murphy Oil Corporation	MUR	49.55	1.5	8.7	27	1.6	7.5
ConocoPhillips	COP B	52.90	0.6	7.1	12	3.0	8.3
Imperial Oil Limited (30%)	IMO	33.60	1.0	6.9	13	1.7	7.3
Suncor Energy	SU	18.23	2.3	6.1	11	0.7	7.9
Valero Energy Corporation	VLO	37.07	0.3	4.8	5	1.1	5.5
Marathon Oil Corporation	MRO B	25.67	0.4	4.8	11	3.6	6.3
Norsk Hydro ASA (49%)	NHY	48.16	0.8	4.2	11	3.1	5.0
Petro-Canada	PCZ	38.32	1.3	4.2	10	0.8	4.7
ENI S.p.A.	E	74.21	1.6	4.1	9	5.8	4.9
OAOLukoil	LUKOY	74.44	1.0	3.8	7	2.6	4.5
Petroleo Brasileiro S. A.	PBR N	21.12	1.4	3.8	5	4.0	4.9
PetroChina Company Ltd (10%)	PTR B	28.58	1.8	3.3	6	5.1	4.3
	<i>Median</i>		<i>1.2</i>	<i>4.5</i>	<i>10</i>	<i>2.8</i>	<i>5.2</i>
Independent Natural Gas and Oil							
XTO Energy Inc.	XTO B	18.65	4.9	7.2	15	0.2	8.7
Pioneer Natural Resources Company	PXD	24.65	4.7	6.6	19	-	8.2
Occidental Petroleum Corp.	OXY	31.13	2.4	6.3	11	3.3	6.8
CNOOC Limited (19%)	CEO B	30.80	3.9	5.8	14	3.4	6.6
Apache Corporation	APA	62.23	4.0	5.5	12	0.6	6.1
Pogo Producing Company	PPP	41.43	3.5	5.4	14	0.3	5.0
Anadarko Petroleum Corp.	APC B	43.13	3.8	5.2	9	0.9	6.5
Burlington Resources	BR B	48.83	3.6	5.0	10	1.1	5.8
Unocal Corporation	UCL	28.07	2.0	5.0	12	2.9	6.2
Devon Energy	DVN	49.07	2.8	4.2	6	-	4.9
Encana Corporation	ECA B	35.65	2.0	4.2	9	0.8	4.5
Canadian Natural Resources Limited	CNQ	38.55	2.1	3.4	6	1.1	4.3
	<i>Median</i>		<i>3.5</i>	<i>5.3</i>	<i>11</i>	<i>0.9</i>	<i>6.1</i>
Service							
Baker Hughes Inc.	BHI	31.65	2.2	13.3	38	1.5	10.8
Schlumberger Ltd.	SLB	45.70	2.5	9.2	34	1.6	8.9
Halliburton Company	HAL	21.50	1.0	8.8	19	2.3	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

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

	Symbol/ Rating	Price (\$/sh) 16-Jul 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Large Cap Power							
Duke Energy Corporation	DUK	18.10	832	15,100	16.00	0.69	1.04
Southern Company	SO	27.97	696	19,500	28.00	0.43	1.00
Exelon Corporation	EXC N	54.74	325	17,800	65.00	0.51	0.92
American Electric Power Co. Inc.	AEP N	27.39	348	9,500	35.00	0.60	0.91
Enel S.p.a. (32%)	EN	30.77	388	11,900	37.00	0.40	0.90
Dominion Resources	D	59.62	294	17,500	76.00	0.44	0.88
<i>Total or Median</i>				<i>91,300</i>		<i>0.47</i>	<i>0.92</i>
Mid Cap Pipeline and Power							
Kinder Morgan Energy Partners, L.P.	KMP S	40.15	135	5,440	14.00	0.48	1.98
Kinder Morgan Management, LLC	KMR S	37.85	46	1,740	14.00	0.48	1.89
Kinder Morgan, Inc.	KMI S	53.80	123	6,620	14.00	0.80	1.56
Williams Companies	WMB	6.92	518	3,580	1.00	0.97	1.18
Calpine Corporation	CPN N	6.94	381	2,640	1.00	0.98	1.14
AES Corporation	AES	6.97	558	3,890	1.00	0.98	1.12
Constellation Energy Group	CEG	32.44	164	5,320	25.00	0.61	1.12
Dynegy Inc.	DYN	4.49	418	1,880	1.00	0.97	1.11
Mirant Corporation	MIR	2.01	402	810	1.00	0.96	1.04
CMS Energy Corporation	CMS	6.80	139	950	5.00	0.93	1.03
Sempra Energy	SRE	27.62	206	5,690	30.00	0.59	0.97
El Paso Corporation	EP N	8.04	589	4,700	10.00	0.79	0.96
<i>Total or Median</i>				<i>43,260</i>		<i>0.86</i>	<i>1.12</i>
Small Cap Pipeline							
Enterprise Products Part (44%)	EPD	22.00	96	2,110	8.50	0.49	1.82
Enbridge Energy Partners, L.P.	EEP S	49.00	39	1,910	19.00	0.57	1.68
Enbridge Energy Management, L.L.C	EEQ S	47.39	9	450	19.00	0.57	1.65
Gulfstream Energy Partners	GTM S	38.26	55	2,100	15.70	0.56	1.62
Plains All Amer. Pipeline, L.P.	PAA	31.66	50	1,580	15.00	0.44	1.62
TEPPCO Partners, L.P.	TPP	37.12	58	2,150	18.00	0.52	1.51
Northern Border Partners	NBP	43.48	47	2,020	20.00	0.62	1.45
Williams Energy Partners	WEG	47.80	27	1,300	29.00	0.38	1.40
AmeriGas Partners, L.P.	APU	26.45	52	1,390	20.00	0.46	1.18
Western Gas Resources	WGR	36.88	37	1,360	40.00	0.27	0.94
<i>Total or Median</i>				<i>64,330</i>		<i>0.54</i>	<i>1.48</i>
Coal							
Penn Virginia Res. Part, L.P.	PVR	29.50	15	450	18.00	-	1.63
Consol Energy Inc.	CNX	20.90	79	1,650	5.00	0.88	1.37
Alliance Res. Part, L.P.	ARLP	28.94	16	460	20.00	0.45	1.24
Peabody Energy	BTU	32.55	55	1,790	18.00	0.75	1.20
Arch Coal	ACI	21.60	48	1,030	18.00	0.61	1.08
Massey Energy	MEE	12.15	75	910	18.00	0.37	0.80
<i>Total or Median</i>				<i>6,300</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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Table 2-2
Energy Pipeline and Power Companies
Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 16-Jul 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Large Cap Power							
Duke Energy Corporation	DUK	18.10	2.4	9.4	13	6.1	9.0
Southern Company	SO	27.97	3.2	9.1	16	4.9	9.1
Exelon Corporation	EXC N	54.74	2.6	8.3	11	3.4	9.0
Enel S.p.a. (32%)	EN	30.77	2.1	8.0	24	4.5	8.9
Dominion Resources	D	59.62	3.4	7.9	13	4.3	9.0
American Electric Power Co. Inc.	AEP N	27.39	0.8	7.7	10	5.1	8.5
	<i>Median</i>		2.5	8.2	13	4.7	9.0
Mid Cap Pipeline and Power							
Kinder Morgan Energy Partners, L.P.	KMP S	40.15	2.5	17.3	21	6.4	8.8
Kinder Morgan Management, LLC	KMR S	37.85	2.4	16.6	19	6.8	8.8
Calpine Corporation	CPN N	6.94	2.4	13.9	8	-	12.2
Dynergy Inc.	DYN	4.49	3.0	12.5	36	-	11.3
Kinder Morgan, Inc.	KMI S	53.80	2.6	12.3	16	1.1	7.9
AES Corporation	AES	6.97	3.7	11.3	20	-	10.1
Williams Companies	WMB	6.92	3.5	9.8		0.6	8.3
Mirant Corporation	MIR	2.01	1.2	9.2	3	-	8.9
Constellation Energy Group	CEG	32.44	2.5	9.0	15	3.2	8.1
CMS Energy Corporation	CMS	6.80	1.1	9.0	8	-	8.7
Sempra Energy	SRE	27.62	2.2	8.5	11	3.6	8.7
El Paso Corporation	EP N	8.04	2.4	6.7	5	2.0	6.9
	<i>Median</i>		2.5	10.6	15	0.8	8.8
Small Cap Pipeline							
Enterprise Products Part (44%)	EPD	22.00	1.2	16.4		6.6	9.0
Gulfterra Energy Partners	GTM S	38.26	5.4	14.6	24	7.1	9.0
TEPPCO Partners, L.P.	TPP	37.12	1.0	13.6	22	6.7	9.0
Northern Border Partners	NBP	43.48	6.9	13.6	18	7.4	9.4
Enbridge Energy Partners, L.P.	EEP S	49.00	1.2	13.5	20	7.6	8.0
Enbridge Energy Management, L.L.C	EEQ S	47.39	1.1	13.3	20	7.8	8.0
Plains All Amer. Pipeline, L.P.	PAA	31.66	0.2	13.0	17	6.9	8.0
Williams Energy Partners	WEG	47.80	4.1	11.3	14	6.3	8.1
AmeriGas Partners, L.P.	APU	26.45	1.5	9.4	16	8.3	8.0
Western Gas Resources	WGR	36.88	0.5	6.2	10	-	6.6
	<i>Median</i>		1.2	13.4	18	7.0	8.1
Coal							
Penn Virginia Res. Part, L.P.	PVR	29.50	10.8	14.0	16	6.8	8.6
Consol Energy Inc.	CNX	20.90	2.2	13.4	48	2.7	9.7
Peabody Energy	BTU	32.55	1.7	10.8	27	1.2	9.0
Arch Coal	ACI	21.60	1.6	9.7		1.1	9.0
Alliance Res. Part, L.P.	ARLP	28.94	1.4	8.7	24	6.9	7.0
Massey Energy	MEE	12.15	1.2	7.1		1.3	8.9
	<i>Median</i>		1.6	10.3	26	2.0	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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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) 16-Jul 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Short Life								
Dorchester Minerals, L.P.	DMLP	16.95	27.0	460	13.00	-	1.30	
Spinnaker Exploration Company	SKE	23.69	33.8	800	25.00	-	0.95	
Denbury Resources Inc.	DNR	13.27	55.0	730	15.00	0.29	0.92	
Southwestern Energy Company	SWN	14.81	36.0	530	17.00	0.30	0.91	
Energy Partners Ltd.	EPL	B	10.44	36.8	384	12.00	0.22	0.90
Newfield Exploration Company	NFX	33.94	51.7	1,760	40.00	0.31	0.90	
Stone Energy Company	SGY	38.85	26.5	1,030	46.00	0.27	0.89	
Cimarex Energy Company	XEC	20.30	41.0	830	24.00	0.03	0.85	
Chesapeake Energy Corporation	CHK	9.38	220	2,060	14.00	0.38	0.79	
Wesport Resources Corporation	WRC	21.08	68.0	1,430	30.00	0.29	0.79	
St. Mary Land and Exploration Company	SM	26.51	29.0	770	35.00	0.11	0.78	
The Houston Exploration Company	THX	32.82	31.0	1,020	45.00	0.16	0.77	
Forest Oil Corporation	FST	N	22.92	48.2	1,110	35.00	0.33	0.77
	<i>Total or Median</i>			<i>12,900</i>		<i>0.27</i>	<i>0.89</i>	
Long Life								
Ultra Petroleum Corp.	UPL	11.73	78.0	920	7.00	0.15	1.58	
Unit Corporation	UNT	19.60	43.6	860	18.00	0.04	1.09	
Penn Virginia Corporation	PVA	44.30	9.0	400	45.00	0.06	0.99	
Quicksilver Resources Inc.	KWK	23.63	20.4	480	25.00	0.35	0.96	
Evergreen Resources, Inc.	EVG	50.50	22.0	1,110	60.00	0.10	0.86	
Swift Energy Company	SFY	11.30	27.2	310	16.00	0.43	0.83	
Encore Acquisition Corp. (40%)	EAC	B	18.49	11.2	207	24.00	0.18	0.81
Magnum Hunter Resources, Inc.	MHR	7.18	69.0	500	11.00	0.45	0.81	
Vintage Petroleum, Inc.	VPI	11.39	63.0	720	20.00	0.40	0.74	
	<i>Total or Median</i>			<i>5,500</i>		<i>0.18</i>	<i>0.86</i>	
Canadian Royalty Trusts								
Provident Energy Trust	PVX	8.17	63.5	520	6.00	0.25	1.27	
Enerplus Resources Fund	ERF	22.90	75.0	1,720	20.00	0.16	1.12	
Pengrowth Energy Trust	PGH	12.27	110.0	1,350	11.00	0.18	1.09	
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	25.41	79.5	2,020	45.00	0.17	0.64
	<i>Total or Median</i>			<i>5,600</i>		<i>0.18</i>	<i>1.11</i>	
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT	24.80	6.0	149	21.00	-	1.18	
Hugoton Royalty Trust (46%)	HGT	17.38	18.4	320	15.80	-	1.10	
San Juan Basin Royalty Trust	SJT	B	16.20	46.6	760	18.60	-	0.87
Micro Cap								
Abraxas Petroleum Corporation	ABP	1.03	30.0	31	1.00	0.85	1.01	
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

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. 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

July 17, 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>16-Jul</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>
		<i>2003</i>			<i>(%)</i>	
Short Life						
Dorchester Minerals, L.P.	DMLP	16.95	7.7	9.6	12	7.3
Forest Oil Corporation	FST	22.92	3.1	5.0	12	6.5
Southwestern Energy Company	SWN	14.81	2.5	5.0	9	5.5
Chesapeake Energy Corporation	CHK	9.38	3.2	4.9	9	6.1
Wesport Resources Corporation	WRC	21.08	3.1	4.4	11	5.6
Denbury Resources Inc.	DNR	13.27	3.0	4.2	9	4.6
St. Mary Land and Exploration Company	SM	26.51	2.8	4.2	11	5.3
Cimarex Energy Company	XEC	20.30	2.9	4.1	10	4.8
Energy Partners Ltd.	EPL	10.44	2.5	4.0		4.5
Stone Energy Company	SGY	38.85	2.8	3.7	8	4.2
Spinnaker Exploration Company	SKE	23.69	2.8	3.1	10	3.3
Newfield Exploration Company	NFX	33.94	2.4	3.1	6	3.5
The Houston Exploraton Company	THX	32.82	2.4	2.9	6	3.8
	<i>Median</i>		2.8	4.2	10	4.8
Long Life						
Ultra Petroleum Corp.	UPL	11.73	9.6	15.3	28	9.7
Evergreen Resources, Inc.	EVG	50.50	5.8	8.2	14	9.5
Unit Corporation	UNT	19.60	3.4	7.6	18	7.0
Quicksilver Resources Inc.	KWK	23.63	4.2	6.0	10	6.2
Swift Energy Company	SFY	11.30	3.6	5.4	14	6.5
Penn Virginia Corporation	PVA	44.30	2.8	5.3	13	5.4
Magnum Hunter Resources, Inc.	MHR	7.18	2.9	4.7	9	5.9
Encore Acquisition Corp. (40%)	EAC	19.60	3.2	4.5	9	5.6
Vintage Petroleum, Inc.	VPI	11.39	2.3	4.2	19	5.6
	<i>Median</i>		3.4	5.4	14	6.2
Canadian Royalty Trusts						
Enerplus Resources Fund	ERF	22.90	4.7	6.0	9	5.4
Pengrowth Energy Trust	PGH	12.27	3.9	5.8	12	5.3
Canadian Oil Sands Trust (US\$)	COS_u.TO	25.41	2.9	4.9	5	7.7
Provident Energy Trust	PVX	8.17	3.3	4.6	8	3.6
Natural Gas Royalty Trusts						
Cross Timbers Royalty Trust	CRT	24.80	7.9	11.2	11	9.5
Hugoton RoyaltyTrust (46%)	HGT	17.38	5.9	7.8	9	7.1
San Juan Basin Royalty Trust	SJT	16.20	5.8	7.2	8	8.2
Micro Cap						
Abraxas Petroleum Corporation	ABP	1.03	6.0	10.2		10.1
Purcell Energy, Ltd. (US\$)	PEL.TO	1.82	3.4	4.7	10	6.2

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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