

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

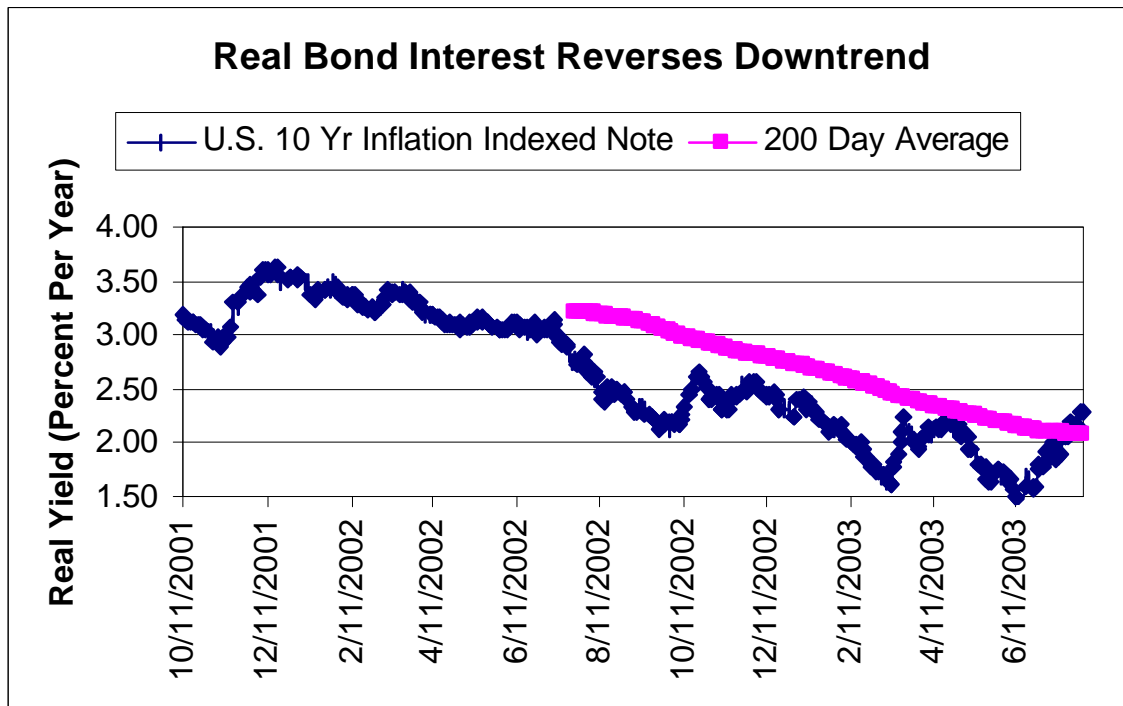
July 31, 2003

Interest Rates and Energy

Summary and Recommendation

Judging by the turmoil in the bond market, expectations for real growth are up sharply in the past six weeks along with expectations for inflation. Energy offers real growth and should be strong on inflation protection. Deflation fears appear to have been chased away for now. Six-year futures for oil remain in an uptrend and one-year natural gas price has settled near the upward trending six-year futures level. A diversified energy portfolio of McDep recommendations that offer promising return seems to have little more risk of daily fluctuation than the once staid government bond. Such surprising volatility for the latter heightens interest in our non-U.S. recommendations, **Canadian Oil Sands Trust (COSWF)**, **Encana (ECA)**, **CNOOC Ltd. (CEO)**, **PetroChina (PTR)** and **Royal Dutch (RD)**.

Kurt H. Wulff, CFA

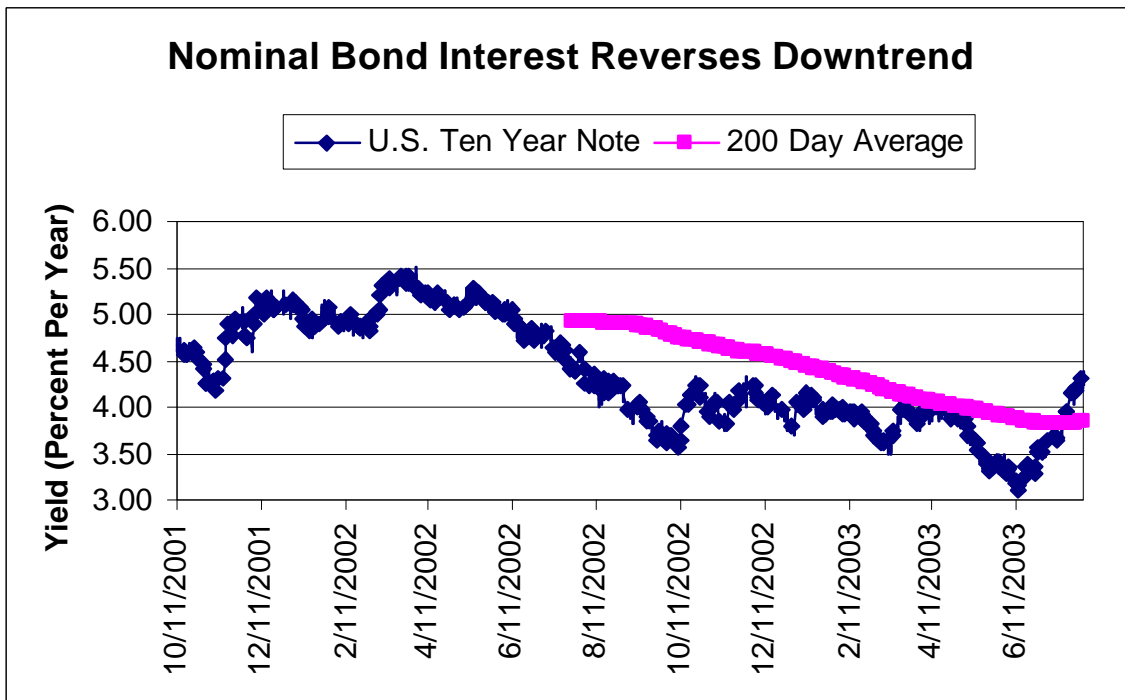
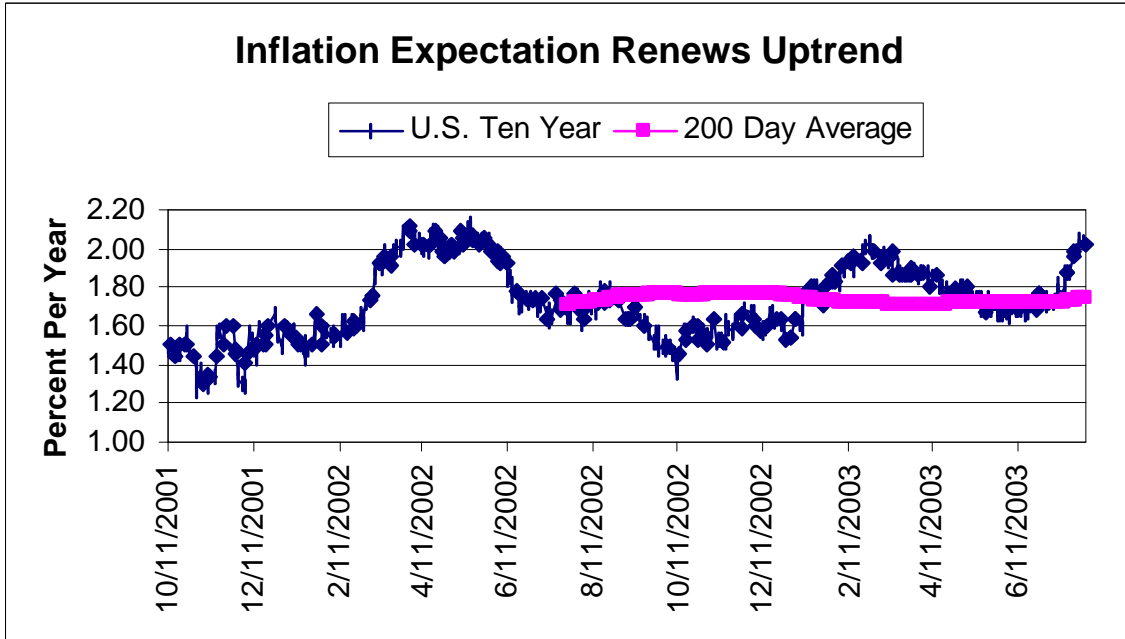


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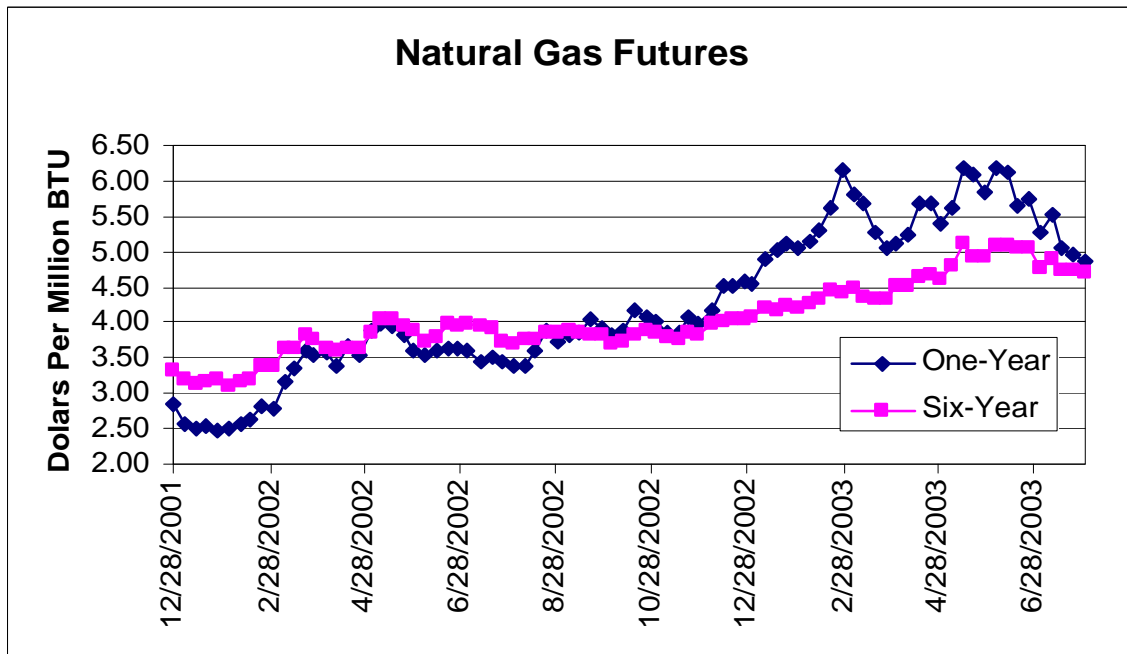
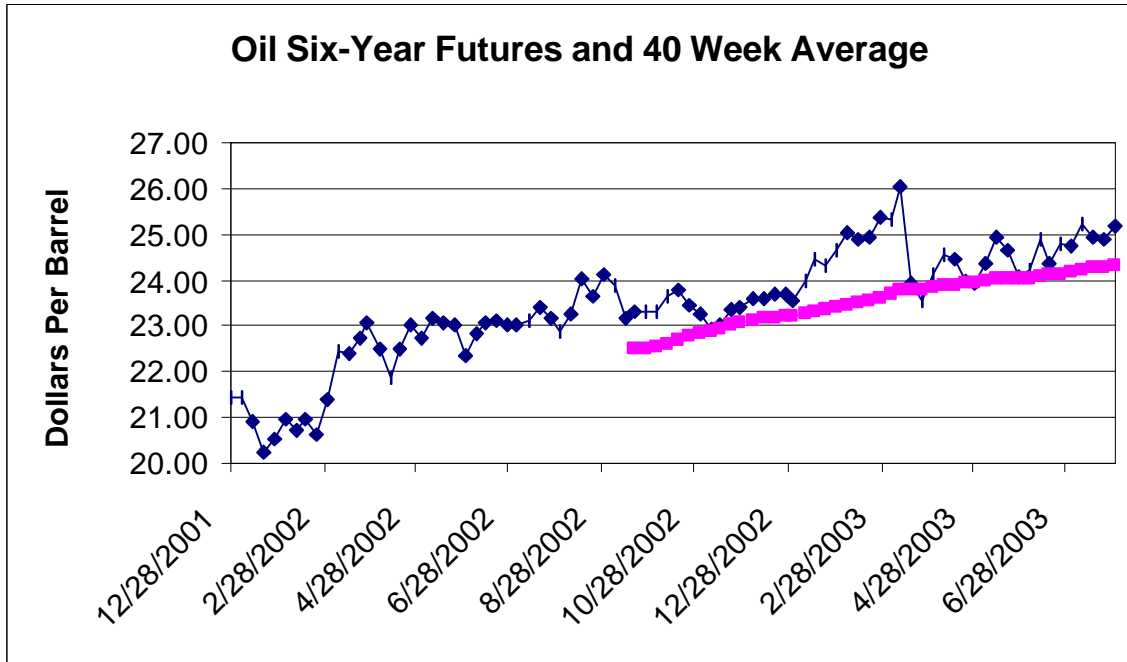


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A Weekly Analysis of Energy Stocks Using the McDep Ratio

July 31, 2003

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

| | Symbol/ Rating | Price (\$/sh) 30-Jul 2003 | Shares (mm) | Market Cap (\$mm) | Net Present Value (\$/sh) | Debt/ Present Value | McDep Ratio | |
|--|-------------------|------------------------------------|----------------|-------------------------|------------------------------------|---------------------------|----------------|------|
| Mega Cap | | | | | | | | |
| Exxon Mobil Corporation | XOM | 35.38 | 6,714 | 238,000 | 35.00 | 0.09 | 1.01 | |
| Total S.A. | TOT | 74.04 | 1,292 | 95,700 | 85.00 | 0.17 | 0.89 | |
| BP plc | BP | 41.79 | 3,721 | 156,000 | 50.00 | 0.15 | 0.86 | |
| Royal Dutch/Shell | RD | B | 43.34 | 3,473 | 151,000 | 55.00 | 0.18 | 0.83 |
| ChevronTexaco Corporation | CVX | B | 71.80 | 1,064 | 76,400 | 95.00 | 0.20 | 0.80 |
| <i>Total or Median</i> | | | | <i>717,000</i> | | <i>0.17</i> | <i>0.86</i> | |
| Producer/Refiners - Large Cap and Mid Cap | | | | | | | | |
| Murphy Oil Corporation | MUR | 50.13 | 92 | 4,630 | 41.00 | 0.26 | 1.16 | |
| Imperial Oil Limited (30%) | IMO | 34.03 | 113 | 3,860 | 36.00 | 0.12 | 0.95 | |
| Norsk Hydro ASA (49%) | NHY | 51.50 | 126 | 6,510 | 60.00 | 0.28 | 0.90 | |
| Petro-Canada | PCZ | 38.60 | 265 | 10,230 | 45.00 | 0.19 | 0.88 | |
| Valero Energy Corporation | VLO | 36.58 | 114 | 4,170 | 50.00 | 0.50 | 0.87 | |
| ENI S.p.A. | E | 75.51 | 750 | 56,600 | 90.00 | 0.14 | 0.86 | |
| ConocoPhillips | COP | B | 52.00 | 682 | 35,500 | 70.00 | 0.38 | 0.84 |
| OAo Lukoil | LUKOY | 69.45 | 206 | 14,000 | 90.00 | 0.12 | 0.80 | |
| PetroChina Company Ltd (10%) | PTR | B | 29.70 | 176 | 5,220 | 40.00 | 0.14 | 0.78 |
| Suncor Energy | SU | 18.42 | 476 | 8,770 | 25.00 | 0.14 | 0.77 | |
| Petroleo Brasileiro S. A. | PBR | N | 20.51 | 1,096 | 22,500 | 30.00 | 0.25 | 0.76 |
| Marathon Oil Corporation | MRO | B | 25.73 | 310 | 7,980 | 40.00 | 0.31 | 0.75 |
| <i>Total or Median</i> | | | | <i>175,000</i> | | <i>0.19</i> | <i>0.84</i> | |
| Independent Natural Gas and Oil | | | | | | | | |
| Pogo Producing Company | PPP | 41.84 | 65 | 2,700 | 38.00 | 0.22 | 1.08 | |
| CNOOC Limited (19%) | CEO | B | 33.45 | 78 | 2,610 | 35.00 | - | 0.96 |
| Occidental Petroleum Corp. | OXY | 32.40 | 383 | 12,400 | 35.00 | 0.38 | 0.95 | |
| Encana Corporation | ECA | B | 35.88 | 470 | 16,900 | 40.00 | 0.21 | 0.92 |
| Apache Corporation | APA | 61.32 | 159 | 9,700 | 70.00 | 0.20 | 0.90 | |
| XTO Energy Inc. | XTO | B | 19.47 | 185 | 3,610 | 24.00 | 0.24 | 0.86 |
| Devon Energy | DVN | 47.15 | 163 | 7,700 | 65.00 | 0.42 | 0.84 | |
| Burlington Resources | BR | B | 46.19 | 202 | 9,300 | 60.00 | 0.27 | 0.83 |
| Unocal Corporation | UCL | 29.38 | 255 | 7,500 | 40.00 | 0.35 | 0.83 | |
| Anadarko Petroleum Corp. | APC | B | 42.69 | 258 | 11,000 | 60.00 | 0.30 | 0.80 |
| Pioneer Natural Resources Company | PXD | 23.24 | 119 | 2,770 | 35.00 | 0.33 | 0.77 | |
| Canadian Natural Resources Limited | CNQ | 37.33 | 139 | 5,190 | 55.00 | 0.29 | 0.77 | |
| <i>Total or Median</i> | | | | <i>91,000</i> | | <i>0.28</i> | <i>0.85</i> | |
| Service | | | | | | | | |
| Baker Hughes Inc. | BHI | 31.14 | 339 | 10,600 | 25.00 | 0.09 | 1.23 | |
| Schlumberger Ltd. | SLB | 44.88 | 581 | 26,100 | 44.00 | 0.22 | 1.02 | |
| Halliburton Company | HAL | 21.04 | 434 | 9,100 | 22.00 | 0.25 | 0.97 | |

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

July 31, 2003

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

| | Symbol/ Rating | Price (\$/sh) 30-Jul 2003 | EV/ Sales NTM | EV/ Ebitda NTM | P/E NTM | Dividend or Distribution NTM (%) | PV/ Ebitda NTM |
|--|-------------------|------------------------------------|---------------------|----------------------|------------|---|----------------------|
| Mega Cap | | | | | | | |
| Exxon Mobil Corporation | XOM | 35.38 | 1.1 | 8.8 | 18 | 2.8 | 8.7 |
| Total S.A. | TOT | 74.04 | 1.0 | 7.6 | 15 | 4.8 | 8.5 |
| BP plc | BP | 41.79 | 0.8 | 7.1 | 17 | 3.6 | 8.3 |
| Royal Dutch/Shell | RD B | 43.34 | 0.9 | 6.6 | 14 | 4.6 | 8.0 |
| ChevronTexaco Corporation | CVX B | 71.80 | 0.8 | 6.5 | 12 | 3.9 | 8.1 |
| | <i>Median</i> | | <i>0.9</i> | <i>7.1</i> | <i>15</i> | <i>3.9</i> | <i>8.3</i> |
| Producer/Refiners - Large Cap and Mid Cap | | | | | | | |
| Murphy Oil Corporation | MUR | 50.13 | 1.5 | 8.7 | 27 | 1.6 | 7.5 |
| ConocoPhillips | COP B | 52.00 | 0.6 | 7.0 | 12 | 3.1 | 8.3 |
| Imperial Oil Limited (30%) | IMO | 34.03 | 1.1 | 7.0 | 13 | 1.7 | 7.3 |
| Suncor Energy | SU | 18.42 | 2.3 | 6.1 | 11 | 0.7 | 7.9 |
| Valero Energy Corporation | VLO | 36.58 | 0.3 | 4.8 | 5 | 1.1 | 5.5 |
| Marathon Oil Corporation | MRO B | 25.73 | 0.4 | 4.8 | 11 | 3.6 | 6.3 |
| Norsk Hydro ASA (49%) | NHY | 51.50 | 0.8 | 4.4 | 12 | 2.9 | 5.0 |
| ENI S.p.A. | E | 75.51 | 1.6 | 4.2 | 9 | 5.7 | 4.9 |
| Petro-Canada | PCZ | 38.60 | 1.3 | 4.2 | 10 | 0.8 | 4.7 |
| Petroleo Brasileiro S. A. | PBR N | 20.51 | 1.4 | 3.7 | 5 | 4.1 | 4.9 |
| OAo Lukoil | LUKOY | 69.45 | 1.0 | 3.6 | 6 | 2.8 | 4.5 |
| PetroChina Company Ltd (10%) | PTR B | 29.70 | 1.9 | 3.4 | 6 | 4.9 | 4.3 |
| | <i>Median</i> | | <i>1.2</i> | <i>4.6</i> | <i>10</i> | <i>2.8</i> | <i>5.2</i> |
| Independent Natural Gas and Oil | | | | | | | |
| XTO Energy Inc. | XTO B | 19.47 | 5.0 | 7.4 | 15 | 0.2 | 8.7 |
| Occidental Petroleum Corp. | OXY | 32.40 | 2.4 | 6.5 | 11 | 3.2 | 6.8 |
| Pioneer Natural Resources Company | PXD | 23.24 | 4.6 | 6.3 | 18 | - | 8.2 |
| CNOOC Limited (19%) | CEO B | 33.45 | 4.2 | 6.3 | 15 | 3.1 | 6.6 |
| Apache Corporation | APA | 61.32 | 3.9 | 5.5 | 12 | 0.6 | 6.1 |
| Pogo Producing Company | PPP | 41.84 | 3.5 | 5.4 | 15 | 0.3 | 5.0 |
| Anadarko Petroleum Corp. | APC B | 42.69 | 3.8 | 5.2 | 9 | 0.9 | 6.5 |
| Unocal Corporation | UCL | 29.38 | 2.0 | 5.1 | 13 | 2.7 | 6.2 |
| Burlington Resources | BR B | 46.19 | 3.4 | 4.8 | 10 | 1.2 | 5.8 |
| Encana Corporation | ECA B | 35.88 | 2.0 | 4.2 | 9 | 0.8 | 4.5 |
| Devon Energy | DVN | 47.15 | 2.7 | 4.1 | 6 | - | 4.9 |
| Canadian Natural Resources Limited | CNQ | 37.33 | 2.1 | 3.3 | 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 | 31.14 | 2.2 | 13.2 | 37 | 1.5 | 10.8 |
| Schlumberger Ltd. | SLB | 44.88 | 2.4 | 9.1 | 33 | 1.7 | 8.9 |
| Halliburton Company | HAL | 21.04 | 1.0 | 8.7 | 19 | 2.4 | 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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A Weekly Analysis of Energy Stocks Using the McDep Ratio

July 31, 2003

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

| | Symbol/ Rating | Price (\$/sh) 30-Jul 2003 | Shares (mm) | Market Cap (\$mm) | Net Present Value (\$/sh) | Debt/ Present Value | McDep Ratio |
|-------------------------------------|-------------------|------------------------------------|----------------|-------------------------|------------------------------------|---------------------------|----------------|
| Large Cap Power | | | | | | | |
| Duke Energy Corporation | DUK | 17.38 | 832 | 14,500 | 16.00 | 0.69 | 1.03 |
| Southern Company | SO | 28.70 | 696 | 20,000 | 28.00 | 0.43 | 1.01 |
| Exelon Corporation | EXC N | 57.16 | 325 | 18,600 | 65.00 | 0.51 | 0.94 |
| Enel S.p.a. (32%) | EN | 32.20 | 388 | 12,500 | 37.00 | 0.40 | 0.92 |
| American Electric Power Co. Inc. | AEP N | 27.78 | 348 | 9,700 | 35.00 | 0.60 | 0.92 |
| Dominion Resources | D | 60.28 | 294 | 17,700 | 76.00 | 0.44 | 0.88 |
| <i>Total or Median</i> | | | | <i>93,000</i> | | <i>0.47</i> | <i>0.93</i> |
| Mid Cap Pipeline and Power | | | | | | | |
| Kinder Morgan Energy Partners, L.P. | KMP S | 40.14 | 135 | 5,430 | 14.00 | 0.48 | 1.97 |
| Kinder Morgan Management, LLC | KMR S | 37.43 | 46 | 1,730 | 14.00 | 0.48 | 1.88 |
| Kinder Morgan, Inc. | KMI S | 53.38 | 123 | 6,570 | 14.00 | 0.80 | 1.55 |
| Williams Companies | WMB | 6.54 | 518 | 3,390 | 1.00 | 0.97 | 1.17 |
| Constellation Energy Group | CEG | 32.51 | 164 | 5,330 | 25.00 | 0.61 | 1.12 |
| Calpine Corporation | CPN N | 5.59 | 381 | 2,130 | 1.00 | 0.98 | 1.11 |
| AES Corporation | AES | 6.30 | 558 | 3,520 | 1.00 | 0.98 | 1.10 |
| Dynegy Inc. | DYN | 3.64 | 418 | 1,520 | 1.00 | 0.97 | 1.08 |
| CMS Energy Corporation | CMS | 6.38 | 139 | 890 | 5.00 | 0.93 | 1.02 |
| Sempra Energy | SRE | 27.76 | 206 | 5,720 | 30.00 | 0.59 | 0.97 |
| El Paso Corporation | EP N | 7.07 | 589 | 4,200 | 10.00 | 0.79 | 0.94 |
| <i>Total or Median</i> | | | | <i>40,430</i> | | <i>0.80</i> | <i>1.11</i> |
| Small Cap Pipeline | | | | | | | |
| Enterprise Products Part (44%) | EPD | 21.85 | 96 | 2,100 | 8.50 | 0.49 | 1.81 |
| Enbridge Energy Partners, L.P. | EEP S | 48.40 | 39 | 1,890 | 19.00 | 0.57 | 1.67 |
| Gulfterra Energy Partners | GTM S | 38.95 | 55 | 2,140 | 15.70 | 0.56 | 1.64 |
| Enbridge Energy Management, L.L.C | EEQ S | 45.99 | 9 | 430 | 19.00 | 0.57 | 1.60 |
| Plains All Amer. Pipeline, L.P. | PAA | 31.29 | 50 | 1,560 | 15.00 | 0.44 | 1.60 |
| TEPPCO Partners, L.P. | TPP | 36.00 | 58 | 2,090 | 18.00 | 0.52 | 1.48 |
| Northern Border Partners | NBP | 42.95 | 47 | 2,000 | 20.00 | 0.62 | 1.44 |
| Williams Energy Partners | WEG | 46.76 | 27 | 1,280 | 29.00 | 0.38 | 1.38 |
| AmeriGas Partners, L.P. | APU | 26.86 | 52 | 1,410 | 20.00 | 0.46 | 1.19 |
| Western Gas Resources | WGR | 37.75 | 37 | 1,400 | 40.00 | 0.27 | 0.96 |
| <i>Total or Median</i> | | | | <i>60,930</i> | | <i>0.54</i> | <i>1.46</i> |
| Coal | | | | | | | |
| Penn Virginia Res. Part, L.P. | PVR | 30.00 | 15 | 460 | 18.00 | - | 1.67 |
| Consol Energy Inc. | CNX | 18.78 | 79 | 1,480 | 5.00 | 0.88 | 1.32 |
| Alliance Res. Part, L.P. | ARLP | 28.70 | 16 | 460 | 20.00 | 0.45 | 1.24 |
| Peabody Energy | BTU | 30.28 | 55 | 1,670 | 18.00 | 0.75 | 1.17 |
| Arch Coal | ACI | 20.70 | 48 | 980 | 18.00 | 0.61 | 1.06 |
| Massey Energy | MEE | 11.60 | 75 | 870 | 18.00 | 0.37 | 0.78 |
| <i>Total or Median</i> | | | | <i>5,900</i> | | <i>0.53</i> | <i>1.21</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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July 31, 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) 30-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 | 17.38 | 2.3 | 9.3 | 12 | 6.3 | 9.0 |
| Southern Company | SO | 28.70 | 3.3 | 9.2 | 16 | 4.8 | 9.1 |
| Exelon Corporation | EXC N | 57.16 | 2.6 | 8.5 | 12 | 3.2 | 9.0 |
| Enel S.p.a. (32%) | EN | 32.20 | 2.2 | 8.2 | 25 | 4.3 | 8.9 |
| Dominion Resources | D | 60.28 | 3.4 | 8.0 | 13 | 4.3 | 9.0 |
| American Electric Power Co. Inc. | AEP N | 27.78 | 0.8 | 7.8 | 10 | 5.0 | 8.5 |
| | <i>Median</i> | | 2.5 | 8.3 | 12 | 4.5 | 9.0 |
| Mid Cap Pipeline and Power | | | | | | | |
| Kinder Morgan Energy Partners, L.P. | KMP S | 40.14 | 2.5 | 17.3 | 21 | 6.4 | 8.8 |
| Kinder Morgan Management, LLC | KMR S | 37.43 | 2.4 | 16.5 | 19 | 6.8 | 8.8 |
| Calpine Corporation | CPN N | 5.59 | 2.4 | 13.5 | 7 | - | 12.2 |
| Kinder Morgan, Inc. | KMI S | 53.38 | 2.6 | 12.2 | 16 | 1.1 | 7.9 |
| Dynegy Inc. | DYN | 3.64 | 2.9 | 12.2 | 29 | - | 11.3 |
| AES Corporation | AES | 6.30 | 3.7 | 11.1 | 19 | - | 10.1 |
| Williams Companies | WMB | 6.54 | 3.5 | 9.7 | | 0.6 | 8.3 |
| Constellation Energy Group | CEG | 32.51 | 2.5 | 9.0 | 15 | 3.2 | 8.1 |
| CMS Energy Corporation | CMS | 6.38 | 1.1 | 8.9 | 8 | - | 8.7 |
| Sempra Energy | SRE | 27.76 | 2.2 | 8.5 | 11 | 3.6 | 8.7 |
| El Paso Corporation | EP N | 7.07 | 2.4 | 6.5 | 5 | 2.3 | 6.9 |
| | <i>Median</i> | | 2.5 | 11.1 | 16 | 1.1 | 8.7 |
| Small Cap Pipeline | | | | | | | |
| Enterprise Products Part (44%) | EPD | 21.85 | 1.2 | 16.3 | | 6.6 | 9.0 |
| Gulfterra Energy Partners | GTM S | 38.95 | 5.5 | 14.8 | 24 | 6.9 | 9.0 |
| Northern Border Partners | NBP | 42.95 | 6.8 | 13.5 | 18 | 7.5 | 9.4 |
| Enbridge Energy Partners, L.P. | EEP S | 48.40 | 1.2 | 13.4 | 20 | 7.6 | 8.0 |
| TEPPCO Partners, L.P. | TPP | 36.00 | 1.0 | 13.4 | 21 | 6.9 | 9.0 |
| Enbridge Energy Management, L.L.C | EEQ S | 45.99 | 1.1 | 12.9 | 19 | 8.0 | 8.0 |
| Plains All Amer. Pipeline, L.P. | PAA | 31.29 | 0.2 | 12.9 | 17 | 7.0 | 8.0 |
| Williams Energy Partners | WEG | 46.76 | 4.0 | 11.2 | 14 | 6.4 | 8.1 |
| AmeriGas Partners, L.P. | APU | 26.86 | 1.5 | 9.4 | 17 | 8.2 | 8.0 |
| Western Gas Resources | WGR | 37.75 | 0.6 | 6.3 | 10 | - | 6.6 |
| | <i>Median</i> | | 1.2 | 13.1 | 18 | 7.0 | 8.1 |
| Coal | | | | | | | |
| Penn Virginia Res. Part, L.P. | PVR | 30.00 | 11.1 | 14.3 | 16 | 6.7 | 8.6 |
| Consol Energy Inc. | CNX | 18.78 | 2.1 | 12.9 | 43 | 3.0 | 9.7 |
| Peabody Energy | BTU | 30.28 | 1.6 | 10.5 | 25 | 1.3 | 9.0 |
| Arch Coal | ACI | 20.70 | 1.6 | 9.5 | | 1.1 | 9.0 |
| Alliance Res. Part, L.P. | ARLP | 28.70 | 1.4 | 8.7 | 24 | 7.0 | 7.0 |
| Massey Energy | MEE | 11.60 | 1.2 | 6.9 | | 1.4 | 8.9 |
| | <i>Median</i> | | 1.6 | 10.0 | 25 | 2.2 | 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

| | <i>Symbol/ Rating</i> | <i>Price (\$/sh) 30-Jul 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> | |
|---------------------------------------|---------------------------|--|------------------------|----------------------------------|--|------------------------------------|------------------------|------|
| Short Life | | | | | | | | |
| Dorchester Minerals, L.P. | DMLP | 18.09 | 27.0 | 490 | 13.00 | - | 1.39 | |
| Spinnaker Exploration Company | SKE | 23.42 | 33.8 | 790 | 25.00 | - | 0.94 | |
| Newfield Exploration Company | NFX | 36.27 | 51.7 | 1,880 | 40.00 | 0.31 | 0.94 | |
| Southwestern Energy Company | SWN | 15.24 | 36.0 | 550 | 17.00 | 0.30 | 0.93 | |
| Denbury Resources Inc. | DNR | 13.08 | 55.0 | 720 | 15.00 | 0.29 | 0.91 | |
| Energy Partners Ltd. | EPL | B | 10.32 | 36.8 | 380 | 12.00 | 0.22 | 0.89 |
| Stone Energy Company | SGY | 38.42 | 26.5 | 1,020 | 46.00 | 0.27 | 0.88 | |
| Cimarex Energy Company | XEC | 20.29 | 41.0 | 830 | 24.00 | 0.03 | 0.85 | |
| Chesapeake Energy Corporation | CHK | 9.45 | 220 | 2,080 | 14.00 | 0.38 | 0.80 | |
| Wesport Resources Corporation | WRC | 20.47 | 68.0 | 1,390 | 30.00 | 0.29 | 0.77 | |
| Forest Oil Corporation | FST | N | 22.17 | 48.2 | 1,070 | 35.00 | 0.33 | 0.75 |
| The Houston Exploraton Company | THX | 31.75 | 31.0 | 980 | 45.00 | 0.16 | 0.75 | |
| St. Mary Land and Exploration Company | SM | 25.27 | 29.0 | 730 | 35.00 | 0.11 | 0.75 | |
| <i>Total or Median</i> | | | | <i>12,900</i> | | <i>0.27</i> | <i>0.88</i> | |
| Long Life | | | | | | | | |
| Ultra Petroleum Corp. | UPL | 11.75 | 78.0 | 920 | 7.00 | 0.15 | 1.58 | |
| Unit Corporation | UNT | 19.50 | 43.6 | 850 | 18.00 | 0.04 | 1.08 | |
| Penn Virginia Corporation | PVA | 43.00 | 9.0 | 390 | 45.00 | 0.06 | 0.96 | |
| Quicksilver Resources Inc. | KWK | 23.30 | 20.4 | 480 | 25.00 | 0.35 | 0.96 | |
| Evergreen Resources, Inc. | EVG | 49.58 | 22.0 | 1,090 | 60.00 | 0.10 | 0.84 | |
| Swift Energy Company | SFY | 11.19 | 27.2 | 300 | 16.00 | 0.43 | 0.83 | |
| Magnum Hunter Resources, Inc. | MHR | 7.35 | 69.0 | 510 | 11.00 | 0.45 | 0.82 | |
| Encore Acquisition Corp. (40%) | EAC | B | 18.07 | 11.2 | 202 | 24.00 | 0.18 | 0.80 |
| Vintage Petroleum, Inc. | VPI | 11.62 | 63.0 | 730 | 20.00 | 0.40 | 0.75 | |
| <i>Total or Median</i> | | | | <i>5,500</i> | | <i>0.18</i> | <i>0.84</i> | |
| Canadian Royalty Trusts | | | | | | | | |
| Provident Energy Trust | PVX | 8.02 | 63.5 | 510 | 6.00 | 0.25 | 1.25 | |
| Enerplus Resources Fund | ERF | 24.22 | 75.0 | 1,820 | 20.00 | 0.16 | 1.18 | |
| Pengrowth Energy Trust | PGH | 11.59 | 110.0 | 1,280 | 11.00 | 0.18 | 1.04 | |
| Canadian Oil Sands Trust (US\$) | COSWF | B | 26.63 | 86.3 | 2,300 | 45.00 | 0.19 | 0.67 |
| <i>Total or Median</i> | | | | <i>5,900</i> | | <i>0.19</i> | <i>1.11</i> | |
| Natural Gas Royalty Trusts | | | | | | | | |
| Cross Timbers Royalty Trust | CRT | 24.50 | 6.0 | 147 | 20.10 | - | 1.22 | |
| Hugoton Royalty Trust (46%) | HGT | 17.35 | 18.4 | 320 | 15.20 | - | 1.14 | |
| San Juan Basin Royalty Trust | SJT | B | 16.23 | 46.6 | 760 | 18.10 | - | 0.90 |
| Micro Cap | | | | | | | | |
| Abraxas Petroleum Corporation | ABP | 0.91 | 30.0 | 27 | 1.00 | 0.85 | 0.98 | |
| Purcell Energy, Ltd. (US\$) | PEL.TO | N | 1.79 | 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 31, 2003

Table 3-2
Independent Natural Gas and Oil Producers - Small Cap
Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

| | Symbol/ Rating | Price (\$/sh) 30-Jul 2003 | EV/ Sales NTM | EV/ Ebitda NTM | P/E NTM | Dividend or Distribution NTM (%) | PV/ Ebitda NTM |
|---------------------------------------|-------------------|------------------------------------|---------------------|----------------------|------------|---|----------------------|
| Short Life | | | | | | | |
| Dorchester Minerals, L.P. | DMLP | 18.09 | 8.2 | 10.2 | 13 | 8.8 | 7.3 |
| Southwestern Energy Company | SWN | 15.24 | 2.6 | 5.1 | 9 | - | 5.5 |
| Chesapeake Energy Corporation | CHK | 9.45 | 3.3 | 4.9 | 9 | 1.3 | 6.1 |
| Forest Oil Corporation | FST | 22.17 | 3.1 | 4.9 | 12 | - | 6.5 |
| Wesport Resources Corporation | WRC | 20.47 | 3.1 | 4.3 | 11 | - | 5.6 |
| Denbury Resources Inc. | DNR | 13.08 | 2.9 | 4.2 | 9 | - | 4.6 |
| Cimarex Energy Company | XEC | 20.29 | 2.9 | 4.1 | 10 | - | 4.8 |
| Energy Partners Ltd. | EPL | B | 10.32 | 2.5 | 4.0 | - | 4.5 |
| St. Mary Land and Exploration Company | SM | 25.27 | 2.6 | 4.0 | 10 | 0.4 | 5.3 |
| Stone Energy Company | SGY | 38.42 | 2.8 | 3.7 | 7 | - | 4.2 |
| Newfield Exploration Company | NFX | 36.27 | 2.5 | 3.2 | 6 | - | 3.5 |
| Spinnaker Exploration Company | SKE | 23.42 | 2.8 | 3.1 | 10 | - | 3.3 |
| The Houston Exploraton Company | THX | 31.75 | 2.4 | 2.9 | 6 | - | 3.8 |
| | <i>Median</i> | | 2.8 | 4.1 | 10 | - | 4.8 |
| Long Life | | | | | | | |
| Ultra Petroleum Corp. | UPL | 11.75 | 9.6 | 15.4 | 28 | - | 9.7 |
| Evergreen Resources, Inc. | EVG | 49.58 | 5.7 | 8.0 | 13 | - | 9.5 |
| Unit Corporation | UNT | 19.50 | 3.4 | 7.6 | 18 | - | 7.0 |
| Quicksilver Resources Inc. | KWK | 23.30 | 4.1 | 5.9 | 10 | - | 6.2 |
| Swift Energy Company | SFY | 11.19 | 3.6 | 5.4 | 14 | - | 6.5 |
| Penn Virginia Corporation | PVA | 43.00 | 2.7 | 5.1 | 13 | 2.1 | 5.4 |
| Encore Acquisition Corp. (40%) | EAC | B | 19.50 | 3.3 | 4.8 | 10 | 6.1 |
| Magnum Hunter Resources, Inc. | MHR | 7.35 | 2.9 | 4.8 | 9 | - | 5.9 |
| Vintage Petroleum, Inc. | VPI | 11.62 | 2.3 | 4.2 | 20 | 1.4 | 5.6 |
| | <i>Median</i> | | 3.4 | 5.4 | 13 | - | 6.2 |
| Canadian Royalty Trusts | | | | | | | |
| Enerplus Resources Fund | ERF | 24.22 | 4.9 | 6.3 | 9 | 12.5 | 5.4 |
| Canadian Oil Sands Trust (US\$) | COSWF | B | 26.63 | 3.3 | 6.0 | 6 | 5.4 |
| Pengrowth Energy Trust | PGH | 11.59 | 3.7 | 5.5 | 12 | 18.6 | 5.3 |
| Provident Energy Trust | PVX | 8.02 | 3.2 | 4.5 | 8 | 20.5 | 3.6 |
| Natural Gas Royalty Trusts | | | | | | | |
| Cross Timbers Royalty Trust | CRT | 24.50 | 8.1 | 11.5 | 12 | 8.5 | 9.4 |
| Hugoton RoyaltyTrust (46%) | HGT | 17.35 | 6.3 | 8.5 | 9 | 10.6 | 7.4 |
| San Juan Basin Royalty Trust | SJT | B | 16.23 | 6.0 | 7.6 | 9 | 11.6 |
| Micro Cap | | | | | | | |
| Abraxas Petroleum Corporation | ABP | 0.91 | 5.9 | 10.0 | | - | 10.1 |
| Purcell Energy, Ltd. (US\$) | PEL.TO | N | 1.79 | 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

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.