

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

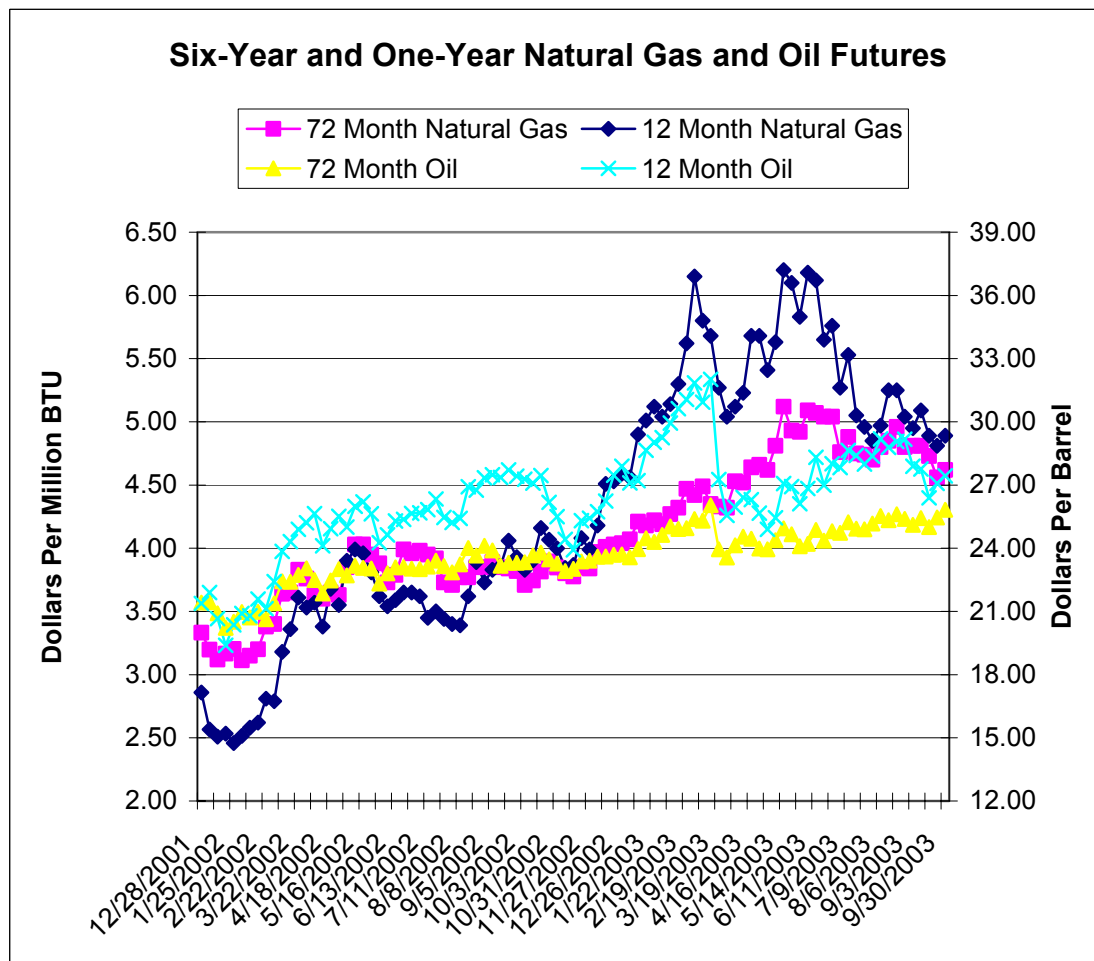
October 1, 2003

Contrary Opinion

Summary and Recommendation

A day earlier than normal, Meter Reader has the latest McDep Ratios for recommended stocks and peers. The themes of our regular analysis are combined in the case we make for energy investment at the 41st Contrary Opinion Forum. The slides for our presentation have been published separately.

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) 30-Sep 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap							
Exxon Mobil Corporation	XOM	36.60	6,687	245,000	35.00	0.10	1.04
Total S.A.	TOT	75.80	1,276	96,700	85.00	0.19	0.91
BP plc	BP	42.10	3,694	156,000	50.00	0.15	0.87
Royal Dutch/Shell	RD B	44.20	3,473	154,000	55.00	0.18	0.84
ChevronTexaco Corporation	CVX B	71.45	1,064	76,000	95.00	0.22	0.81
<i>Total or Median</i>				<i>728,000</i>		<i>0.18</i>	<i>0.87</i>
Producer/Refiners - Large Cap and Mid Cap							
Murphy Oil Corporation	MUR	58.75	92	5,430	41.00	0.26	1.32
Imperial Oil Limited (30%)	IMO	37.21	113	4,220	36.00	0.12	1.03
OAOLukoil	LUKOY	81.90	206	17,000	90.00	0.12	0.92
Norsk Hydro ASA (49%)	NHY	51.36	126	6,490	60.00	0.27	0.90
Petro-Canada	PCZ	38.89	265	10,310	45.00	0.19	0.89
Valero Energy Corporation	VLO	38.27	114	4,360	50.00	0.50	0.88
ENI S.p.A.	E	76.53	750	57,400	90.00	0.14	0.87
ConocoPhillips	COP B	54.75	681	37,300	70.00	0.38	0.86
Petroleo Brasileiro S. A.	PBR	22.93	1,096	25,100	30.00	0.25	0.82
Marathon Oil Corporation	MRO B	28.50	310	8,840	40.00	0.31	0.80
Suncor Energy	SU	18.55	476	8,830	25.00	0.14	0.78
PetroChina Company Ltd (10%)	PTR B	33.55	176	5,900	50.00	0.11	0.71
<i>Total or Median</i>				<i>186,000</i>		<i>0.19</i>	<i>0.87</i>
Independent Natural Gas and Oil							
Pogo Producing Company	PPP	45.28	65	2,920	38.00	0.22	1.15
Occidental Petroleum Corp.	OXY	35.23	383	13,500	35.00	0.38	1.00
Apache Corporation	APA	69.34	159	11,000	70.00	0.20	0.99
Encana Corporation	ECA B	36.38	472	17,200	40.00	0.20	0.93
XTO Energy Inc.	XTO B	20.99	184	3,860	24.00	0.25	0.91
Unocal Corporation	UCL	31.52	255	8,000	40.00	0.35	0.86
CNOOC Limited (19%)	CEO B	34.37	78	2,680	40.00	-	0.86
Burlington Resources	BR B	48.20	202	9,700	60.00	0.27	0.85
Devon Energy	DVN	48.19	163	7,900	65.00	0.42	0.85
Canadian Natural Resources Limited	CNQ	41.16	139	5,720	55.00	0.29	0.82
Pioneer Natural Resources Company	PXD	25.46	119	3,030	35.00	0.33	0.82
Anadarko Petroleum Corp.	APC B	41.76	252	10,500	60.00	0.32	0.79
<i>Total or Median</i>				<i>96,000</i>		<i>0.28</i>	<i>0.86</i>
Service							
Baker Hughes Inc.	BHI	29.59	339	10,000	25.00	0.09	1.16
Schlumberger Ltd.	SLB	48.40	581	28,100	44.00	0.22	1.08
Halliburton Company	HAL	24.25	434	10,500	22.00	0.25	1.08

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

McDep Ratio = Market cap and Debt to 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) 30-Sep 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Large Cap Power							
Duke Energy Corporation	DUK	17.81	832	14,800	16.00	0.69	1.03
Southern Company	SO	29.35	696	20,400	28.00	0.43	1.03
Exelon Corporation	EXC	63.50	325	20,600	65.00	0.51	0.99
American Electric Power Co. Inc.	AEP	30.00	348	10,400	35.00	0.60	0.94
Enel S.p.a. (32%)	EN	31.10	388	12,100	37.00	0.40	0.91
Dominion Resources	D	61.90	294	18,200	76.00	0.44	0.90
<i>Total or Median</i>				<i>96,500</i>		<i>0.47</i>	<i>0.96</i>
Mid Cap Pipeline and Power							
Kinder Morgan Energy Partners, L.P.	KMP S	42.80	138	5,890	14.00	0.47	2.09
Kinder Morgan Management, LLC	KMR S	38.17	46	1,760	14.00	0.47	1.92
Kinder Morgan, Inc.	KMI S	54.01	123	6,640	14.00	0.80	1.56
Williams Companies	WMB	9.42	518	4,880	1.00	0.97	1.26
Constellation Energy Group	CEG	35.78	164	5,870	25.00	0.61	1.17
AES Corporation	AES	7.42	558	4,140	1.00	0.98	1.12
Calpine Corporation	CPN	4.89	381	1,860	1.00	0.98	1.09
Dynegy Inc.	DYN	3.60	418	1,500	1.00	0.97	1.08
CMS Energy Corporation	CMS	7.37	139	1,020	5.00	0.93	1.03
Sempra Energy	SRE	29.36	206	6,050	30.00	0.59	0.99
El Paso Corporation	EP	7.30	589	4,300	10.00	0.79	0.94
<i>Total or Median</i>				<i>43,910</i>		<i>0.80</i>	<i>1.12</i>
Small Cap Pipeline							
Enterprise Products Part (44%)	EPD	22.60	96	2,170	8.50	0.49	1.86
Enbridge Energy Partners, L.P.	EEP S	48.83	39	1,910	19.00	0.57	1.68
Gulfterra Energy Partners	GTM S	40.10	55	2,210	15.70	0.56	1.68
Enbridge Energy Management, L.L.C	EEQ S	44.33	9	420	19.00	0.57	1.58
Plains All Amer. Pipeline, L.P.	PAA	30.05	50	1,500	15.00	0.44	1.56
TEPPCO Partners, L.P.	TPP	35.38	58	2,050	18.00	0.52	1.46
Northern Border Partners	NBP	43.41	47	2,020	20.00	0.62	1.45
Magellan Midstream Partners, L.P.	MMP	45.81	27	1,250	29.00	0.38	1.36
AmeriGas Partners, L.P.	APU	25.10	52	1,320	20.00	0.46	1.14
Western Gas Resources	WGR	38.00	37	1,410	40.00	0.27	0.97
<i>Total or Median</i>				<i>64,470</i>		<i>0.54</i>	<i>1.45</i>
Coal							
Arch Coal	ACI	22.21					
Peabody Energy	BTU	31.37		Update			
Massey Energy	MEE	13.30					
Penn Virginia Res. Part, L.P.	PVR	29.90			Pending		
Consol Energy Inc.	CNX	18.58					
Alliance Res. Part, L.P.	ARLP	29.66					
<i>Total or Median</i>							

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

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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-Sep 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	16.85	27.0	460	13.00	-	1.30	
Southwestern Energy Company	SWN	18.10	36.0	650	17.00	0.30	1.05	
Newfield Exploration Company	NFX	38.57	51.7	1,990	40.00	0.31	0.98	
Spinnaker Exploration Company	SKE	24.00	33.8	810	25.00	-	0.96	
Energy Partners Ltd.	EPL	B	11.12	37.3	414	12.00	0.26	0.95
Denbury Resources Inc.	DNR	12.36	55.0	680	15.00	0.29	0.88	
Chesapeake Energy Corporation	CHK	10.78	220	2,370	14.00	0.38	0.86	
Wesport Resources Corporation	WRC	23.54	68.0	1,600	30.00	0.29	0.85	
Stone Energy Company	SGY	35.28	26.5	940	46.00	0.27	0.83	
Cimarex Energy Company	XEC	19.60	41.0	800	24.00	0.03	0.82	
The Houston Exploraton Company	THX	35.10	31.0	1,090	45.00	0.16	0.82	
Forest Oil Corporation	FST	23.95	48.2	1,150	35.00	0.33	0.79	
St. Mary Land and Exploration Company	SM	25.32	29.0	730	35.00	0.11	0.75	
<i>Total or Median</i>				<i>13,700</i>		<i>0.27</i>	<i>0.86</i>	
Long Life								
Ultra Petroleum Corp.	UPL	13.95	78.0	1,090	7.00	0.15	1.85	
Unit Corporation	UNT	18.84	43.6	820	18.00	0.04	1.04	
Quicksilver Resources Inc.	KWK	24.43	20.4	500	25.00	0.35	0.98	
Penn Virginia Corporation	PVA	44.20	9.0	400	45.00	0.06	0.98	
Swift Energy Company	SFY	14.11	27.2	380	16.00	0.43	0.93	
Encore Acquisition Corp. (40%)	EAC	B	21.55	11.2	241	24.00	0.18	0.92
Evergreen Resources, Inc.	EVG	27.00	44.0	1,190	30.00	0.10	0.91	
Magnum Hunter Resources, Inc.	MHR	7.99	69.0	550	11.00	0.45	0.85	
Vintage Petroleum, Inc.	VPI	10.88	63.0	690	20.00	0.40	0.73	
<i>Total or Median</i>				<i>5,900</i>		<i>0.18</i>	<i>0.93</i>	
Canadian Royalty Trusts								
Enerplus Resources Fund	ERF	26.05	83.7	2,180	20.00	0.16	1.25	
Provident Energy Trust	PVX	7.82	68.8	540	6.00	0.25	1.23	
Pengrowth Energy Trust	PGH	12.81	112.0	1,440	11.00	0.20	1.13	
Canadian Oil Sands Trust (US\$)	COSWF	B	29.06	86.3	2,510	45.00	0.19	0.71
<i>Total or Median</i>				<i>6,700</i>		<i>0.19</i>	<i>1.18</i>	
Natural Gas Royalty Trusts								
Hugoton Royalty Trust (46%)	HGT	18.74	18.4	350	15.00	-	1.25	
Cross Timbers Royalty Trust	CRT	21.00	6.0	126	18.90	-	1.11	
San Juan Basin Royalty Trust	SJT	B	18.08	46.6	840	17.70	-	1.02
Micro Cap								
Abraxas Petroleum Corporation	ABP	0.93	30.0	28	1.00	0.85	0.99	
Purcell Energy, Ltd. (US\$)	PEL.TO	1.96	27.9	55	2.80	0.32	0.80	

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