

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

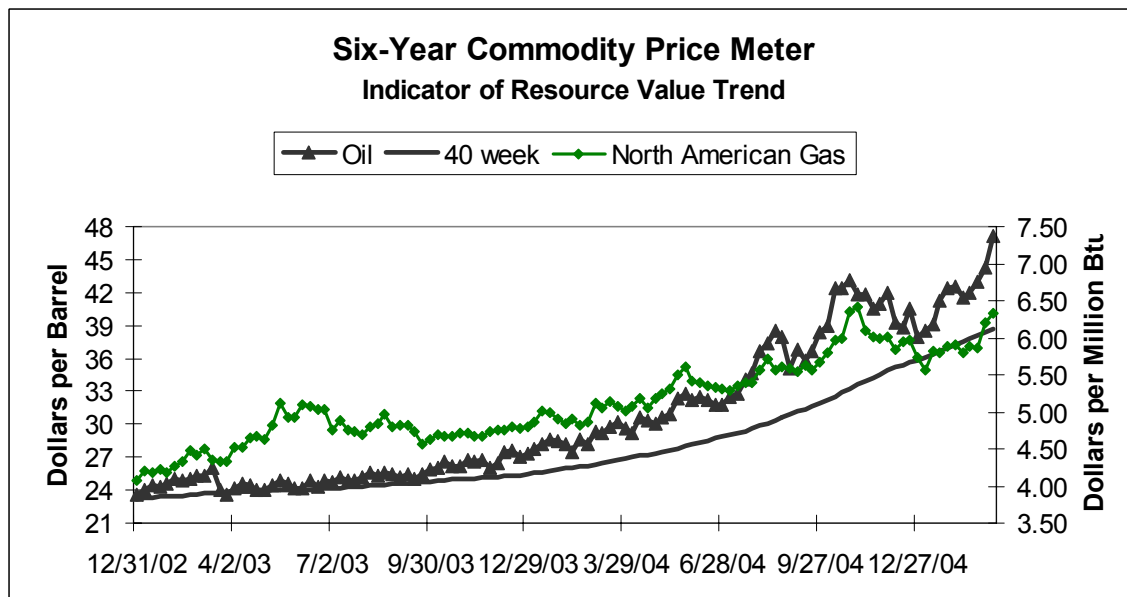
March 8, 2005

Powerful Trends

Summary and Recommendation

Oil for delivery over the next six years continues to set new highs in the futures market, now at \$47.14 a barrel (see charts Six-Year Commodity Price Meter and Latest Five Weekly Data points and Trend). Natural gas appears to be lagging just below a new high as the markets seem to put undue weight on short-term inventory trends. Six-year natural gas is lower relative to oil than at any time in at least the past three years (see chart Natural Gas/Oil Futures). McDep Ratios at a median of 0.92 suggest stocks are valued as though oil were less than \$37 (see table Rank by McDep Ratio). The median unlevered cash flow multiple is 5.3 times, median P/E is 10.7 and median dividend yield is 2.3% per year (see table Rank by EV/Ebitda).

Kurt H. Wulff, CFA

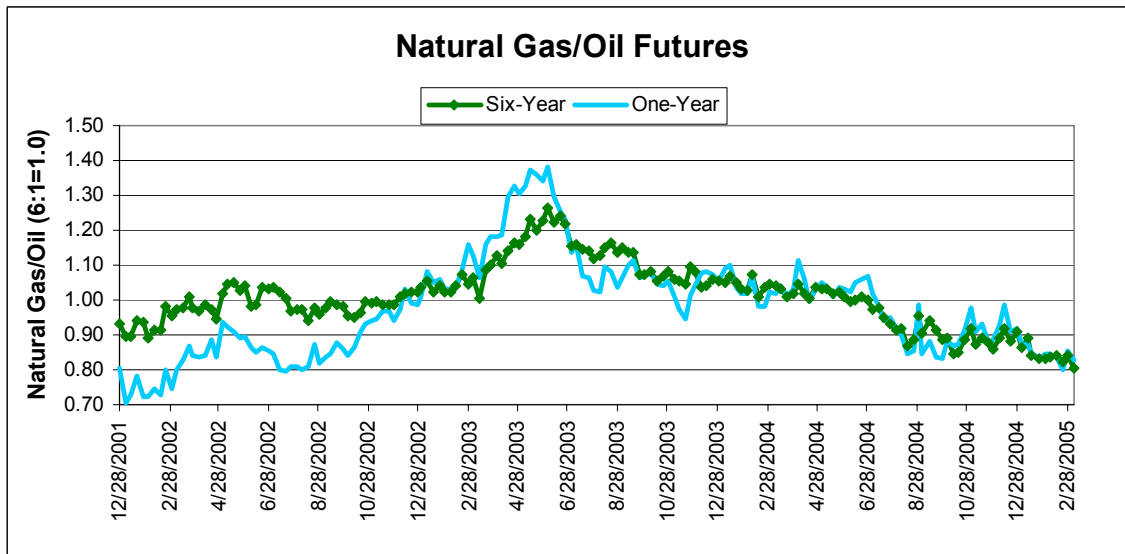
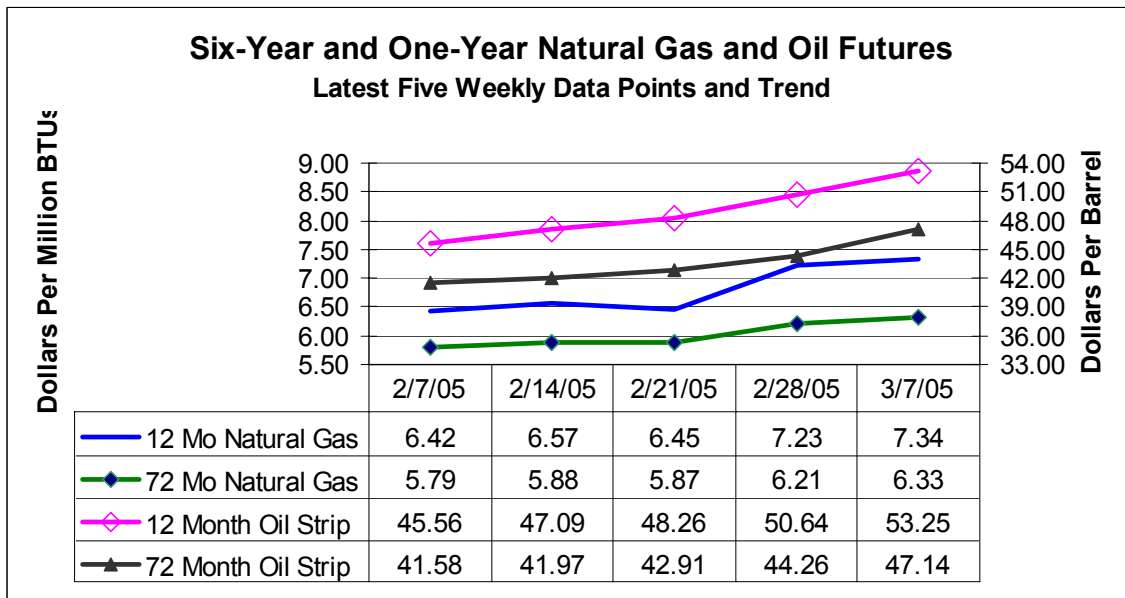


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Oil and Gas Producers Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating		Price (\$/sh) 7-Mar 2005	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	B	63.00	6,461	407,000	60.00	0.06	1.05
Shell Transport and Trading Co. plc	SC	B	57.85	1,587	92,000	55.90	0.16	1.03
BP plc	BP	B	65.68	3,601	237,000	64.00	0.12	1.02
Total S.A.	TOT	B	120.40	1,218	147,000	120.00	0.16	1.00
Royal Dutch Petroleum	RD	B	64.29	2,016	130,000	66.00	0.16	0.98
ChevronTexaco Corporation	CVX	B	61.40	2,123	130,000	76.00	0.10	0.83
<i>Total or Median</i>					<i>1,143,000</i>		<i>0.14</i>	<i>1.01</i>
Producer/Refiners - Large Cap and Mid Cap								
Kinder Morgan, Inc.	KMI	S2	81.31	125	10,160	20.00	0.74	1.80
Imperial Oil Limited (30%)	IMO	B	74.70	105	7,880	64.00	0.11	1.15
Marathon Oil Corporation	MRO	B	48.72	347	16,930	42.00	0.30	1.11
ConocoPhillips	COP	B	111.80	706	78,900	128.00	0.23	0.90
Norsk Hydro ASA	NHY	B	87.10	252	21,970	101.00	0.16	0.88
Petro-Canada	PCZ	B	58.59	264	15,470	70.00	0.17	0.87
Suncor Energy	SU	B	39.45	460	18,150	54.00	0.10	0.76
Lukoil Oil Company	LUKOY	B	139.00	209	29,000	208.00	0.03	0.68
PetroChina Company Ltd (10%)	PTR	B	62.18	176	10,930	94.00	0.05	0.68
<i>Total or Median</i>					<i>209,000</i>		<i>0.16</i>	<i>0.88</i>
Independent Natural Gas and Oil - Large Cap and Mid Cap								
XTO Energy Inc.	XTO	B	45.30	280	12,690	45.00	0.16	1.01
Unocal Corporation	UCL	B	62.10	271	16,800	65.00	0.21	0.96
Encana Corporation	ECA	B	69.99	471	32,900	77.00	0.16	0.92
Occidental Petroleum Corp.	OXY	B	72.88	406	29,600	87.00	0.15	0.86
CNOOC Limited (19%)	CEO	B	56.72	78	4,430	67.00	-	0.85
Devon Energy Corporation	DVN	B	48.50	500	24,300	63.00	0.16	0.81
Burlington Resources	BR	B	51.71	391	20,200	67.00	0.12	0.80
Anadarko Petroleum Corp.	APC	B	80.46	246	19,800	113.00	0.14	0.75
<i>Total or Median</i>					<i>161,000</i>		<i>0.15</i>	<i>0.85</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	64.40	22	1,440	50.00	0.05	1.27
Energy Partners Ltd.	EPL	B	27.01	39	1,060	30.00	0.20	0.92
Cimarex Energy Company	XEC	B	42.00	81	3,390	50.00	0.15	0.86
Encore Acquisition Company	EAC	B	45.10	33	1,470	57.00	0.19	0.83
<i>Total or Median</i>					<i>7,400</i>		<i>0.17</i>	<i>0.89</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S3	47.49	150	7,120	15.00	0.52	2.05
Kinder Morgan Management, LLC	KMR	S3	43.71	56	2,460	15.00	0.52	1.92
Pengrowth Energy Trust	PGH		21.42	136	2,910	16.00	0.24	1.26
San Juan Basin Royalty Trust	SJT		36.10	47	1,680	30.00	-	1.20
Enerplus Resources Fund	ERF		39.07	104	4,060	32.00	0.16	1.18
Canadian Oil Sands Trust (US\$)	COSWF	B	67.60	91	6,170	94.00	0.15	0.76
<i>Total or Median</i>					<i>24,400</i>		<i>0.20</i>	<i>1.23</i>

B = Buy, S2 = Short half unlevered position, S3 = Short quarter unlevered position

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

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Oil and Gas Producers

Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating		Price (\$/sh) 7-Mar 2005	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
Mega Cap								
Exxon Mobil Corporation	XOM	B	63.00	11.1	6.7	7.0	13	1.7
BP plc	BP	B	65.68	9.4	5.9	6.1	12	3.1
Total S.A.	TOT	B	120.40	8.9	5.7	5.7	11	2.6
Shell Transport and Trading Co. plc	SC	B	57.85	7.6	5.2	5.3	11	3.5
ChevronTexaco Corporation	CVX	B	61.40	9.7	6.2	5.1	9	2.6
Royal Dutch Petroleum	RD	B	64.29	7.6	5.2	5.0	10	3.7
	<i>Median</i>			9.2	5.8	5.5	11	2.9
Producer/Refiners - Large Cap and Mid Cap								
Kinder Morgan, Inc.	KMI	S2	81.31		7.5	13.5	18	3.4
Suncor Energy	SU	B	39.45	18.2	11.3	8.5	21	0.5
Imperial Oil Limited (30%)	IMO	B	74.70	10.6	6.6	7.6	14	1.0
Marathon Oil Corporation	MRO	B	48.72	7.9	5.3	5.9	11	2.3
ConocoPhillips	COP	B	111.80	11.6	5.3	4.8	8	1.8
Petro-Canada	PCZ	B	58.59	7.6	5.5	4.7	9	0.8
Norsk Hydro ASA	NHY	B	87.10	8.5	5.1	4.5	10	3.7
PetroChina Company Ltd (10%)	PTR	B	62.18	13.3	6.5	4.4	9	3.8
Lukoil Oil Company	LUKOY	B	139.00	12.2	3.8	2.6	4	2.5
	<i>Median</i>			11.1	5.5	4.8	10	2.3
Independent Natural Gas and Oil - Large Cap and Mid Cap								
XTO Energy Inc.	XTO	B	45.30	11.6	6.5	6.6	14	0.4
Burlington Resources	BR	B	51.71	9.8	6.2	5.0	11	0.7
Occidental Petroleum Corp.	OXY	B	72.88	11.3	5.7	4.9	9	1.5
Encana Corporation	ECA	B	69.99	7.2	5.3	4.9	10	0.6
Unocal Corporation	UCL	B	62.10	8.5	5.0	4.9	11	1.3
Anadarko Petroleum Corp.	APC	B	80.46	11.9	6.0	4.5	9	0.9
CNOOC Limited (19%)	CEO	B	56.72	9.6	5.3	4.5	8	3.2
Devon Energy Corporation	DVN	B	48.50	7.9	5.2	4.2	10	0.6
	<i>Median</i>			9.7	5.5	4.9	10	0.8
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	64.40	11.9	5.2	6.6	16	0.7
Encore Acquisition Company	EAC	B	45.10	15.6	7.0	5.8	13	-
Cimarex Energy Company	XEC	B	42.00	7.6	4.9	4.2	10	-
Energy Partners Ltd.	EPL	B	27.01	5.3	4.1	3.8	11	-
	<i>Median</i>			9.7	5.0	5.0	12	-
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S3	47.49		7.6	15.5	20	6.1
Kinder Morgan Management, LLC	KMR	S3	43.71		7.6	14.6	19	6.7
San Juan Basin Royalty Trust	SJT		36.10	12.5	8.8	10.6	12	8.4
Canadian Oil Sands Trust (US\$)	COSWF	B	67.60	20.0	9.4	7.1	8	2.4
Enerplus Resources Fund	ERF		39.07	8.3	5.9	7.0	14	8.8
Pengrowth Energy Trust	PGH		21.42	7.9	5.2	6.5	10	10.5
	<i>Median</i>			10.4	7.6	8.9	13	7.5

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2006; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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Index of Recent Research

Stock Ideas

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
7-Mar	EPL	Energy Partners, Ltd.	Layer Cake
7-Mar	DVN	Devon Energy Corporation	Target Diversification
7-Mar	XEC	Cimarex Energy Company	Raise Net Present Value to \$50 a Share
7-Mar	XOM	Exxon Mobil Corporation	Raise Net Present Value to \$60 a Share
2-Mar	SU	Suncor Energy Inc.	Fire Tests Patience
28-Feb	CVX	ChevronTexaco Corporation	Raise Net Present Value to \$76 a Share
25-Feb	COP	ConocoPhillips	Raise Net Present Value to \$128 a Share
18-Feb	EAC	Encore Acquisition Company	Raise Net Present Value to \$57 a Share
17-Feb	APC	Anadarko Petroleum Corporation	Raise Net Present Value to \$113 a Share
17-Feb	XTO	XTO Energy Inc.	Raise Net Present Value to \$45 a Share
14-Feb	TOT	Total S.A.	Raise Net Present Value to \$120 a Share
10-Feb	UCL	Unocal Corporation	Raise Net Present Value to \$65 a Share
9-Feb	EPL	Energy Partners, Ltd.	South Timbalier Thrill
7-Feb	BRY	Berry Petroleum Company	A Touch of Glamour
7-Feb	DVN	Devon Energy Corporation	Raise Net Present Value to \$63 a Share
7-Feb	* IMO	Imperial Oil Limited	Raise Net Present Value to US\$64 a Share
3-Feb	* SJT	San Juan Basin Royalty Trust	Real Value with Income
1-Feb	* PCZ	Petro-Canada	Raise Net Present Value to US\$70 a Share
31-Jan	* COSWF	Canadian Oil Sands Trust	Raise Net Present Value to US\$94 a Share
31-Jan	* MRO	Marathon Oil Corporation	Raise Net Present Value to \$42 a Share
26-Jan	* XEC	Cimarex Energy Company	Magnum Hunter Acquisition Adds Value
26-Jan	* OXY	Occidental Petroleum Corporation	Raise Net Present Value to \$87 a Share
25-Jan	* ECA	EnCana Corporation	Raise Net Present Value to US\$77 a Share
19-Jan	* KMP	Kinder Morgan Energy Partners, L.P.	Energy Houdini
19-Jan	* KMI	Kinder Morgan Inc.	Energy Houdini
19-Jan	* KMR	Kinder Morgan Management, LLC	Energy Houdini
13-Jan	* NHY	Norsk Hydro ASA	Oil, Natural Gas and Aluminum
12-Jan	* LUKOY	Lukoil Oil Company	Profits Advance
7-Jan	* BR	Burlington Resources, Inc.	Royalty Trust Candidate
29-Dec	* LUKOY	Lukoil Oil Company	After Yukos
29-Dec	* CEO	CNOOC Ltd	Natural Gas Progress
27-Dec	* PTR	PetroChina Company Limited	West to East Pipeline Flowing
22-Dec	* RD	Royal Dutch Petroleum	Historic Streamlining
22-Dec	* SC	Shell Transport & Trading Company, p.l.c.	Historic Streamlining
20-Dec	* BP	BP p.l.c.	Cash Flows to Owners

Meter Reader - A Weekly Analysis

8-Mar		Powerful Trends
1-Mar	*	Asset Reallocation
22-Feb	*	Wall of Worry
15-Feb	*	Just Buy
8-Feb	*	Happy Birthday to Meter Reader

* Archived on www.mcdep.com

Also see

U.S. Natural Gas Royalty Trusts - A Weekly Analysis, and Single-Trust Analyses

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