

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

December 30, 2003

Expanded Weekly Analysis

Summary and Recommendation

Natural Gas Royalty Trusts has a new name that reflects expanded coverage -- *McDep Energy Income Producers – A Weekly Analysis of Royalty Trusts and Master Limited Partnerships*. U.S. royalty trusts have become better recognized, but still account for relatively small market capitalization. A Canadian income stock, **Canadian Oil Sands Trust (COSWF)** now appears to offer the most appreciation potential. We add the largest U.S. master limited partnership, **Kinder Morgan (KMP, KMR)**, because it illustrates how much more recognition lower McDep Ratio income stocks may be able to achieve. Previously considered mostly a transportation company, Kinder Morgan is becoming more of a producer as a result of its expanding position in West Texas oil. Finally we continue to record the progress of six-year and one-year oil and gas futures that we use in our estimate of present value of the oil and gas properties that McDep Energy Income Producers own.

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

	Symbol/ Rating	Price (\$/sh) 29-Dec 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Master Limited Partnerships and Canadian Royalty Trusts							
Kinder Morgan Energy Partners, L.P.	KMP S	49.15	140.1	6,890	14.00	0.46	2.35
Kinder Morgan Management, LLC	KMR S	43.15	47.8	2,060	14.00	0.46	2.12
Dorchester Minerals, L.P.	DMLP	19.95	27.0	540	13.00	-	1.54
Pengrowth Energy Trust	PGH	16.59	120.0	1,990	11.00	0.15	1.43
Enerplus Resources Fund	ERF	30.47	88.5	2,700	20.00	0.17	1.43
Provident Energy Trust	PVX	8.79	70.6	620	6.00	0.30	1.33
Canadian Oil Sands Trust (US\$)	COSWF B	32.68	86.7	2,830	45.00	0.22	0.79
<i>Total or Median</i>				<i>17,600</i>		<i>0.22</i>	<i>1.43</i>
U.S. Royalty Trusts							
Hugoton RoyaltyTrust (46%)	HGT	22.15	18.4	410	15.80	-	1.40
Cross Timbers Royalty Trust	CRT	28.05	6.0	168	20.50	-	1.37
Sabine Royalty Trust	SBR	29.02	14.6	420	22.00	-	1.32
Permian Basin RT (41%)	PBT	8.24	19.1	160	6.50	-	1.26
San Juan Basin Royalty Trust	SJT B	21.64	46.6	1,010	18.10	-	1.20
<i>Total or Median</i>				<i>2,200</i>		<i>-</i>	<i>1.32</i>

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

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

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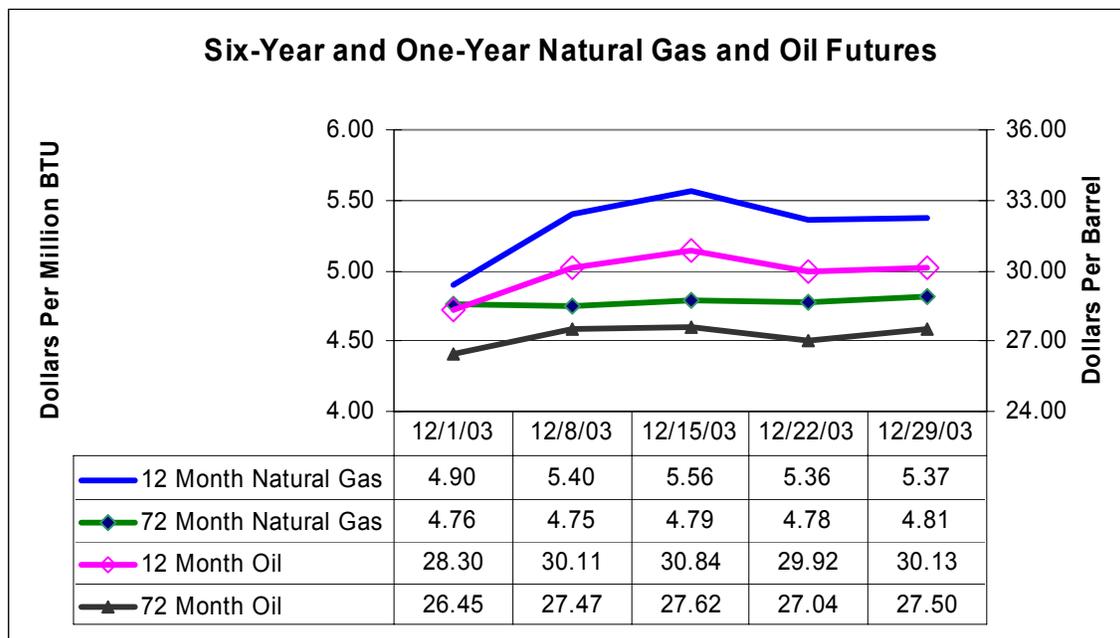
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Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 29-Dec 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Master Limited Partnerships and Canadian Royalty Trusts							
Kinder Morgan Energy Partners, L.P.	KMP S	49.15	3.4	20.2	26	5.4	8.6
Kinder Morgan Management, LLC	KMR S	43.15	3.0	18.2	22	6.1	8.6
Dorchester Minerals, L.P.	DMLP	19.95	10.3	11.4	29	8.8	7.4
Canadian Oil Sands Trust (US\$)	COSWF B	32.68	4.4	8.9	15	4.7	11.3
Pengrowth Energy Trust	PGH	16.59	5.8	8.3	16	11.7	5.8
Enerplus Resources Fund	ERF	30.47	5.7	8.0	14	10.6	5.6
Provident Energy Trust	PVX	8.79	4.1	6.4	51	12.6	4.8
	<i>Median</i>		<i>4.4</i>	<i>8.9</i>	<i>22</i>	<i>8.8</i>	<i>7.4</i>
U.S. Royalty Trusts							
Cross Timbers Royalty Trust	CRT	28.05	8.6	12.1	12	8.1	8.8
Sabine Royalty Trust	SBR	29.02	10.1	10.5	10	9.6	7.9
Permian Basin RT (41%)	PBT	8.24	7.0	10.0	11	9.1	7.9
Hugoton Royalty Trust (46%)	HGT	22.15	7.2	9.5	12	8.6	6.8
San Juan Basin Royalty Trust	SJT B	21.64	7.3	8.9	10	9.6	7.4
	<i>Median</i>		<i>7.3</i>	<i>10.0</i>	<i>11</i>	<i>9.1</i>	<i>7.9</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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