

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

January 21, 2004

Capital Investment Tradeoff

Summary and Recommendation

Monthly distribution declared on January 20 by recommended **San Juan Basin Royalty Trust (SJT)** was in line with our cash flow estimate, but higher development spending lowered the net amount to \$0.12 per unit from our projection of \$0.15. The ongoing opportunity to boost capacity with additional capital investment adds value to San Juan Basin natural gas properties not fully recognized in official reserve estimates. Yet, the lower near term distribution after higher spending often has a temporary negative impact on stock price. At a McDep Ratio of 0.92, the trust continues to offer attractive long-term participation in an undervalued natural resource.

Kurt H. Wulff, CFA

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

			Price (\$/sh)	Shares	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
	Symbol/ Rating	20-Jan 2004		(mm)				
Master Limited Partnerships and Canadian Royalty Trusts								
Kinder Morgan Energy Partners, L.P.	KMP	S	47.77	140.1	6,690	14.00	0.46	2.30
Kinder Morgan Management, LLC	KMR	S	42.50	47.8	2,030	14.00	0.46	2.10
Enerplus Resources Fund	ERF		29.80	88.5	2,640	25.00	0.15	1.16
Dorchester Minerals, L.P.	DMLP		19.63	27.0	530	17.00	-	1.15
Provident Energy Trust	PVX		8.73	70.6	620	7.50	0.26	1.12
Pengrowth Energy Trust	PGH		15.24	120.0	1,830	14.00	0.12	1.08
Canadian Oil Sands Trust (US\$)	COSWF	B	37.16	86.7	3,220	50.00	0.21	0.80
	<i>Total or Median</i>				<i>17,600</i>		<i>0.21</i>	<i>1.15</i>
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		30.30	14.6	440	26.00	-	1.17
Permian Basin RT (41%)	PBT		8.40	19.1	160	7.50	-	1.12
Cross Timbers Royalty Trust	CRT		26.40	6.0	158	25.00	-	1.05
Hugoton Royalty Trust (46%)	HGT		20.93	18.4	390	20.00	-	1.05
San Juan Basin Royalty Trust	SJT	B	20.73	46.6	970	22.00	-	0.94
	<i>Total or Median</i>				<i>2,100</i>		<i>-</i>	<i>1.05</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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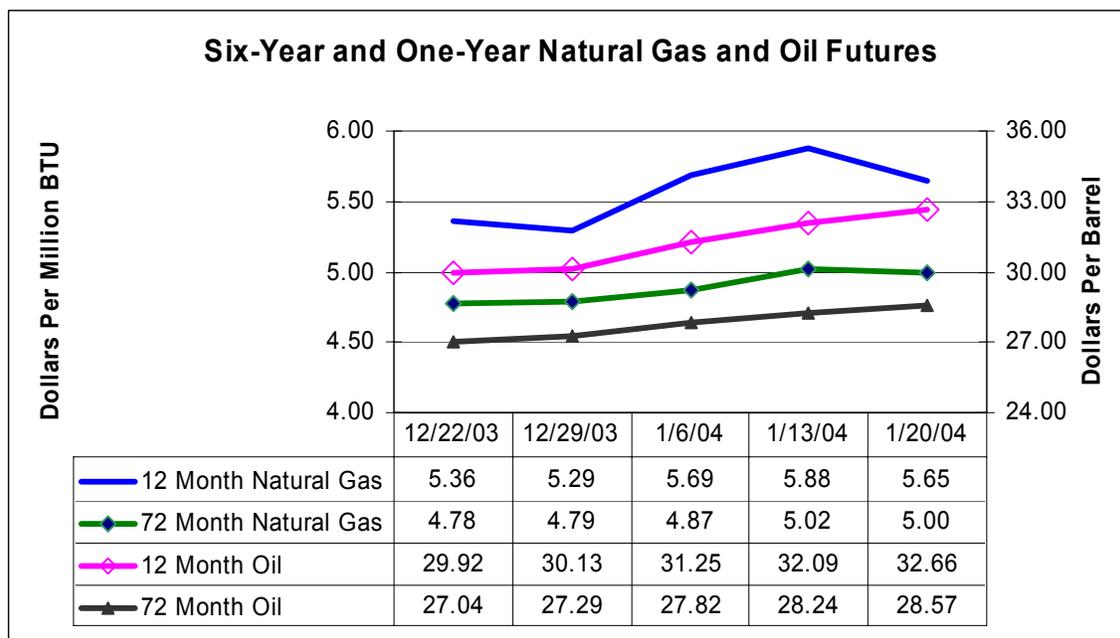
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Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating		Price (\$/sh) 20-Jan 2004	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)	PV/ Ebitda NTM
Master Limited Partnerships and Canadian Royalty Trusts								
Kinder Morgan Energy Partners, L.P.	KMP	S	47.77	3.3	19.7	25	5.5	8.6
Kinder Morgan Management, LLC	KMR	S	42.50	3.0	18.0	22	6.2	8.6
Dorchester Minerals, L.P.	DMLP		19.63	9.5	10.4	24	9.6	9.0
Canadian Oil Sands Trust (US\$)	COSWF	B	37.16	4.4	8.4	14	4.2	10.5
Enerplus Resources Fund	ERF		29.80	5.3	7.2	12	11.0	6.2
Pengrowth Energy Trust	PGH		15.24	5.1	7.2	13	13.0	6.6
Provident Energy Trust	PVX		8.73	3.9	5.9	32	12.9	5.3
	<i>Median</i>			4.4	8.4	22	9.6	8.6
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT		26.40	7.7	10.8	11	9.1	10.2
Sabine Royalty Trust	SBR		30.30	10.1	10.4	10	9.6	8.9
Permian Basin RT (41%)	PBT		8.40	6.8	9.5	11	8.9	8.4
Hugoton RoyaltyTrust (46%)	HGT		20.93	6.5	8.6	10	9.6	8.2
San Juan Basin Royalty Trust	SJT	B	20.73	6.6	8.1	10	9.8	8.6
	<i>Median</i>			6.8	9.5	10	9.6	8.6

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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