

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

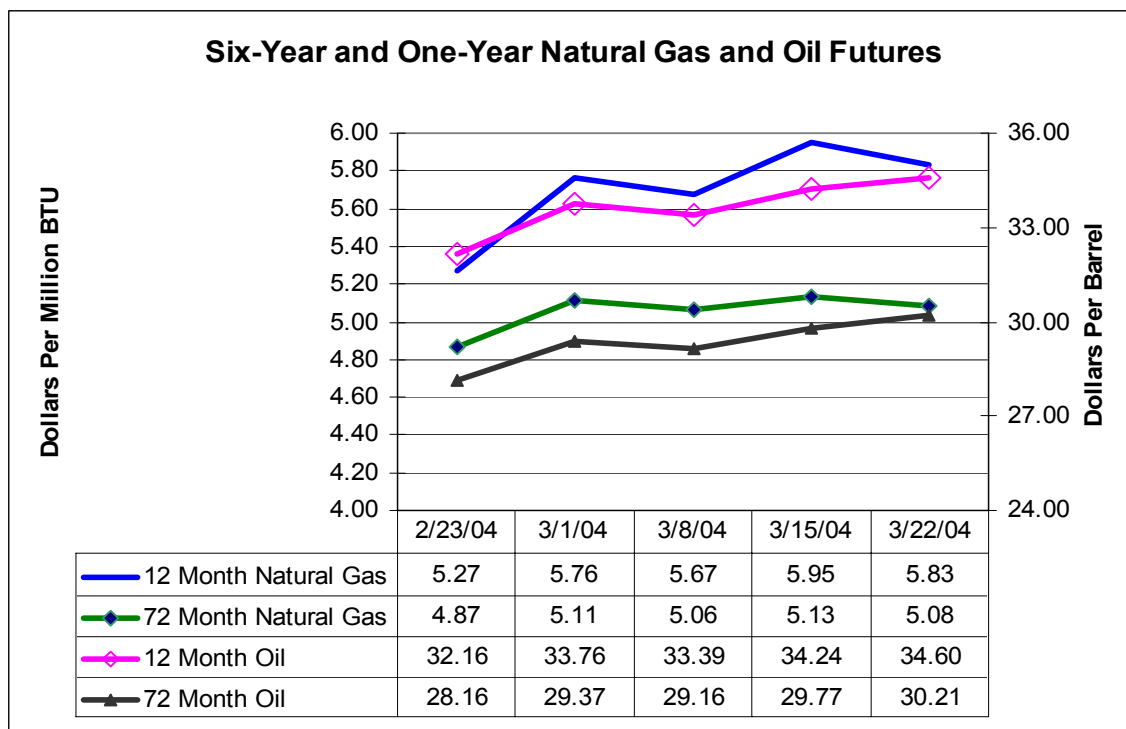
March 23, 2004

Raise Present Value 10%

Summary and Recommendation

Lower McDep Ratios increase our comfort with expectations for future returns earned by investment in income producers despite strong stock market appreciation in recent years. In a rising commodity price environment, long life of resources becomes especially rewarding for buy recommendations **Canadian Oils Sands Trust (COSWF)** and **San Juan Basin Royalty Trust (SJT)**. We applied the same equation used with operating companies (see *Meter Reader*, March 23, 2004). Mechanical application of the formula affirms the previous present value for SJT while not fully reflecting the strengths a more complete discounted cash flow calculation would bring out for SJT. We further modify the valuation equation to give greater value than before to three trusts and one partnership that get a free ride on spending by others (for the stocks see column headed "Natural Royalty" in the table on page 3). As a result, we see a better return for **Cross Timbers Royalty Trust (CRT)** now ranked at the opposite extreme from its position only a few months ago (see Ranking by McDep Ratio on page 2).

Kurt H. Wulff, CFA



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

	Symbol/ Rating	Price (\$/sh) 22-Mar 2004	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	45.17	140.1	6,330	14.00	0.48	2.15
Kinder Morgan Management, LLC	KMR s	41.73	48.6	2,030	14.00	0.48	2.03
Dorchester Minerals, L.P.	DMLP	17.94	27.0	480	17.00	-	1.05
Provident Energy Trust	PVX	8.03	70.6	570	8.00	0.24	1.00
Pengrowth Energy Trust	PGH	13.52	122.0	1,650	14.00	0.14	0.97
Enerplus Resources Fund	ERF	28.82	88.5	2,550	35.00	0.11	0.84
Canadian Oil Sands Trust (US\$)	COSWF B	33.08	86.9	2,870	62.00	0.19	0.62
	<i>Total or Median</i>			16,500		0.19	1.00
U.S. Royalty Trusts							
Permian Basin RT (41%)	PBT	9.25	19.1	180	7.70	-	1.20
Sabine Royalty Trust	SBR	32.05	14.6	470	27.00	-	1.19
Hugoton RoyaltyTrust (46%)	HGT	21.05	18.4	390	22.00	-	0.96
San Juan Basin Royalty Trust	SJT B	20.68	46.6	960	22.00	-	0.94
Cross Timbers Royalty Trust	CRT	27.58	6.0	170	30.00	-	0.92
	<i>Total or Median</i>			2,200		-	0.96

Buy/Sell rating after symbol: B - Buy full unlevered position, s - short quarter unlevered position
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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

	Symbol/ Rating	Price (\$/sh) 22-Mar 2004	EV/ Sales NTM	EV/ Ebitda NTM	Divd or Distrib P/E NTM (%)	PV/ Ebitda NTM
Master Limited Partnerships and Canadian Royalty Trusts						
Kinder Morgan Energy Partners, L.P.	KMP s	45.17	3.2	19.2	23	8.9
Kinder Morgan Management, LLC	KMR s	41.73	3.1	18.1	21	8.9
Dorchester Minerals, L.P.	DMLP	17.94	9.1	10.1	23	9.5
Canadian Oil Sands Trust (US\$)	COSWF B	33.08	4.1	7.5	12	12.1
Enerplus Resources Fund	ERF	28.82	4.9	6.5	10	7.7
Pengrowth Energy Trust	PGH	13.52	4.5	6.2	12	6.4
Provident Energy Trust	PVX	8.03	3.5	5.0	15	5.0
	<i>Median</i>		4.1	7.5	15	8.9
U.S. Royalty Trusts						
Cross Timbers Royalty Trust	CRT	27.58	7.7	10.7	11	11.6
Sabine Royalty Trust	SBR	32.05	10.1	10.5	10	8.8
Permian Basin RT (41%)	PBT	9.25	7.1	9.9	11	8.2
Hugoton RoyaltyTrust (46%)	HGT	21.05	6.4	8.4	10	8.8
San Juan Basin Royalty Trust	SJT B	20.68	6.7	8.3	10	8.8
	<i>Median</i>		7.1	9.9	10	8.8

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2005; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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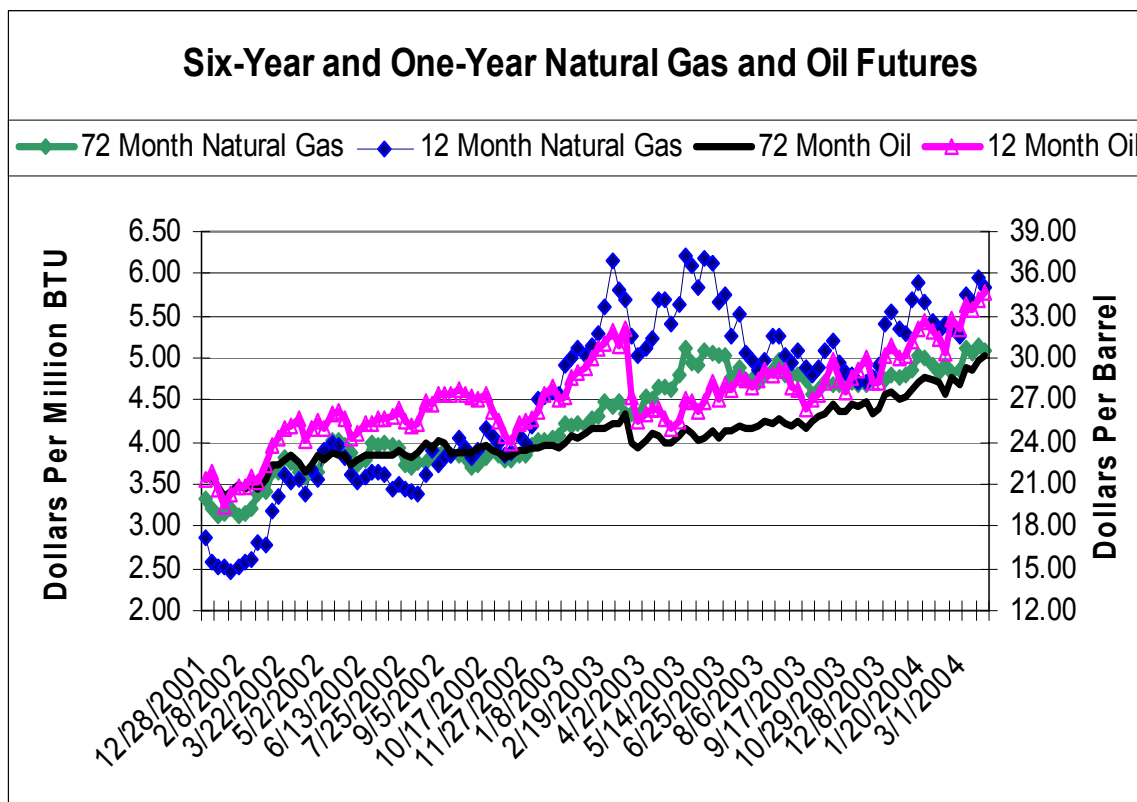
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McDep Energy Income Producers Determinants of Present Value

	Symbol/ Rating	Natural Royalty (%)	N. Am. Gas/ Ebitda (%)	Adjusted Reserves/ Production NTM	PV/ Ebitda NTM	NG&O Ebitda/ mcf	McDep Ratio 22-Mar 2004
Master Limited Partnerships and Canadian Royalty Trusts							
Kinder Morgan Energy Partners, L.P.	KMP s	-	-	10.0	8.9		2.15
Kinder Morgan Management, LLC	KMR s	-	-	10.0	8.9		2.03
Provident Energy Trust	PVX	-	50	4.9	5.0	3.07	1.00
Pengrowth Energy Trust	PGH	-	38	7.7	6.4	2.47	0.97
Dorchester Minerals, L.P.	DMLP	54	83	10.3	9.5	4.62	1.05
Enerplus Resources Fund	ERF	-	59	10.4	7.7	2.37	0.84
Canadian Oil Sands Trust (US\$)	COSWF B	-	(9)	20.0	12.1	2.92	0.62
	<i>Median</i>		38	10.0	8.9	2.92	1.00
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	100	63	6.5	8.8	4.38	1.19
Permian Basin RT (41%)	PBT	24	44	9.0	8.2	3.24	1.20
Cross Timbers Royalty Trust	CRT	86	74	11.3	11.6	3.92	0.92
Hugoton Royalty Trust (46%)	HGT	-	93	11.9	8.8	3.74	0.96
San Juan Basin Royalty Trust	SJT B	-	99	12.1	8.8	3.51	0.94
	<i>Median</i>		74	11.3	8.8	3.74	0.96



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