

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

April 6, 2004

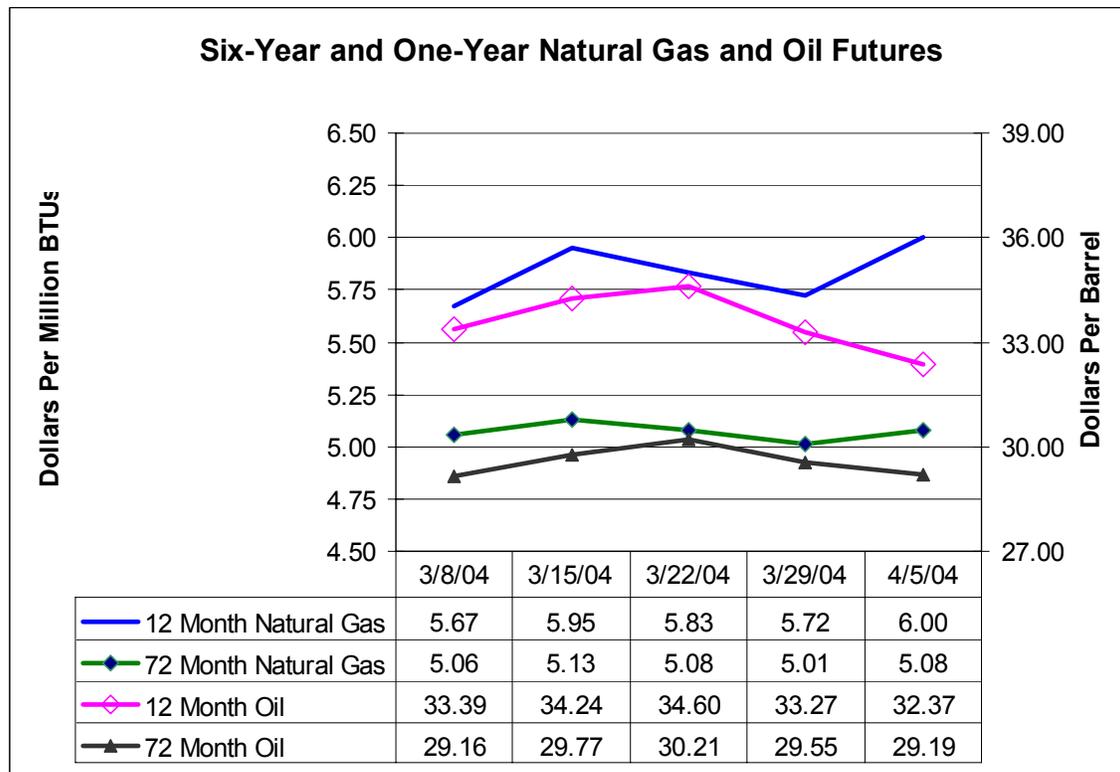
New High for Six-Year Natural Gas

Summary and Recommendation

Six-year natural gas futures set a new weekly high in the middle of last month, while one-year futures are approaching the previous weekly high set almost a year ago. Because six-year futures are important to stock market valuation we see new interest in natural gas income stocks. Buy-recommended **San Juan Basin Royalty Trust (SJT)** has the most market cap in its small group. Reporting on an underlying properties basis as well as the less-informative royalty basis, **Cross Timbers Royalty Trust (CRT)** and **Hugoton Royalty Trust (HGT)** disclosed the longest life reserves among peers in 2003.

Reporting by SJT, **Sabine Royalty Trust (SBR)**, **Permian Basin Royalty Trust (PBT)**, and **Dorchester Minerals (DMLP)** seems understated by comparison. We try to reflect the differences more consistently in our McDep ranking.

Kurt H. Wulff, CFA

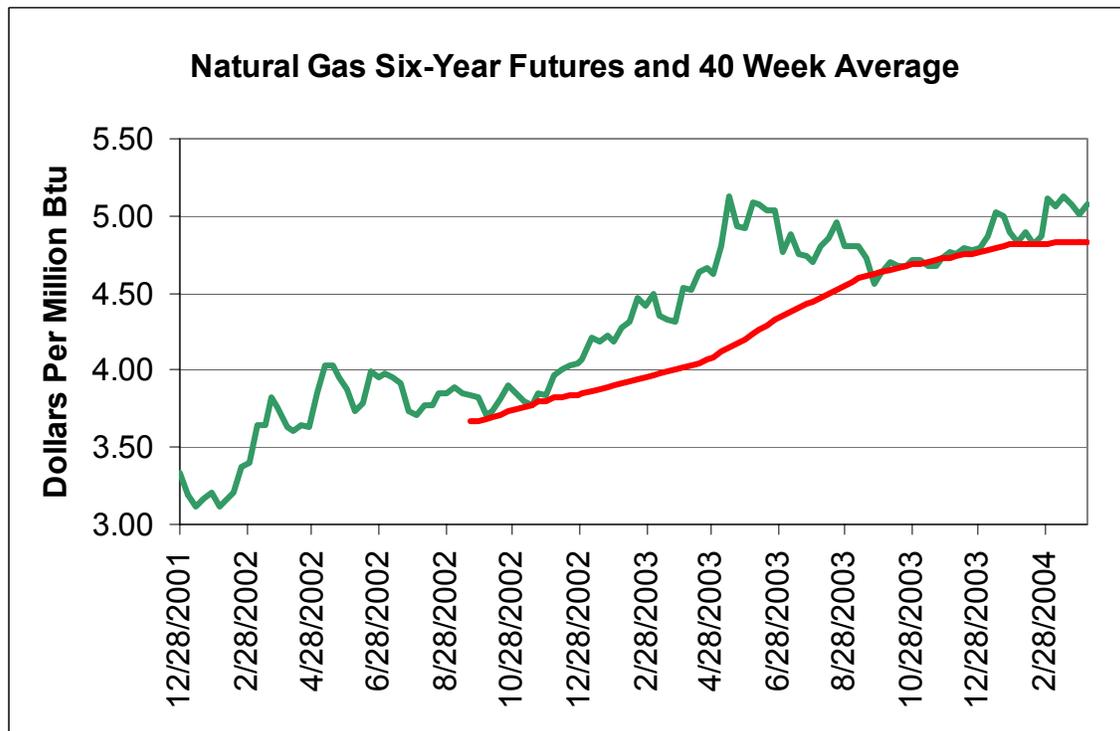


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Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating	Price (\$/sh) 5-Apr 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	44.71	140.1	6,260	14.00	0.48	2.14
Kinder Morgan Management, LLC	KMR s	42.40	48.6	2,060	14.00	0.48	2.05
Provident Energy Trust	PVX	8.73	85.0	740	6.20	0.36	1.26
NAV Energy Trust	NVG.UN	8.25	19.0	160	7.00	0.18	1.15
Dorchester Minerals, L.P.	DMLP	17.95	27.0	490	17.00	-	1.06
Enerplus Resources Fund	ERF	29.64	90.4	2,680	28.00	0.13	1.05
Pengrowth Energy Trust	PGH	13.79	122.0	1,680	14.00	0.14	0.99
Canadian Oil Sands Trust (US\$)	COSWF B	34.24	86.9	2,980	62.00	0.19	0.64
<i>Total or Median</i>					<i>14,100</i>	<i>0.18</i>	<i>1.15</i>
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	33.15	14.6	480	27.00	-	1.23
Permian Basin RT (41%)	PBT	8.98	19.1	170	7.70	-	1.17
Hugoton Royalty Trust (46%)	HGT	22.36	18.4	410	22.00	-	1.02
Cross Timbers Royalty Trust	CRT	28.65	6.0	170	30.00	-	0.96
San Juan Basin Royalty Trust	SJT B	20.39	46.6	950	22.00	-	0.93
<i>Total or Median</i>					<i>2,200</i>	<i>-</i>	<i>1.02</i>

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

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

	Symbol/ Rating	Price (\$/sh) 5-Apr 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	44.71	3.2	19.1	23	6.1	8.9
Kinder Morgan Management, LLC	KMR s	42.40	3.1	18.3	21	6.4	8.9
Dorchester Minerals, L.P.	DMLP	17.95	9.3	10.2	20	9.8	9.7
Canadian Oil Sands Trust (US\$)	COSWF B	34.24	4.5	8.8	15	4.4	13.8
Enerplus Resources Fund	ERF	29.64	5.4	8.0	19	10.8	7.6
Provident Energy Trust	PVX	8.73	5.3	7.6	24	12.6	6.0
Pengrowth Energy Trust	PGH	13.79	4.7	6.6	13	13.9	6.7
NAV Energy Trust	NVG.UN	8.25	3.1	5.3	26	16.6	4.7
	<i>Median</i>		4.7	8.8	20	9.8	8.9
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	33.15	11.7	12.2	12	8.2	9.9
Cross Timbers Royalty Trust	CRT	28.65	8.5	11.8	12	8.3	12.3
Permian Basin RT (41%)	PBT	8.98	7.0	9.8	11	8.4	8.4
Hugoton RoyaltyTrust (46%)	HGT	22.36	6.6	8.7	10	9.7	8.5
San Juan Basin Royalty Trust	SJT B	20.39	6.3	7.7	10	10.5	8.3
	<i>Median</i>		7.0	9.8	11	8.4	8.5

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

Determinants of Present Value

	Symbol/ Rating	NG & O Prod/ Ebitda (%)	N. Am. Gas/ Ebitda (%)	Adjusted Reserves/ Production NTM	PV/ Ebitda NTM	NG&O Ebitda/ mcf	Natural Royalty (%)
Master Limited Partnerships and Canadian Royalty Trusts							
NAV Energy Trust	NVG.UN	100	42	3.7	4.7	2.87	-
Provident Energy Trust	PVX	77	53	4.0	6.0	2.97	-
Pengrowth Energy Trust	PGH	100	40	7.7	6.7	2.38	-
Dorchester Minerals, L.P.	DMLP	100	85	8.4	9.7	4.30	54
Enerplus Resources Fund	ERF	100	59	9.3	7.6	3.11	-
Kinder Morgan Energy Partners, L.P.	KMP s	12	-	10.0	8.9		
Kinder Morgan Management, LLC	KMR s	12	-	10.0	8.9		
Canadian Oil Sands Trust (US\$)	COSWF B	100	(10)	20.0	13.8	2.57	-
	<i>Median</i>		42	8.4	7.6	2.97	
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	100	66	8.5	9.9	4.83	100
Permian Basin RT (41%)	PBT	100	46	9.1	8.4	3.19	24
San Juan Basin Royalty Trust	SJT B	100	99	11.7	8.3	3.66	-
Cross Timbers Royalty Trust	CRT	100	76	12.7	12.3	3.92	85
Hugoton RoyaltyTrust (46%)	HGT	100	94	13.6	8.5	3.85	-
	<i>Median</i>		76	11.7	8.5	3.85	

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