

## Income Payers DMLP, CRT, PBT, SBR, SJT Understated Reserves, June Distributions Up

			Price (US\$/un)	Market Cap (US\$mm)	Net Present Value (US\$/un)	Natural Gas (%)	Oil (%)	Distribution (US\$/unit)	NTM Yield (%)	McDep Ratio
Symbol/Rating		22-Jun 2015								
B = Buy										
Dorchester Minerals, L.P.	DMLP		22.92	700	32.00	36	64	1.40	6.1	0.72
Sabine Royalty Trust	SBR		39.16	570	68.00	42	58	2.85	7.3	0.58
San Juan Basin Royalty Trust	SJT	B	10.85	510	21.00	100	-	0.51	4.7	0.52
Permian Basin RT	PBT		8.18	380	16.00	23	77	0.58	7.1	0.51
Cross Timbers Royalty Trust	CRT	B	15.23	90	42.00	54	46	1.18	7.7	0.36
<i>Total or Median</i>				2,300		42	58		7.1	0.52
Note: Estimated distributions tied to one-year futures prices for natural gas and oil.										
Reported results may vary widely from estimates. Estimated net present value per unit revised only infrequently.										
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.										
For historical analysis since 2000 see <a href="http://www.mcdep.com">www.mcdep.com</a>										

### Summary and Recommendation

While stock prices may be low for five oil and gas income payers, the quality of the resources remains high as production exceeds the forecasts of independent engineers and three of three royalty trusts declared distributions on June 18 that exceeded the previous month lows. Early this month we visited the trustee or general partner of each of the five stocks and examined the latest reserve reports for three. The value of the reports is primarily as a catalog of current production by area and not as an estimate of future production. Rechecking past reports for **San Juan Basin Royalty Trust (SJT)** for the past twenty years, for example, we see that cumulative production for 1995-2014 plus remaining reserves at the end of 2014 is more than double estimated reserves at the beginning of 1995. SJT's engineer, Cawley Gillespie also does the estimates for **Permian Basin Royalty Trust (PBT)**. In a hundred or more graphs, the engineer projected 12% a year decline for PBT's Waddell Ranch properties and 8% a year decline for PBT's Texas royalty properties. It seems unlikely that will be the case considering the historical production trend in the same graphs declined just 2% a year for 22 years. Though it is well known that DeGolyer and MacNaughton has understated the reserves for **Sabine Royalty Trust (SBR)** for 32 years, we were surprised to see that for SBR's largest oil property, the Denver Unit of the Wasson field, reserves, i.e. future production, were estimated at 26 times 2015 production, indicating especially long life. Turning to monthly distributions, **Cross Timbers Royalty Trust (CRT)**, PBT and SJT reported welcome upticks (see Chart Monthly Distributions on page 2). Volume trends up for oil-oriented PBT and SBR and trends flatter for CRT and SJT with their greater natural gas emphasis (see Chart Monthly Volume on page 2). Finally, at **Dorchester Minerals (DMLP)** we like the prospects for growth in the Permian and Bakken not yet reported in quarterly financial statements. We believe all five of the stocks are sound long-term investments.

Kurt H. Wulff, CFA

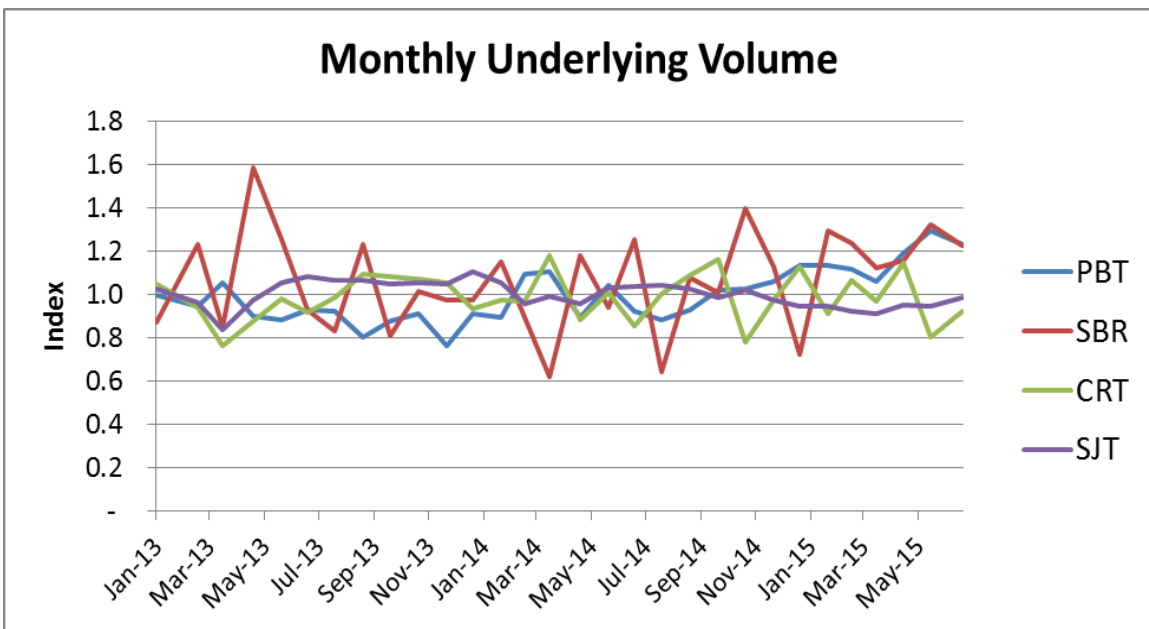
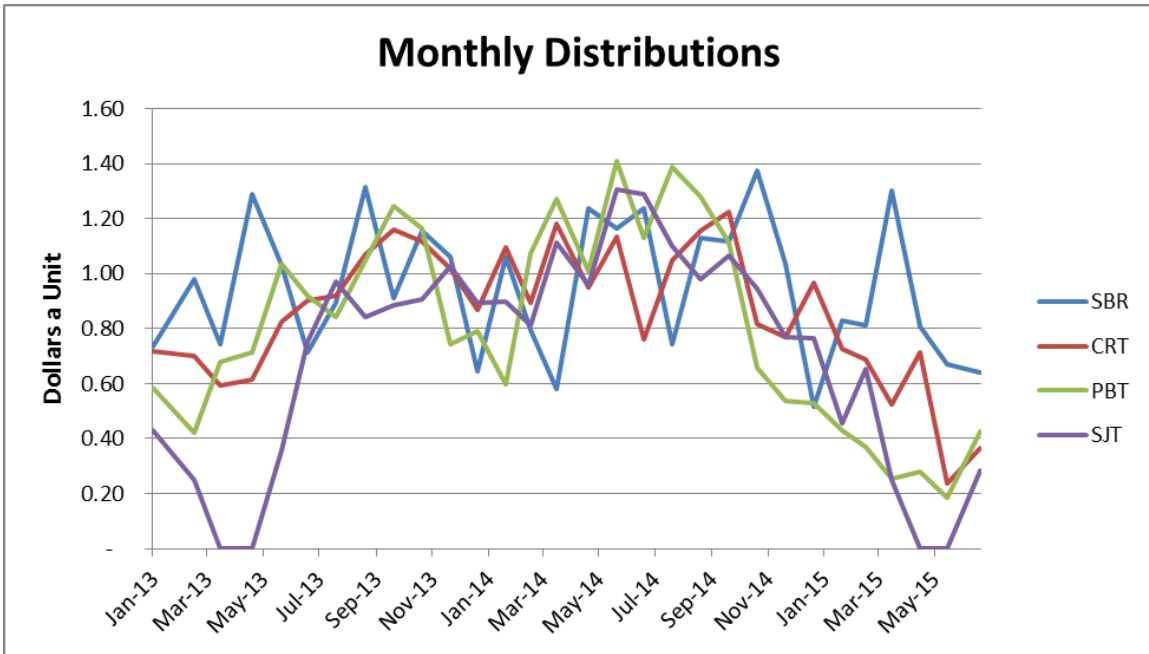


# Industry Idea

Analysis of Oil and Gas Stocks

June 22, 2015

Intraday





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Intraday

						<i>Present Value by Segment (%)</i>						
		<i>Price</i>	<i>EV/</i>	<i>Enterprise</i>	<i>North</i>	<i>Rest of</i>				<i>Dist.</i>		
		<i>(US\$/sh)</i>	<i>Market</i>	<i>Value</i>	<i>Amer.</i>	<i>World</i>				<i>Yield</i>		
<i>Symbol/Rating</i>		<i>22-Jun</i>	<i>Cap</i>	<i>(\$mm)</i>	<i>Natural</i>	<i>Natural</i>	<i>Oil</i>	<i>Down-</i>	<i>NTM</i>	<i>McDep</i>		
		<i>2015</i>			<i>Gas</i>	<i>Gas</i>	<i>Prod'n</i>	<i>stream</i>	<i>(%)</i>	<i>Ratio</i>		
<b>Global Integrated</b>												
Exxon Mobil Corporation	XOM	85.48	1.23	442,000	7	14	64	16	3.4	0.81		
Royal Dutch Shell (BG pro form)	RDS-A	59.42	1.53	355,000					6.3	0.75		
Chevron Corporation	CVX B	100.11	1.30	244,000	3	9	73	14	4.3	0.72		
Total S.A.	TOT B	51.64	1.48	174,000		17	66	17	5.3	0.67		
<i>Total or Median</i>			<i>1.39</i>	<i>1,215,000</i>			<i>66</i>	<i>16</i>	<i>4.8</i>	<i>0.74</i>		
<b>Large Independent</b>												
EOG Resources, Inc.	EOG	87.95	1.13	54,300	14	4	83		0.8	0.82		
Occidental Petroleum Corp.	OXY	78.44	1.12	67,400	6	1	81	12	3.8	0.80		
Devon Energy Corporation	DVN	61.10	1.70	42,800	30		55	15	1.6	0.73		
ConocoPhillips	COP B	62.88	1.47	115,000	14	13	73		4.6	0.71		
Marathon Oil Corporation	MRO B	26.16	1.50	26,500	9	2	88		3.2	0.62		
<i>Total or Median</i>			<i>1.47</i>	<i>306,000</i>	<i>14</i>		<i>81</i>		<i>3.2</i>	<i>0.73</i>		
<b>Small Independent</b>												
Cimarex Energy Company	XEC	117.08	1.17	12,000	41		59		0.5	0.86		
Continental Resources (32%)	CLR	43.78	1.44	7,500	18		82		-	0.61		
Range Resources	RRC	50.34	1.48	12,400	73		27		0.3	0.60		
California Resources	CRC B	6.99	3.58	9,600	13		87		0.6	0.58		
Whiting Petroleum Corporation	WLL B	34.16	1.48	12,000	6		94		-	0.55		
<i>Total or Median</i>			<i>1.48</i>	<i>54,000</i>	<i>18</i>		<i>82</i>		<i>0.3</i>	<i>0.60</i>		
<b>Income</b>												
Dorchester Minerals, L.P.	DMLP	22.92	1.00	700	36		64		6.1	0.72		
Sabine Royalty Trust	SBR	39.16	1.00	570	42		58		7.3	0.58		
San Juan Basin Royalty Trust	SJT B	10.85	1.00	510	100		-		4.7	0.52		
Permian Basin RT	PBT	8.18	1.00	380	23		77		7.1	0.51		
Cross Timbers Royalty Trust	CRT B	15.23	1.00	90	54		46		7.7	0.36		
<i>Total or Median</i>			<i>1.00</i>	<i>2,300</i>	<i>42</i>		<i>58</i>		<i>7.1</i>	<i>0.52</i>		
<b>Canada</b>												
Imperial Oil Limited (30%)	IMO	38.81	1.29	12,700	1		77	22	1.1	0.79		
EnCana Corporation	ECA	11.63	1.88	18,400	57		43		2.4	0.72		
Canadian Oil Sands Limited	COSWF	7.72	1.75	6,500			100		2.1	0.52		
Cenovus Energy Inc.	CVE B	17.17	1.34	19,000	9		85	7	5.0	0.50		
Birchcliff Energy Ltd.	BIREF B	5.95	1.63	1,500	77		23		-	0.49		
<i>Total or Median</i>			<i>1.63</i>	<i>58,000</i>			<i>77</i>		<i>2.1</i>	<i>0.52</i>		

Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.  
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

			<i>Price</i> <i>(US\$/sh)</i>	<i>Shares</i> <i>(mm)</i>	<i>Market</i> <i>Cap</i> <i>(US\$mm)</i>	<i>Net</i> <i>Present</i> <i>Value</i> <i>(US\$/sh)</i>	<i>Debt/</i> <i>Present</i> <i>Value</i>	<i>McDep</i> <i>Ratio</i>
	<i>Symbol/Rating</i>		<i>22-Jun</i> <i>2015</i>					
	<i>B = Buy</i>							
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM		85.48	4,211	360,000	110.00	0.15	0.81
Royal Dutch Shell (BG pro forma)	RDS-A		59.42	3,900	232,000	89.00	0.26	0.75
Chevron Corporation	CVX	B	100.11	1,876	188,000	150.00	0.17	0.72
Total S.A.	TOT	B	51.64	2,285	118,000	90.00	0.21	0.67
	<i>Total or Median</i>				<i>898,000</i>		<i>0.19</i>	<i>0.74</i>
<b>Large Independent</b>								
EOG Resources, Inc.	EOG		87.95	545	47,900	110.00	0.10	0.82
Occidental Petroleum Corp.	OXY		78.44	770	60,400	100.00	0.08	0.80
Devon Energy Corporation	DVN		61.10	410	25,100	100.00	0.30	0.73
ConocoPhillips	COP	B	62.88	1,246	78,000	100.00	0.23	0.71
Marathon Oil Corporation	MRO	B	26.16	675	17,660	50.00	0.21	0.62
	<i>Total or Median</i>				<i>229,100</i>		<i>0.21</i>	<i>0.73</i>
<b>Small Independent</b>								
Cimarex Energy Company	XEC		117.08	88	10,300	140.00	0.12	0.86
Continental Resources (32%)	CLR		43.78	118	5,200	85.00	0.19	0.61
Range Resources	RRC		50.34	166	8,400	100.00	0.19	0.60
California Resources	CRC	B	6.99	382	2,700	25.00	0.42	0.58
Whiting Petroleum Corporation	WLL	B	34.16	237	8,100	75.00	0.18	0.55
	<i>Total or Median</i>				<i>35,000</i>		<i>0.19</i>	<i>0.60</i>
<b>Income</b>								
Dorchester Minerals, L.P.	DMLP		22.92	31	700	32.00	-	0.72
Sabine Royalty Trust	SBR		39.16	15	570	68.00	-	0.58
San Juan Basin Royalty Trust	SJT	B	10.85	47	510	21.00	-	0.52
Permian Basin RT	PBT		8.18	47	380	16.00	-	0.51
Cross Timbers Royalty Trust	CRT	B	15.23	6	90	42.00	-	0.36
	<i>Total or Median</i>				<i>2,300</i>		<i>-</i>	<i>0.52</i>
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO		38.81	255	9,900	52.00	0.18	0.79
EnCana Corporation	ECA		11.63	839	9,800	20.00	0.34	0.72
Canadian Oil Sands Limited	COSWF		7.72	485	3,700	20.00	0.22	0.52
Cenovus Energy Inc.	CVE	B	17.17	825	14,200	40.00	0.13	0.50
Birchcliff Energy Ltd.	BIREF	B	5.95	154	900	16.00	0.19	0.49
	<i>Total or Median</i>				<i>39,000</i>		<i>0.19</i>	<i>0.52</i>
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								



# Industry Idea

Analysis of Oil and Gas Stocks

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Intraday

			<i>Price</i> <i>(US\$/sh)</i>	<i>Adjustd</i> <i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Dividend</i>
	<i>Symbol/Rating</i>		<i>22-Jun</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	<i>B = Buy</i>		<i>2015</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(\$/sh)</i>
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM		85.48	14.2	10.5	8.6	17	2.92
Chevron Corporation	CVX	B	100.11	8.9	10.3	7.4	22	4.28
Total S.A.	TOT	B	51.64	9.7	9.1	6.1	13	2.74
Royal Dutch Shell (BG pro forma)	RDS-A		59.42					3.76
	<i>Median</i>			<i>9.7</i>	<i>10.3</i>	<i>7.4</i>	<i>17</i>	
<b>Large Independent</b>								
EOG Resources, Inc.	EOG		87.95	9.3	15.2	12.4	28	0.67
Devon Energy Corporation	DVN		61.10	10.1	14.7	10.7	80	0.96
ConocoPhillips	COP	B	62.88	11.3	14.3	10.2	193	2.92
Occidental Petroleum Corp.	OXY		78.44	9.1	12.2	9.7	36	3.00
Marathon Oil Corporation	MRO	B	26.16	12.8	14.2	8.8		0.84
	<i>Median</i>			<i>10.1</i>	<i>14.3</i>	<i>10.2</i>	<i>58</i>	
<b>Small Independent</b>								
Range Resources	RRC		50.34	14.9	25.6	15.4	60	0.16
Cimarex Energy Company	XEC		117.08	8.2	14.7	12.6	200	0.64
Continental Resources (32%)	CLR		43.78	11.4	17.2	10.4	144	-
California Resources	CRC	B	6.99	12.1	17.8	10.4		0.04
Whiting Petroleum Corporation	WLL	B	34.16	10.5	13.6	7.5	48	-
	<i>Median</i>			<i>11.4</i>	<i>17.2</i>	<i>10.4</i>	<i>102</i>	
<b>Income</b>								
San Juan Basin Royalty Trust	SJT	B	10.85	8.3	31.3	16.2	21	0.51
Sabine Royalty Trust	SBR		39.16	9.4	23.9	13.7	14	2.85
Dorchester Minerals, L.P.	DMLP		22.92	7.7	18.3	13.1	25	1.40
Permian Basin RT	PBT		8.18	9.9	19.0	9.7	14	0.58
Cross Timbers Royalty Trust	CRT	B	15.23	12.6	25.0	9.0	13	1.18
	<i>Median</i>			<i>9.4</i>	<i>23.9</i>	<i>13.1</i>	<i>14</i>	
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO		38.81	27.4	14.0	11.1	16	0.42
Cenovus Energy Inc.	CVE	B	17.17	15.5	19.9	10.0		0.86
EnCana Corporation	ECA		11.63	6.7	13.0	9.4	110	0.28
Birchcliff Energy Ltd.	BIREF	B	5.95	12.6	18.1	8.9		-
Canadian Oil Sands Limited	COSWF		7.72	17.5	13.1	6.8	18	0.16
	<i>Median</i>			<i>15.5</i>	<i>14.0</i>	<i>9.4</i>	<i>18</i>	
	<i>Grand Median</i>			<i>11</i>	<i>15</i>	<i>10</i>		

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2016; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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Intraday

<b>Table 4</b>										
<b>McDep Energy Stocks</b>										
<b>Total Return Year-to-Date 2015</b>										
<b>Ranked by Unlevered Total Return</b>										
			Price (\$/sh)	Price (\$/sh)	Price Change (%)	Cash Distrib. (%)	Equity Total Return (%)	Unlevered Total Return (\$/sh) (%)		McDep Ratio
	Symbol/Rat		22-Jun 2015	29-Dec 2014						
<b>Global Integrated</b>										
Total S.A.	TOT	B	51.64	52.74	(2)	1	(1)	25	(1)	0.67
Exxon Mobil Corporation	XOM		85.48	93.07	(8)	1	(7)	20	(6)	0.81
Royal Dutch Shell (BG pro forma)	RDS-A		59.42	68.31	(13)	1	(12)	32	(8)	0.75
Chevron Corporation	CVX	B	100.11	113.32	(12)	1	(11)	30	(8)	0.72
	<i>Median</i>				(10)		(9)		(7)	0.74
<b>Large Independent</b>										
Devon Energy Corporation	DVN		61.10	61.15	(0)	0	0	43	0	0.73
Occidental Petroleum Corp.	OXY		78.44	81.71	(4)	1	(3)	9	(3)	0.80
Marathon Oil Corporation	MRO	B	26.16	28.58	(8)	1	(8)	13	(5)	0.62
EOG Resources, Inc.	EOG		87.95	94.33	(7)	0	(7)	12	(6)	0.82
ConocoPhillips	COP	B	62.88	70.11	(10)	1	(9)	30	(7)	0.71
	<i>Median</i>				(7)		(7)		(5)	0.73
<b>Small Independent</b>										
Continental Resources (32%)	CLR		43.78	38.26	14	-	14	19	10	0.61
Cimarex Energy Company	XEC		117.08	110.27	6	0	6	20	5	0.86
California Resources	CRC	B	6.99	5.77	21	0	21	18	5	0.58
Whiting Petroleum Corporation	WLL	B	34.16	34.09	0	-	0	16	0	0.55
Range Resources	RRC		50.34	56.00	(10)	0	(10)	24	(7)	0.60
	<i>Median</i>				6		6		5	0.60
<b>Income</b>										
Sabine Royalty Trust	SBR		39.16	36.68	7	3	9	-	10	0.58
Dorchester Minerals, L.P.	DMLP		22.92	25.16	(9)	2	(7)	-	(6)	0.72
Permian Basin RT	PBT		8.18	9.12	(10)	1	(9)	-	(9)	0.51
Cross Timbers Royalty Trust	CRT	B	15.23	18.07	(16)	2	(13)	-	(12)	0.36
San Juan Basin Royalty Trust	SJT	B	10.85	13.97	(22)	1	(21)	-	(21)	0.52
	<i>Median</i>				(10)		(9)		(9)	0.52
<b>Canada</b>										
Birchcliff Energy Ltd.	BIREF	B	5.95	6.75	(12)	-	(12)	4	(8)	0.49
Imperial Oil Limited (30%)	IMO		38.81	43.49	(11)	0	(11)	11	(8)	0.79
EnCana Corporation	ECA		11.63	13.94	(17)	1	(16)	10	(9)	0.72
Canadian Oil Sands Limited	COSWF		7.72	9.20	(16)	0	(16)	6	(10)	0.52
Cenovus Energy Inc.	CVE	B	17.17	20.95	(18)	1	(17)	6	(13)	0.50
	<i>Median</i>				(16)		(16)		(9)	0.52
	<i>Grand Median</i>				(10)		(9)		(6)	0.64
<b>Natural Gas (\$/mmbtu)</b>			2.74	3.19	(14)					
<b>Oil - West Texas Intermediate (\$/bbl)</b>			59.18	53.69	10					

Source: McDep LLC, Yahoo, CME Group, Bloomberg



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