



### San Juan Basin Royalty Trust Better News Ahead

<i>Symbol</i>	SJT	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$mm)</i>	224
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	98
<i>Price (US\$/sh)</i>	38.63	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	4/24/08	<i>Adjusted Reserves/Production NTM</i>	10.8
<i>Shares (mm)</i>	47	<i>EV/Ebitda</i>	8.0
<i>Market Capitalization (US\$mm)</i>	1,800	<i>PV/Ebitda</i>	8.3
<i>Debt (US\$mm)</i>	0	<i>Undeveloped Reserves (%)</i>	12
<i>Enterprise Value (EV) (US\$mm)</i>	1,800	<i>Natural Gas and Oil Ebitda (US\$/mcfe)</i>	8.55
<i>Present Value (PV) (US\$mm)</i>	1,860	<i>Present Value Proven Reserves(US\$/boe)</i>	37.07
<i>Net Present Value (US\$/unit)</i>	40	<i>Present Value Proven Reserves(US\$/mcfe)</i>	6.18
<i>Debt/Present Value</i>	0.00	<i>Earnings Next Twelve Months (US\$/un)</i>	3.98
<i>McDep Ratio - EV/PV</i>	0.97	<i>Price/Earnings Next Twelve Months</i>	10
<i>Distribution Yield (%/year)</i>	10.3	<i>Distribution Next Twelve Months (US\$/sh)</i>	3.98
Note: Estimated cash flow and earnings tied to one-year futures prices for natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of SJT since 2000 see <a href="http://www.mcdep.com/4sjt.htm">www.mcdep.com/4sjt.htm</a>			

### Summary and Recommendation

Buy-recommended **San Juan Basin Royalty Trust (SJT)** offers estimated distribution yield of 10.3% for the next year and a high quality resource position in the largest natural gas field in the U.S. The latest monthly distribution declared on April 18 was surprisingly low because maintenance at a central processing facility caused production volume to be restricted. Normal volume combined with higher futures prices for natural gas implies higher distributions in the months and quarters ahead (see tables, Monthly Declarations and Distributable Income). Our estimate of Net Present Value (NPV) of \$40 a unit recognizes about three more years of life index than the 10.6 years implied by the conservative estimate of reserves disclosed by the trustee (see table Functional Cash Flow and Present Value). During the past four years, reinvestment of 15% of cash flow has reduced the rate of normal volume decline to 6% a year (see chart Volume and Reinvestment). Buy-recommended **ConocoPhillips (COP)**, operator of the trust's properties and largest producer in the San Juan Basin with 1.2 billion cubic feet daily of net volume, has a ten-year program of identified development projects to tap known resources.

Kurt H. Wulff, CFA

# Oil and Gas Income Stocks

A Weekly Analysis

April 25, 2008



San Juan Basin Royalty Trust									
Monthly Declarations									
	Apr-07	May-07	Jun-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
<b>Distribution (\$/unit)</b>									
Declared	0.15	0.20	0.21	0.22	0.24	0.08	0.18		
Projected								0.27	0.31
<b>Volume</b>									
Natural gas (mmbtu)	2.84	3.15	3.29	3.22	3.15	2.90	2.34	2.87	3.16
Heat Content(btu/cf)	1,086	1,074	1,066	1,086	1,084	1,075	1,120	1,075	1,075
Natural gas (bcf)	2.61	2.94	3.09	2.96	2.90	2.69	2.09	2.67	2.94
Natural Gas (mmcf)	93	95	103	99	94	87	72	86	98
Days	28	31	30	30	31	31	29	31	30
<b>Price</b>									
Natural gas industry quotes lagged two months (\$/mmbtu)									
Henry Hub Index/Futures	7.04	7.55	7.56	7.28	7.21	7.13	7.99	8.93	9.58
San Juan Monthly Index	6.49	6.68	5.96	6.06	6.50	6.39	7.28	8.10	8.27
San Juan Index/Henry Hub	0.92	0.88	0.79	0.83	0.90	0.90	0.91	0.91	0.86
SJT/San Juan Index	0.93	0.92	0.95	1.05	1.01	1.00	1.00	0.99	0.99
SJT (\$/mmbtu)	6.02	6.17	5.65	6.39	6.56	6.37	7.25	7.99	8.20
SJT (\$/mcf)	6.53	6.62	6.02	6.94	7.11	6.85	8.12	8.59	8.82
<b>Revenue (\$mm)</b>									
Natural Gas	17.1	19.4	18.6	20.6	20.6	18.4	17.0	22.9	25.9
Other	(0.1)	0.2	0.2	0.3	0.3	(0.1)	(0.1)	0.3	(0.0)
<b>Cost (\$mm)</b>									
Severance tax	1.7	1.9	1.9	2.0	2.0	1.8	1.6	2.2	2.5
Operating	2.4	2.5	2.3	2.7	2.8	2.6	2.3	2.5	2.5
Total	4.1	4.5	4.2	4.7	4.7	4.5	4.0	4.7	5.0
<b>Cash flow (\$mm)</b>									
Development	3.5	2.9	1.8	2.4	1.5	2.3	1.7	1.7	1.6
<b>Net proceeds (\$mm)</b>									
	9.4	12.3	12.8	13.8	14.7	11.5	11.2	16.8	19.3
<b>Royalty income (\$mm)</b>									
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%
One time						4.9			
<b>Distributable income (\$mm)</b>									
	7.0	9.2	9.6	10.4	11.0	3.8	8.4	12.6	14.4
<b>Units (millions)</b>									
	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Distribution (\$/unit)</b>									
Latest Twelve Month Average									
Heat Content(btu/cf)	1,074	1,075	1,074	1,074	1,073	1,073	1,075	1,075	1,076
Natural Gas (mmcf)	105	103	103	101	101	100	99	98	98
San Juan Index/Henry Hub	0.84	0.85	0.85	0.86	0.87	0.86	0.86	0.86	0.87
SJT/San Juan Index	0.97	0.97	0.97	0.96	0.97	0.98	0.99	0.99	1.00
Other revenue	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Operating	2.0	2.1	2.1	2.4	2.4	2.5	2.5	2.5	2.5
Development	3.1	3.1	3.0	2.2	2.1	1.9	1.7	1.6	1.6
Severance tax/revenue	10.4%	10.4%	10.3%	9.9%	9.8%	9.8%	9.8%	9.8%	9.8%
Ebitda Margin	79%	79%	78%	78%	78%	78%	78%	78%	78%

# Oil and Gas Income Stocks

A Weekly Analysis

April 25, 2008



San Juan Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
	Q1	Q4	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Next Twelve Months
	3/31/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09	3/31/09
<b>Highlights</b>										
Revenue (\$mm) (75%)	41.3	39.1	<b>172.2</b>	45.7	50.4	71.2	72.9	<b>240.2</b>	76.9	<b>271.4</b>
Cash flow (\$mm) (75%)	32.2	30.1	<b>134.2</b>	35.3	40.2	59.0	60.5	<b>194.9</b>	64.1	<b>223.7</b>
Per unit	0.69	0.65	<b>2.88</b>	0.76	0.86	1.27	1.30	<b>4.18</b>	1.38	<b>4.80</b>
Distributable Income (\$mm)	24.0	26.0	<b>113.2</b>	25.1	35.5	48.2	49.4	<b>158.1</b>	52.4	<b>185.4</b>
Per unit	0.52	0.56	<b>2.43</b>	0.54	0.76	1.03	1.06	<b>3.39</b>	1.12	<b>3.98</b>
Units (millions)	46.6	46.6	<b>46.6</b>	46.6	46.6	46.6	46.6	<b>46.6</b>	46.6	<b>46.6</b>
<b>Volume</b>										
Natural gas (mmbtu)	9.6	10.1	<b>39.6</b>	9.3	8.4	9.6	9.6	<b>36.9</b>	9.6	<b>37.2</b>
Heat Content(btu/cf)	1,075	1,072	<b>1,072</b>	1,082	1,071	1,073	1,074	<b>1,079</b>	1,074	<b>1,077</b>
Natural gas (bcf)	9.0	9.4	<b>37.0</b>	8.6	7.7	9.0	9.0	<b>34.2</b>	9.0	<b>34.6</b>
Natural Gas (mmcf)	97.3	102.5	<b>101.3</b>	93.0	85.5	97.3	97.3	<b>93.3</b>	97.3	<b>94.4</b>
Days	92	92	<b>365</b>	92	90	92	92	<b>366</b>	92	<b>366</b>
Oil (mb)	0.0	0.0	<b>0.1</b>	0.0	0.0	0.0	0.0	<b>0.1</b>	0.0	<b>0.1</b>
Oil (mbd)	0.2	0.2	<b>0.2</b>	0.2	0.2	0.2	0.2	<b>0.2</b>	0.2	<b>0.2</b>
Days	92	92	<b>365</b>	92	90	92	92	<b>366</b>	92	<b>366</b>
Total gas & oil (bcf)	9.1	9.5	<b>37.4</b>	8.6	7.8	9.0	9.0	<b>34.5</b>	9.0	<b>34.9</b>
<b>Price</b>										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	7.11	5.99	<b>6.96</b>	7.21	8.83	10.87	11.12	<b>9.51</b>	11.75	<b>10.65</b>
Differential (%)	21	16	<b>18</b>	11	11	11	11	<b>10</b>	11	<b>10</b>
Net to SJT (\$/mmbtu)	5.62	5.05	<b>5.69</b>	6.44	7.89	9.71	9.94	<b>8.53</b>	10.50	<b>9.56</b>
Natural gas (\$/mcf)	6.04	5.42	<b>6.10</b>	6.97	8.46	10.42	10.68	<b>9.20</b>	11.28	<b>10.30</b>
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	58.46	79.40	<b>66.87</b>	93.03	104.37	116.64	114.39	<b>107.11</b>	112.79	<b>112.05</b>
SJT	54.76	78.19	<b>63.14</b>	87.85	98.56	110.13	108.01	<b>101.15</b>	106.52	<b>105.84</b>
Total gas & oil (\$/mcf)	6.07	5.49	<b>6.14</b>	7.05	8.64	10.50	10.75	<b>9.28</b>	11.34	<b>10.37</b>
<b>Revenue (\$mm)</b>										
Natural Gas	54.0	51.1	<b>225.4</b>	59.7	65.8	93.3	95.6	<b>314.4</b>	101.0	<b>355.7</b>
Oil	1.0	1.1	<b>4.1</b>	1.3	1.4	1.6	1.6	<b>5.8</b>	1.5	<b>6.1</b>
Total	55.0	52.2	<b>229.5</b>	60.9	67.2	94.9	97.2	<b>320.2</b>	102.5	<b>361.9</b>
<b>Cost (\$mm)</b>										
Severance tax	5.7	4.9	<b>22.6</b>	5.8	6.4	9.0	9.3	<b>30.6</b>	9.8	<b>34.6</b>
Operating	6.4	7.1	<b>28.0</b>	8.1	7.2	7.2	7.2	<b>29.8</b>	7.2	<b>29.0</b>
Total	12.1	12.1	<b>50.6</b>	13.9	13.7	16.3	16.5	<b>60.4</b>	17.1	<b>63.6</b>
<b>Cash flow (\$mm)</b>										
Development	10.9	5.0	<b>27.4</b>	6.2	5.0	14.2	14.5	<b>40.0</b>	15.4	<b>49.1</b>
Net proceeds (\$mm)	32.0	35.1	<b>151.6</b>	40.8	48.5	64.5	66.1	<b>219.9</b>	70.1	<b>249.2</b>
<b>Royalty income (\$mm)</b>										
Royalty/Net proceeds	75%	75%	<b>75%</b>	75%	75%	75%	75%	<b>75%</b>	75%	<b>75%</b>
Administration	(0.0)	0.3	<b>0.5</b>	0.6	0.2	0.2	0.2	<b>1.2</b>	0.2	<b>0.8</b>
One-time			<b>-</b>	4.9				<b>4.9</b>		<b>-</b>
<b>Distributable income (\$mm)</b>										
Distributable income	24.0	26.0	<b>113.2</b>	25.1	35.5	48.2	49.4	<b>158.1</b>	52.4	<b>185.4</b>
Severance tax/revenue	10.4%	9.5%	<b>9.9%</b>	9.5%	9.6%	9.5%	9.6%	<b>9.5%</b>	9.6%	<b>9.6%</b>
Operating cost (\$/mcf)	0.71	0.75	<b>0.75</b>	0.93	0.93	0.80	0.80	<b>0.86</b>	0.80	<b>0.83</b>
Development/Cash flow	25%	12%	<b>15%</b>	13%	9%	18%	18%	<b>15%</b>	18%	<b>16%</b>

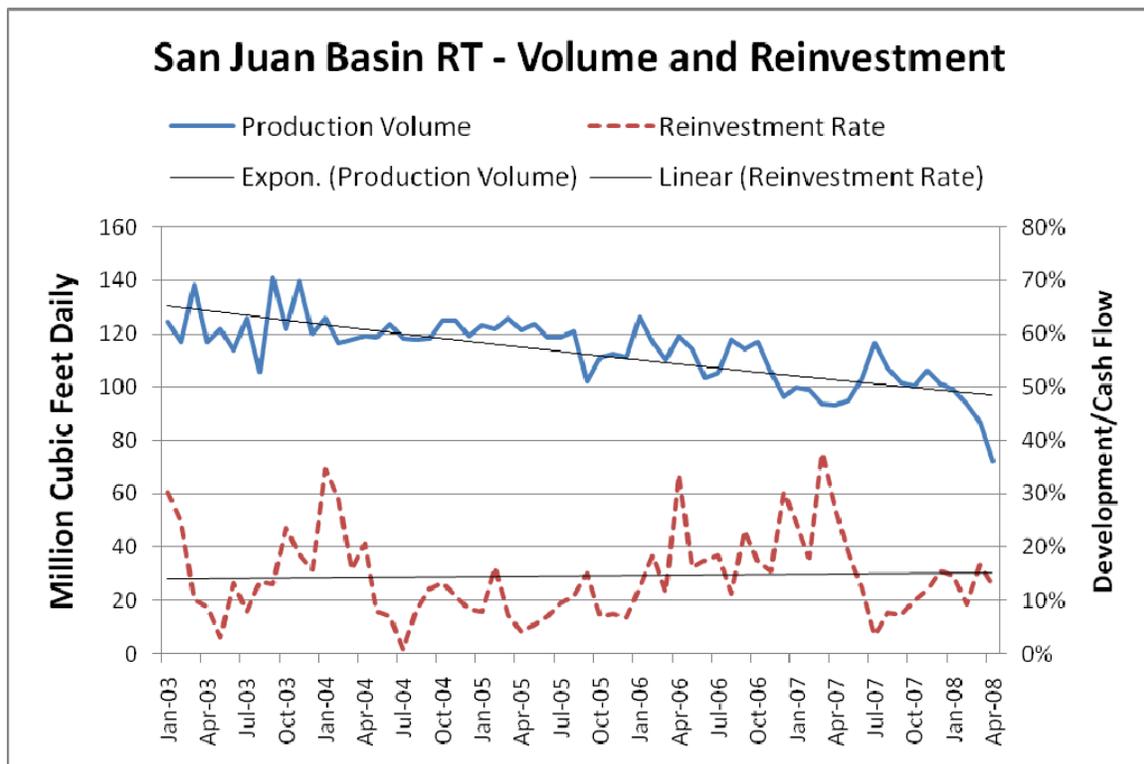
# Oil and Gas Income Stocks

A Weekly Analysis

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San Juan Basin Royalty Trust					
Functional Cash Flow and Present Value					
				Present	
	NTM Ebitda	Adjusted	PV/	Value	
	(US\$mm)	R/P	Ebitda	(US\$mm)	
North American Natural Gas	224	10.8	8.3	1,860	100%
	224	10.8	8.3	1,860	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					1,860
Shares (mm)					47
Net Present Value - Standard Estimate (US\$/sh)					40
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					33



# Oil and Gas Income Stocks

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Natural Gas and Oil Income Stocks - Rank by McDep Ratio								
			Price (\$/sh)	Shares	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
	Symbol/ Rating		24-Apr 2008	(mm)				
<b>U.S. Royalty Trusts</b>								
Permian Basin RT	PBT		23.59	46.6	1,100	18.00	-	1.31
Sabine Royalty Trust	SBR		52.07	14.6	760	48.00	-	1.08
Cross Timbers Royalty Trust	CRT		50.01	6.0	300	47.00	-	1.06
Mesa RoyaltyTrust	MTR		72.27	1.9	140	70.00	-	1.03
San Juan Basin Royalty Trust	SJT	B	38.44	46.6	1,790	40.00	-	0.96
Hugoton RoyaltyTrust	HGT	B	29.74	40.0	1,190	34.00	-	0.88
<i>Total or Median</i>					5,300			1.05
<b>Canadian Income Trusts (US\$)</b>								
Pengrowth Energy Trust	PGH		19.98	247.0	4,940	19.00	0.27	1.04
Canadian Oil Sands Trust	COSWF	B	43.66	479.0	20,910	45.00	0.05	0.97
Enerplus Resources Fund	ERF		44.59	153.0	6,820	52.00	0.16	0.88
Penn West Energy Trust	PWE	B	30.28	372.6	11,280	37.00	0.23	0.86
<i>Total or Median</i>					44,000		0.20	0.93
<b>U.S. Master Limited Partnerships (MLPs)</b>								
Kinder Morgan Energy Partners, L.P.	KMP	S	59.71	188.2	11,240	17.00	0.57	2.09
Encore Energy Partners, L.P. (32%)	ENP		20.07	10.2	210	20.00	0.24	1.00
Dorchester Minerals, L.P.	DMLP		24.93	28.2	700	27.00	-	0.92
Linn Energy, LLC	LINE		22.47	114.0	2,560	27.00	0.34	0.89
<i>Total or Median</i>					14,700		0.29	0.96
B = Buy, S = Sell								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								

Natural Gas and Oil Income Stocks - Rank by EV/Ebitda							
			Price (\$/sh)	Adjstd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	Divd or Distrib
	Symbol/ Rating		24-Apr 2008	NTM	NTM	NTM	NTM (%)
<b>U.S. Royalty Trusts</b>							
Cross Timbers Royalty Trust	CRT		50.01	13.5	8.6	9.1	10.3
Permian Basin RT	PBT		23.59	8.2	6.4	8.4	11.2
Sabine Royalty Trust	SBR		52.07	9.2	7.5	8.1	12.3
San Juan Basin Royalty Trust	SJT	B	38.44	10.8	8.3	8.0	10.3
Mesa RoyaltyTrust	MTR		72.27	21.1	7.5	7.7	11.4
Hugoton RoyaltyTrust	HGT	B	29.74	13.2	7.4	6.5	10.9
<i>Median</i>				12.0	7.5	8.1	11.0
<b>Canadian Income Trusts (US\$)</b>							
Canadian Oil Sands Trust	COSWF	B	43.66	23.1	8.1	7.9	8.0
Pengrowth Energy Trust	PGH		19.98	8.7	5.7	5.9	13.4
Enerplus Resources Fund	ERF		44.59	9.6	6.4	5.6	11.2
Penn West Energy Trust	PWE	B	30.28	7.3	5.6	4.8	13.3
<i>Median</i>				9.2	6.0	5.8	12.3
<b>U.S. Master Limited Partnerships (MLPs)</b>							
Kinder Morgan Energy Partners, L.P.	KMP	S	59.71	8.0	7.4	15.4	6.2
Linn Energy, LLC	LINE		22.47	19.1	8.6	7.6	11.2
Dorchester Minerals, L.P.	DMLP		24.93	8.6	8.2	7.5	13.2
Encore Energy Partners, L.P.	ENP		20.07	12.4	6.6	6.7	7.7
<i>Median</i>				10.5	7.8	7.6	9.5
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2009; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses							

## Oil and Gas Income Stocks

A Weekly Analysis

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Natural Gas and Oil Income Stocks - Rank by NTM Distribution Yield								
		<i>Revenue</i>	<i>Natural Gas/</i>		<i>Dist/</i>			<i>Dist.</i>
	<i>Symbol</i>	<i>Royalty</i>	<i>Ebitda</i>	<i>Dist/</i>	<i>Equity</i>	<i>NTM Distribution</i>		<i>Yield</i>
		<i>(%)</i>	<i>(%)</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>(\$mm)</i>	<i>(\$/un)</i>	<i>(%)</i>
<b>U.S. Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT	84	68	0.94	0.94	31	5.16	10.3
San Juan Basin Royalty Trust	SJT	-	98	0.83	0.83	185	3.98	10.3
Hugoton Royalty Trust	HGT	-	88	0.71	0.71	130	3.24	10.9
Permian Basin RT	PBT	32	36	0.94	0.94	123	2.64	11.2
Mesa Royalty Trust	MTR	-	68	0.88	0.88	15	8.21	11.4
Sabine Royalty Trust	SBR	100	56	1.00	1.00	93	6.40	12.3
<i>Total or Median</i>				<i>68</i>	<i>0.91</i>	<i>0.91</i>	<i>600</i>	<i>11.0</i>
<b>Canadian Income Trusts (US\$)</b>								
Canadian Oil Sands Trust	COSWF	-	(8)	0.60	0.63	1,683	3.51	8.0
Enerplus Resources Fund	ERF	-	49	0.52	0.61	763	4.99	11.2
Penn West Energy Trust	PWE	-	34	0.47	0.61	1,505	4.04	13.3
Pengrowth Energy Trust	PGH	-	39	0.58	0.80	660	2.67	13.4
<i>Total or Median</i>				<i>37</i>	<i>0.55</i>	<i>0.62</i>	<i>4,600</i>	<i>12.3</i>
<b>U.S. Master Limited Partnerships (MLPs)</b>								
Kinder Morgan Energy Partners, L.P.	KMP		-	0.69	1.59	693	3.68	6.2
Encore Energy Partners, L.P.	ENP		25	0.39	0.52	16	1.55	7.7
Linn Energy, LLC	LINE		66	0.53	0.80	287	2.52	11.2
Dorchester Minerals, L.P.	DMLP	64	71	1.00	1.00	93	3.30	13.2
<i>Total or Median</i>				<i>45</i>	<i>0.61</i>	<i>0.90</i>	<i>1,100</i>	<i>9.5</i>
NTM = Next Twelve Months Ended March 31, 2009								
Ebitda = Earnings before interest, tax, depreciation and amortization								

**Disclaimer:** This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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