

Sakhalin Saga

Summary

The world's largest liquefied natural gas (LNG) project will now cost \$20 billion instead of \$10 billion. Shell's Sakhalin II effort in eastern Russia has run into environmental, currency, steel price and political roadblocks that all add to costs. Russia has more natural gas than Saudi Arabia has oil, but tapping it won't be easy or cheap. Remember the Alaskan Oil Pipeline initially estimated to cost a billion dollars and ultimately completed for about ten billion? At least the line was built. Alaskan natural gas remains a pipe dream. Meanwhile seven income stocks pay cash today from producing resources that look increasingly valuable.

Kurt H. Wulff, CFA

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 14-Jul 2005</i>	<i>Units</i>	<i>Market Value (\$)</i>	<i>Next Twelve Months Distrib. (\$/un)</i>	<i>NTM Distrib. Yield (%/yr)</i>
Sabine Royalty Trust	SBR	45.84	400	18,336	3.77	8.2
San Juan Basin Royalty Trust	SJT	42.93	500	21,465	3.56	8.3
Permian Basin Royalty Trust	PBT	16.25	1,200	19,500	1.37	8.4
Mesa Royalty Trust	MTR	65.59	200	13,118	5.73	8.7
Cross Timbers Royalty Trust	CRT	42.41	400	16,964	3.75	8.8
Dorchester Minerals, L.P.	DMLP	24.11	700	16,877	2.17	9.0
Hugoton Royalty Trust	HGT	30.71	500	15,355	3.04	9.9
	<i>Total</i>			<i>121,615</i>		<i>8.7</i>
Futures Strip						
12 Month - Oil (\$/bbl)		61.56				
12 Month - Natural Gas (\$/mmbtu)		8.31				
72 Month - Oil (\$/bbl)		59.05				
72 Month - Natural Gas (\$/mmbtu)		7.48				

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 trade a subject stock within a week before or after a change in rating.

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

	<i>Symbol</i>	<i>Price (\$/sh) 14-Jul 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>EV/ Ebitda NTM</i>	<i>McDep Ratio</i>
Sabine Royalty Trust	SBR	45.84	14.6	670	33.00	12.2	1.39
Permian Basin RT (41%)	PBT	16.25	19.1	310	12.00	11.0	1.36
San Juan Basin Royalty Trust	SJT	42.93	46.6	2,000	32.00	11.0	1.34
Cross Timbers Royalty Trust	CRT	42.41	6.0	250	36.00	11.2	1.18
Dorchester Minerals, L.P.	DMLP	24.11	28.2	680	21.00	9.7	1.15
Hugoton RoyaltyTrust (46%)	HGT	30.71	18.4	570	27.00	8.5	1.14
Mesa RoyaltyTrust	MTR	65.59	1.9	120	60.00	10.0	1.09
<i>Total or Median</i>				<i>4,600</i>		<i>11.0</i>	<i>1.18</i>

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Rank by PV/Ebitda: Present Value to Earnings Before Interest, Tax, Deprec.

	<i>Symbol</i>	<i>Total Present Value (\$mm)</i>	<i>Unit Present Value (\$/mcf)</i>	<i>Reserves (bcf)</i>	<i>Natural Gas/ Ebitda (%)</i>	<i>Adjusted Reserves/ Production NTM</i>	<i>Revenue Royalty (%)</i>	<i>PV/ Ebitda</i>
Cross Timbers Royalty Trust	CRT	216	3.10	70	72	20.0	85	9.5
Mesa RoyaltyTrust	MTR	112	2.65	42	73	20.0	-	9.2
Sabine Royalty Trust	SBR	481	3.70	130	58	11.8	100	8.8
Dorchester Minerals, L.P.	DMLP	593	3.79	157	80	13.8	54	8.5
San Juan Basin Royalty Trust	SJT	1,491	2.88	518	99	12.0	-	8.2
Permian Basin RT (41%)	PBT	229	2.30	100	39	16.3	30	8.1
Hugoton RoyaltyTrust (46%)	HGT	497	2.90	171	92	13.8	-	7.4
<i>Total or Median</i>		<i>3,620</i>		<i>1,188</i>	<i>73</i>	<i>13.8</i>		<i>8.5</i>

Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
13-May	* DMLP	Dorchester Minerals, L.P.	Royalty Volume Increasing
28-Apr	* SJT	San Juan Basin Royalty Trust	Ten Bagger
24-Mar	* MTR	Mesa Royalty Trust	Long Reserve Life Reported
11-Feb	* HGT	Hugoton Royalty Trust	Improving Volume Trend

U.S. Natural Gas Royalty Trusts - A Weekly Analysis

15-Jul		Sakhalin Saga
8-Jul		IGCC
30-Jun	*	Natural Gas Vision
23-Jun	*	Déjà Vu 1977
16-Jun	*	Growth Fuel
9-Jun	*	Twilight in the Desert
	* Archived on www.mcdep.com	

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