

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

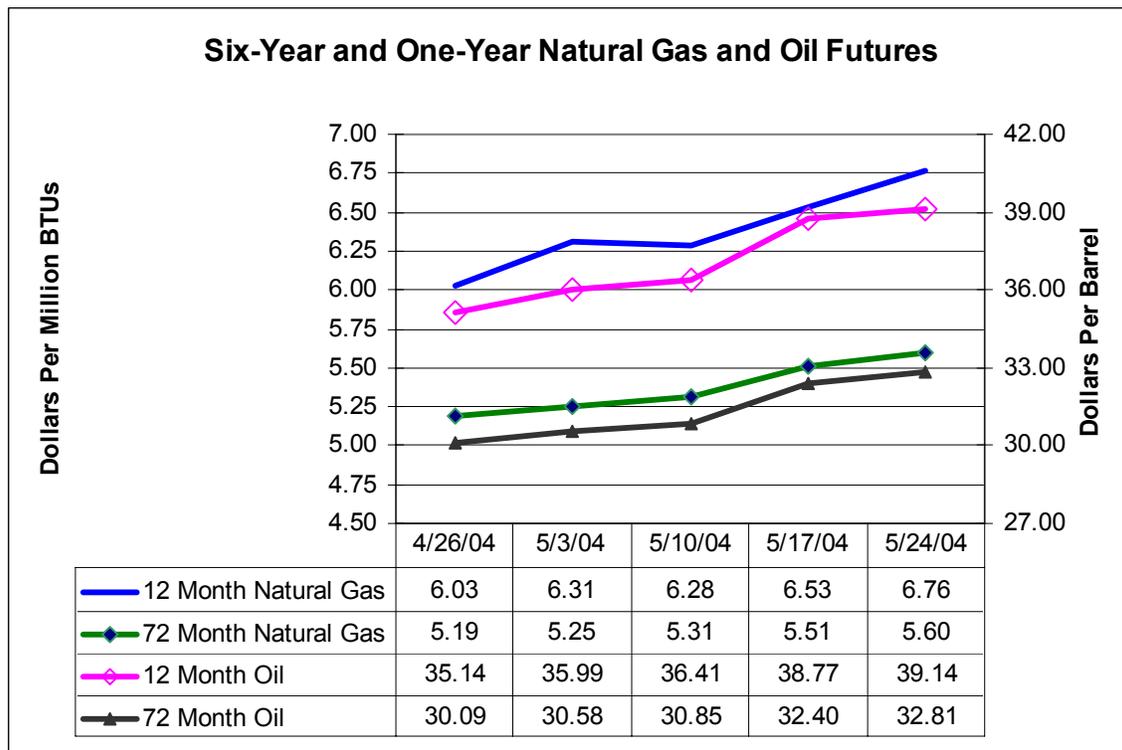
May 25, 2004

Sparking Higher?

Summary and Recommendation

Income investors have at least four choices for high concentration on natural gas should electricity demand spark surprising price for the clean primary fuel (see *Meter Reader*). A further benefit in an income stock is that the price of natural gas today indicates the level of income to be received in a few months. **San Juan Basin Royalty Trust (SJT)** flows 99% of estimated income from North American natural gas; **Hugoton Royalty Trust (HGT)**, 94%; **Dorchester Minerals, L.P.**, 84%; and **Cross Timbers Royalty Trust (CRT)**, 74% (see table Determinants of Present Value). Nor do investors require capital gains as estimated distributions for the next twelve months ranging from 9 to 11% would provide an ample return for now. At the same time, six-year and one-year futures for natural gas and oil set yet more new highs for price in our weekly tally (see chart).

Kurt H. Wulff, CFA

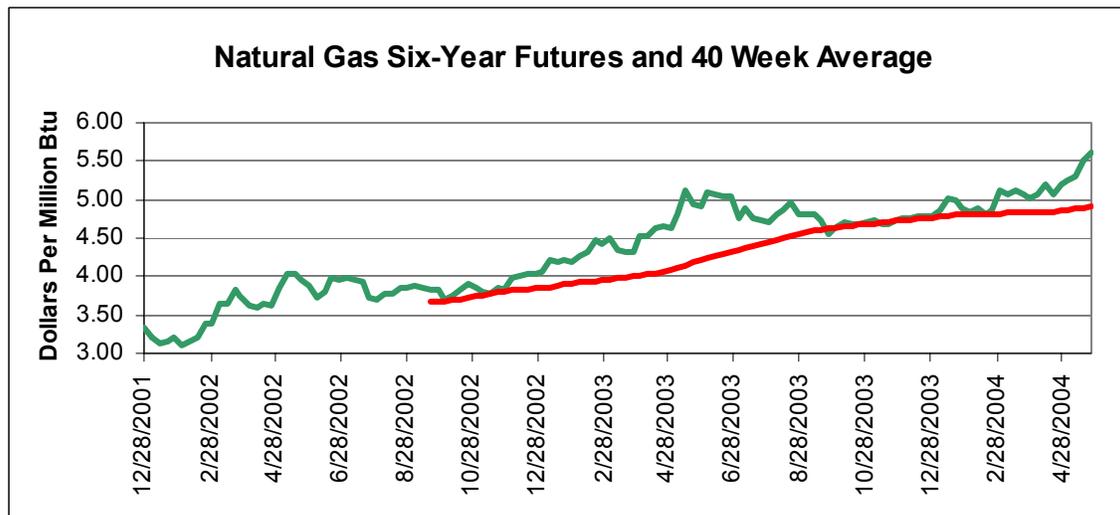


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McDep Energy Income Producers Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating	Price (\$/sh) 24-May 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	S2	40.71	140.1	5,700	14.00	0.48	1.99
Kinder Morgan Management, LLC	KMR	S2	37.42	48.6	1,820	14.00	0.48	1.87
Provident Energy Trust	PVX		8.38	85.0	710	6.20	0.34	1.23
NAV Energy Trust	NVG.UN		7.64	19.0	150	7.00	0.18	1.07
Dorchester Minerals, L.P.	DMLP		17.99	27.0	490	17.00	-	1.06
Pengrowth Energy Trust	PGH		13.44	122.0	1,640	14.00	0.14	0.97
Enerplus Resources Fund	ERF		25.80	90.4	2,330	28.00	0.12	0.93
Canadian Oil Sands Trust (US\$)	COSWF	B1	30.20	86.9	2,620	62.00	0.19	0.58
<i>Total or Median</i>					12,800		0.18	1.07
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		34.00	14.6	500	27.00	-	1.26
Permian Basin RT (41%)	PBT		8.90	19.1	170	7.70	-	1.16
San Juan Basin Royalty Trust	SJT	B1	23.00	46.6	1,070	22.00	-	1.05
Hugoton Royalty Trust (46%)	HGT		22.28	18.4	410	22.00	-	1.01
Cross Timbers Royalty Trust	CRT		29.53	6.0	180	30.00	-	0.98
<i>Total or Median</i>					2,300		-	1.05

Buy/Sell rating after symbol: B1 - Buy full unlevered position, S2 - 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) 24-May 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 S2	40.71	3.0	17.7	21	6.7	8.9
Kinder Morgan Management, LLC	KMR S2	37.42	2.8	16.7	19	7.3	8.9
Dorchester Minerals, L.P.	DMLP	17.99	8.2	8.9	16	11.2	8.4
Provident Energy Trust	PVX	8.38	4.6	6.5	14	12.3	5.3
Enerplus Resources Fund	ERF	25.80	4.1	5.8	10	11.7	6.2
Canadian Oil Sands Trust (US\$)	COSWF B1	30.20	3.4	5.7	8	4.7	9.7
Pengrowth Energy Trust	PGH	13.44	3.8	5.0	7	13.4	5.2
NAV Energy Trust	NVG.UN	7.64	2.6	4.3	12	17.5	4.0
	<i>Median</i>		3.8	6.5	14	11.2	8.4
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	34.00	10.8	11.2	11	8.9	8.9
Cross Timbers Royalty Trust	CRT	29.53	7.9	10.8	11	9.1	11.0
Permian Basin RT (41%)	PBT	8.90	6.1	8.3	9	8.4	7.2
San Juan Basin Royalty Trust	SJT B1	23.00	6.5	7.9	10	10.5	7.6
Hugoton RoyaltyTrust (46%)	HGT	22.28	5.8	7.5	9	11.5	7.4
	<i>Median</i>		6.5	8.3	10	9.1	7.6

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	41	3.7	4.0	3.30	-
Provident Energy Trust	PVX	81	51	4.0	5.3	3.31	-
Pengrowth Energy Trust	PGH	100	39	7.7	5.2	3.02	-
Dorchester Minerals, L.P.	DMLP	100	84	8.4	8.4	4.94	54
Enerplus Resources Fund	ERF	100	57	9.3	6.2	3.79	-
Kinder Morgan Energy Partners, L.P.	KMP S2	12	-	10.0	8.9		
Kinder Morgan Management, LLC	KMR S2	12	-	10.0	8.9		
Canadian Oil Sands Trust (US\$)	COSWF B1	100	(10)	20.0	9.7	3.74	-
	<i>Median</i>		41	8.4	6.2	3.31	
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	100	64	8.5	8.9	5.39	100
Permian Basin RT (41%)	PBT	100	44	9.1	7.2	3.71	24
Cross Timbers Royalty Trust	CRT	100	74	12.7	11.0	4.49	85
San Juan Basin Royalty Trust	SJT B1	100	99	13.9	7.6	4.02	-
Hugoton RoyaltyTrust (46%)	HGT	100	94	13.9	7.4	4.54	-
	<i>Median</i>		74	12.7	7.6	4.49	

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