

Control Reinvestment with Income Payers CRT, DMLP, PBT, SBR, SJT

	Symbol/Rating	Price		Market	Enterprise	EV/ Market	EV/ Cap	PV/ Ebitda	Oil Prod'n/ PV	Dist. Yield	McDep Ratio		
		(US\$/sh)	24-Jul										
		2017	Cap										
			(US\$/sh)	(US\$/mm)	(\$/mm)		Cap	Ebitda	NTM	NTM	(%)	(%)	(EV/PV)
Permian Basin RT	PBT	9.27	430	430	1.00	12.8	15.2	78	7.4	0.84			
San Juan Basin Royalty Trust	SJT	6.65	310	310	1.00	12.2	14.7	-	8.1	0.83			
Sabine Royalty Trust	SBR	39.80	580	580	1.00	18.9	28.5	59	5.3	0.66			
Dorchester Minerals, L.P.	DMLP B	15.15	490	490	1.00	13.1	20.8	72	7.5	0.63			
Cross Timbers Royalty Trust	CRT B	15.11	90	90	1.00	11.0	21.1	28	6.9	0.52			
<i>Total or Median</i>			<i>1,900</i>	<i>1,900</i>	<i>1.00</i>	<i>12.8</i>	<i>20.8</i>	<i>59</i>	<i>7.4</i>	<i>0.66</i>			

Summary and Recommendation

Buy recommendations **Dorchester Minerals, L.P. (DMLP)** and **Cross Timbers Royalty Trust (CRT)** as well as other Income Payers offer the ability of unitholders to control reinvestment, a feature that may have helped the group to outperform other McDep oil and gas groups in total return to investors in 2017. Investors who may be cautious toward spending money on drilling today can take the cash from Income Payers and apply it to another purpose. At the same time, all oil and gas stocks appear to have been held back by low commodity price accompanying a delay in returning to a normal balance of supply and demand for the two fuels. Meanwhile, median distribution for the five stocks is a high 7.4% a year and median McDep Ratio is low at 0.66, implying 50% unlevered appreciation to present value at \$70 oil and \$4 natural gas. This industry analysis reproduces the same charts and tables published at the same point in the quarterly cycle three months ago. Estimated distributions are flatter, just as futures prices are flatter (see charts [Distributions](#) and [Price](#) on page 3). Oil volumes continue rapid growth for DMLP and hew to a flatter trend for others. Natural gas volumes decline further (see charts [Oil Volume](#) and [Natural Gas Volume](#) on page 4). Monthly trends are steady to up for the past three months (see charts [Monthly Distribution](#) and [Monthly Volume](#) on page 5). Details behind our estimates take account of the readily apparent factors influencing distributions (see tables [Operating and Financial Estimates](#) for five stocks on pages 6-10). Valuation considerations including low McDep Ratios support investing in oil and gas Income Payers (see [Tables 1-4](#) on pages 11-14).

Dorchester Minerals Distribution Beats

DMLP declared a quarterly distribution of \$0.32 a unit on July 20 that beat our estimate of \$0.30. We have made no changes yet to estimates for a recent acquisition of high potential acreage except to increase units outstanding by 5% for the consideration paid in the acquisition. We raised the stock to a Buy on July 3.

Cross Timbers RT Distribution All Top Line

Bottom Line net profits interests that added 20% to Top Line net revenue interests in 2014 have been absent in 2015-2017 as cash flow from those properties has been dedicated entirely to repayment of development costs. Though the obligation is shrinking, we took out the Bottom Line contributions we had earlier thought would be in distributions in the next twelve months. As a result, the currently estimated 6.9% distribution derives entirely from more predictable Top Line sources of which natural gas accounted for 63% of first half 2017 distributions.

Similarly, there has been no recovery of under payments for past production in 2017. That triggers a reduction in our estimate of ongoing natural gas production from what we were expecting earlier. Nonetheless, natural gas production, primarily from the San Juan Basin of New Mexico declines only slowly and could see increases with more development.

We think CRT stock price reflects only the lower base of our current estimated distribution yield. Eventual restoration of Bottom Line contribution and potentially higher natural gas volume would contribute to a higher stock price.

Sabine Royalty Trust (SBR) Gaining Recognition

Exclusively Top Line representation in long life properties has helped SBR to outperform in uncertain times. As a result of the favorable relative performance, we transferred the Buy designation that had been on SBR to DMLP. At the same time, we have scaled back our volume estimates as recent trends may have turned down. Yet, a broad-based royalty stock like SBR tends to reflect industry activity with a lag. U.S. oil and natural gas volume temporarily declined slightly and is now rising. SBR may have caught some of the decline and may not have caught the increase yet.

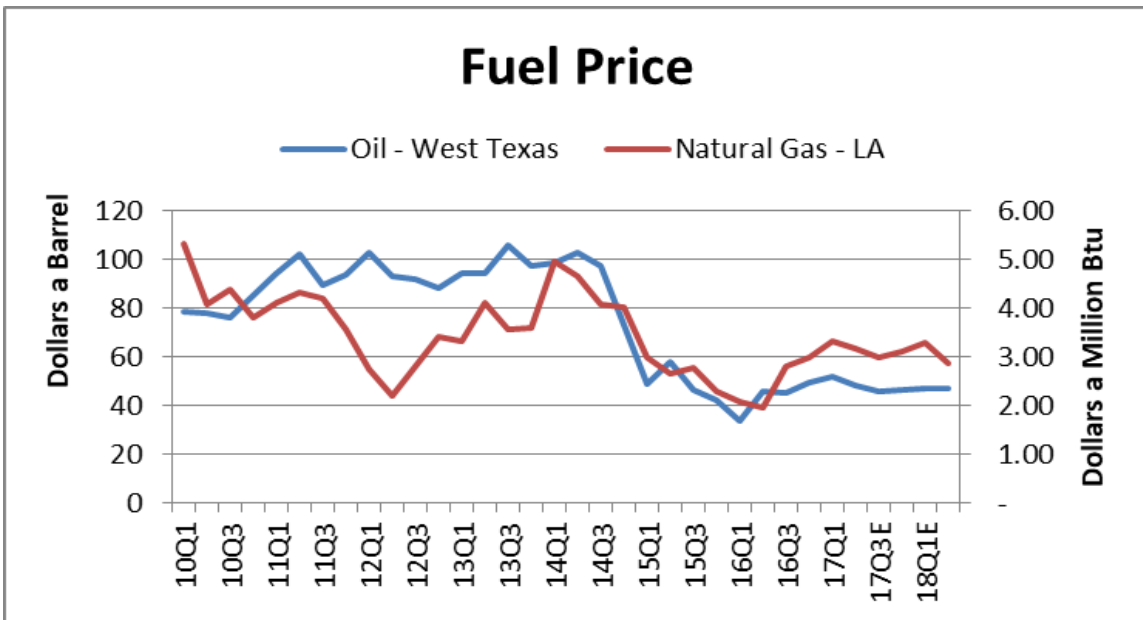
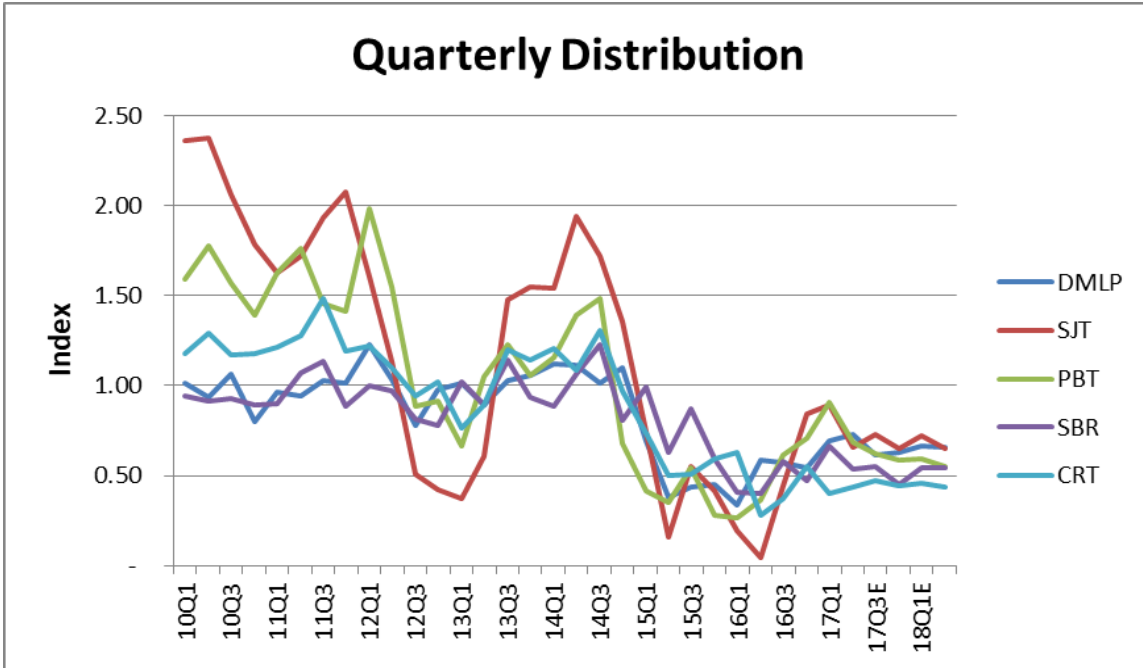
For the first time, the reserve report of the independent engineer is available online at <http://www.sbr-sabine.com/>. Among other detail, the report lists Carthage in East Texas as the dominant natural gas resource for the trust. Permian Basin giants are the leading oil fields including the Sprayberry Trend, a prominent target of new fracking technology. Previously, the reserve report was available to unitholders only in the trustee's office where we have studied it in the past.

Kurt H. Wulff, CFA



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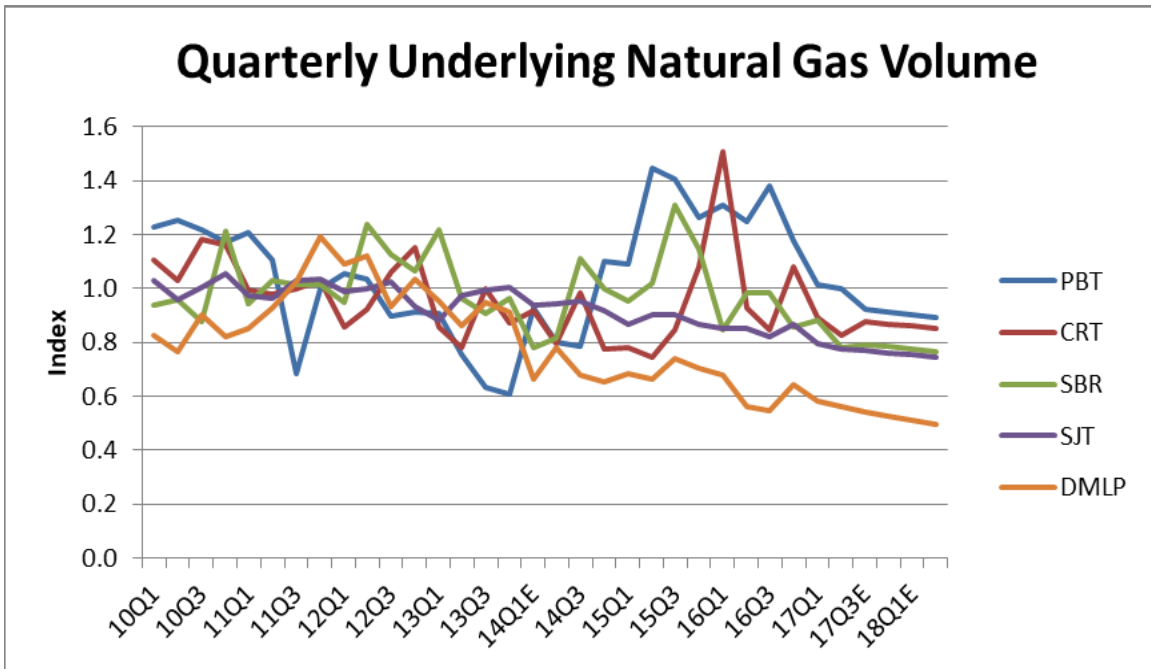
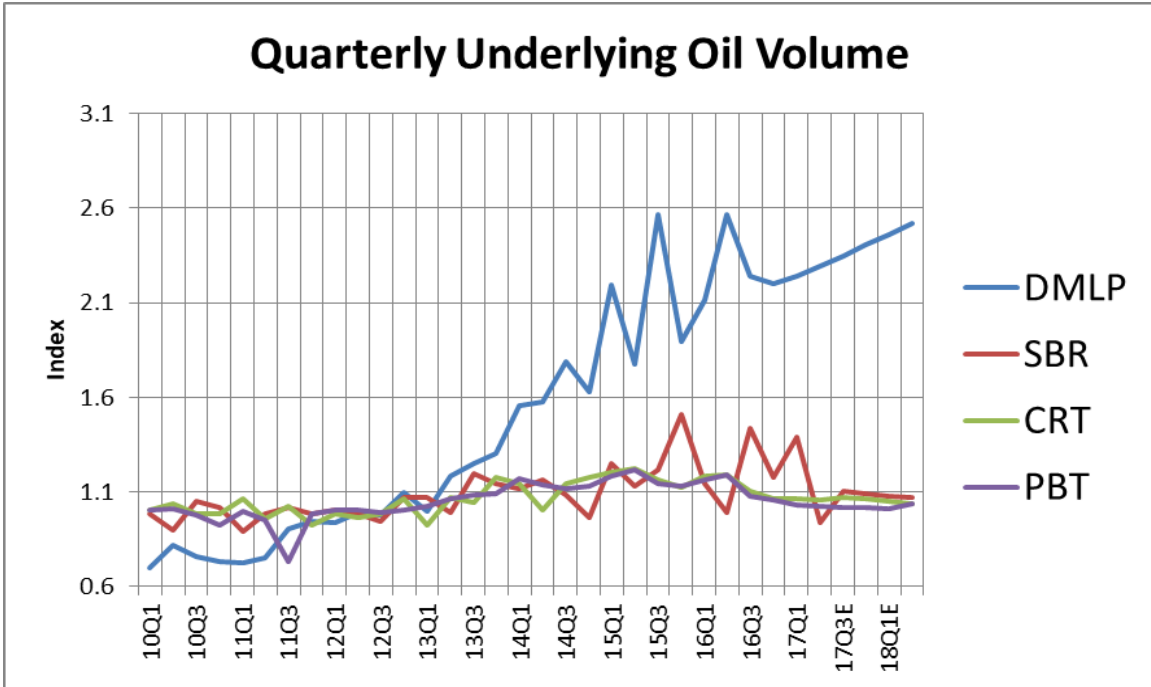
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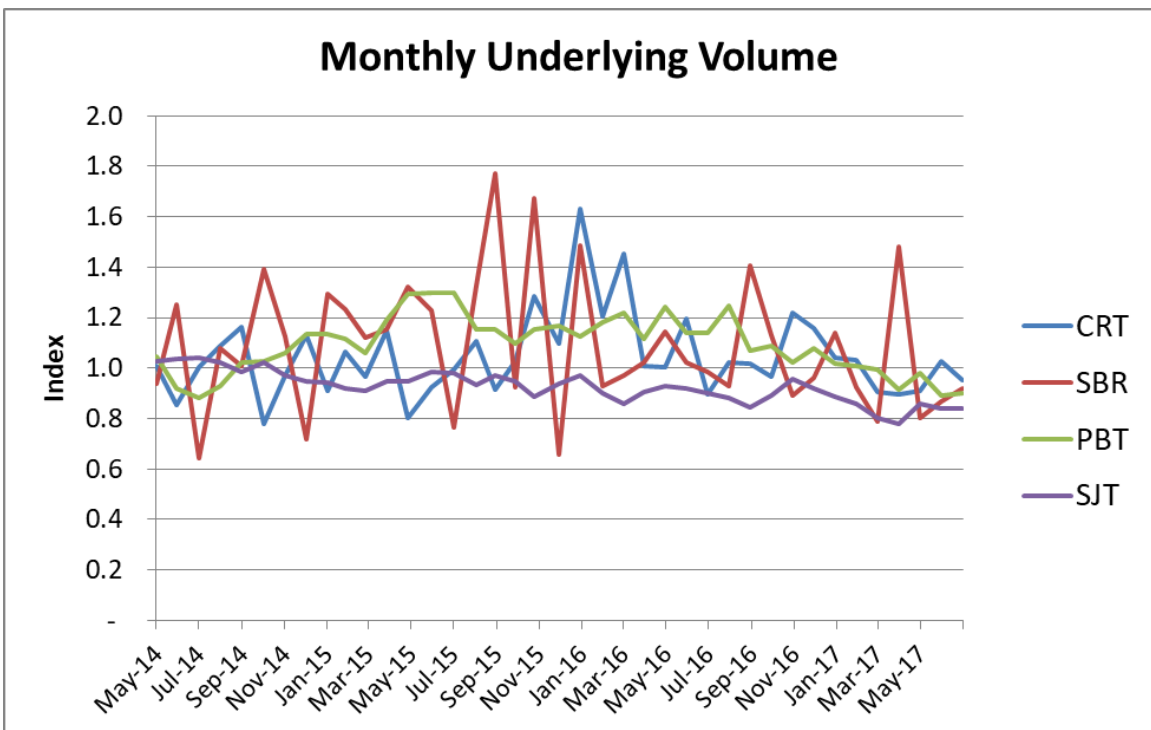
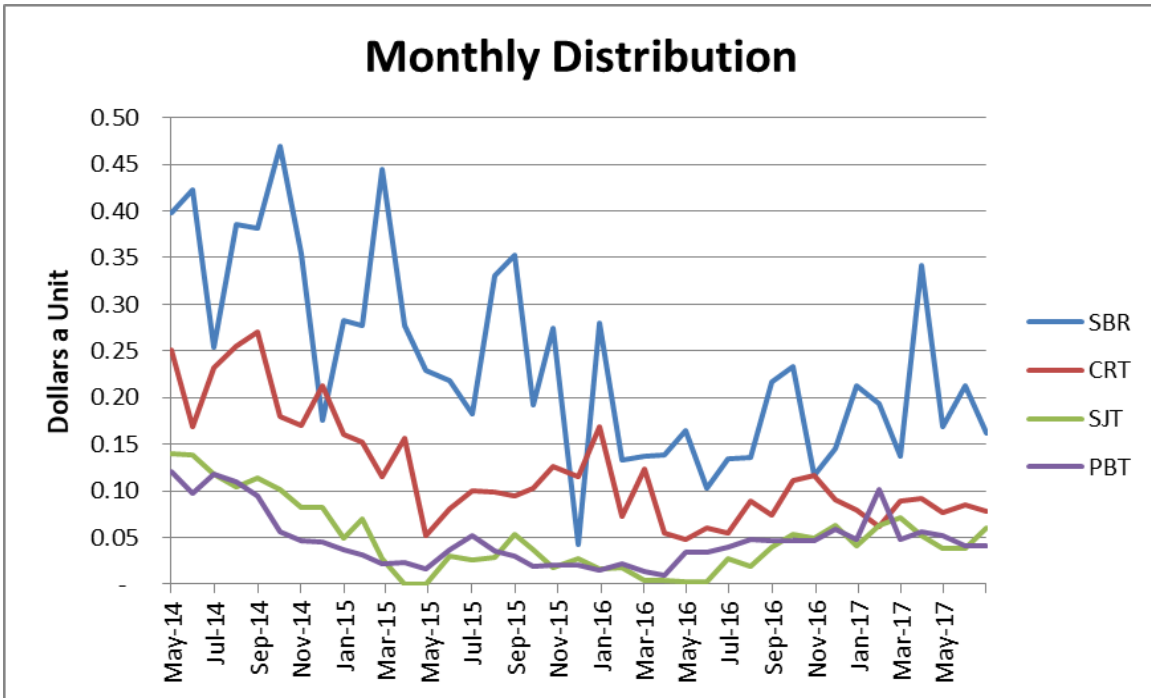




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Cross Timbers Royalty Trust										
Next Twelve Months Operating and Financial Performance										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	6/30/16	2016	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	6/30/18
Volume										
Natural Gas (bcf)	0.43	2.05	0.42	0.38	0.41	0.41	1.62	0.41	0.39	1.62
Natural Gas (mmcf)	4.7	5.6	4.6	4.2	4.5	4.5	4.4	4.4	4.4	4.4
Days	91	366	92	90	91	92	365	92	90	365
Oil (mb)	58	225	53	51	53	53	210	52	50	209
Oil (mbd)	0.64	0.61	0.58	0.57	0.58	0.57	0.58	0.57	0.56	0.57
Days	90	366	92	89	92	92	365	92	89	365
Total (bcf)	0.78	3.40	0.74	0.69	0.73	0.73	2.88	0.72	0.69	2.87
Price										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	2.09	2.28	2.98	3.32	3.18	3.00	3.12	3.10	3.29	3.14
Differential (%)	(35)	(55)	(33)	(30)	(30)	(30)	(31)	(30)	(30)	(30)
CRT (\$/mcf)	2.81	3.54	3.97	4.33	4.15	3.90	4.08	4.03	4.28	4.09
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	36.66	41.85	50.13	51.41	46.48	45.83	48.46	46.44	47.01	46.44
CRT	32.35	38.12	45.19	47.81	44.16	43.54	45.15	44.12	44.66	44.11
Total (\$/mcf)	3.96	4.66	5.51	5.95	5.56	5.36	5.59	5.48	5.65	5.51
Revenue (\$mm)										
Natural Gas	1.21	7.25	1.67	1.65	1.70	1.60	6.62	1.63	1.68	6.61
Oil	1.88	8.58	2.40	2.44	2.36	2.30	9.49	2.31	2.24	9.20
Total	3.09	15.83	4.07	4.09	4.06	3.90	16.11	3.94	3.92	15.81
Cost (\$mm)										
Tax, transport & other	0.43	2.33	0.64	0.49	0.49	0.47	2.09	0.47	0.47	1.90
Production	1.02	4.46	1.07	0.83	0.88	0.87	3.65	0.86	0.83	3.44
Total	1.45	6.79	1.71	1.32	1.36	1.34	5.73	1.34	1.30	5.34
Cash flow (\$mm)	1.65	9.04	2.36	2.77	2.69	2.56	10.78	2.60	2.61	10.47
Development	0.18	1.00	0.30	0.30	0.30	0.30	1.20	0.30	0.30	1.20
Excess or other	(0.10)	(0.38)	0.26	0.70	0.50	0.40	1.86	0.40	0.50	1.80
Net proceeds (\$mm)	1.57	8.42	1.80	1.77	1.89	1.86	7.32	1.90	1.81	7.47
Royalty income (\$mm)	1.39	7.54	1.63	1.63	1.74	1.65	6.66	1.70	1.62	6.71
Royalty/Net proceeds	89%	90%	91%	92%	92%	89%	91%	89%	89%	90%
Administration & reserve	0.42	1.19	0.24	0.11	0.11	0.11	0.57	0.11	0.11	0.44
Distributable income (\$mm)	0.98	6.36	1.39	1.52	1.63	1.54	6.09	1.59	1.51	6.27
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Royalty income (\$/unit)										
Natural Gas										
TL TX	0.02	0.10	0.02	0.02						
TL OK	0.02	0.10	0.02	0.03						
TL NM	0.10	0.63	0.12	0.13						
BL TX	-	-	-	-						
BL OK	-	-	-	-						
Oil										
TL TX	0.06	0.28	0.06	0.06						
TL OK	0.03	0.12	0.03	0.03						
TL NM	0.01	0.03	0.01	0.01						
BL TX	-	-	-	-						
BL OK	-	-	-	-						
Administration	0.02	0.06	0.04	0.02						
Reserve and other	0.05	0.12	(0.00)	(0.00)						
Distribution (\$/unit)	0.16	1.06	0.23	0.25	0.27	0.26	1.02	0.26	0.25	1.04



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Dorchester Minerals, L.P.										
Operating and Financial Performance										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	6/30/16	2016	3/31/17	6/30/17	9/30/17	12/13/17	2017	3/31/18	6/30/18	6/30/18
TOP LINE										
Volume										
Natural Gas (mmcf)	9.1	8.9	9.5	9.1	8.7	8.4	8.9	8.1	7.7	8.2
Oil (mbd)	1.60	1.69	1.94	1.97	2.00	2.03	1.99	2.06	2.09	2.05
Price										
Henry Hub (\$/mmbtu)	1.95	2.46	3.32	3.18	3.00	3.10	3.15	3.29	2.86	3.06
WTI Cushing (\$/bbl)	45.66	43.31	51.92	48.26	45.77	46.20	48.04	46.86	47.24	46.52
Natural Gas (\$/mcf)	1.63	2.05	3.31	3.18	2.99	3.09	3.15	3.28	2.86	3.06
Oil (\$/bbl)	37.15	37.18	44.44	41.30	39.17	39.54	41.06	42.17	42.52	40.85
Revenue (\$mm)										
Natural Gas	1.4	6.7	2.8	2.6	2.4	2.4	10.3	2.4	2.0	9.2
Oil	5.4	23.1	7.8	7.4	7.2	7.4	29.8	7.8	8.1	30.6
Total Revenue	6.8	29.8	10.6	10.1	9.6	9.8	40.1	10.2	10.1	39.8
Expense (allocated)	1.1	5.3	2.0	2.0	2.0	2.0	7.9	2.0	2.0	7.9
Ebitda	5.7	24.4	8.6	8.1	7.6	7.8	32.2	8.3	8.2	31.9
BOTTOM LINE										
Volume										
Natural Gas (mmcf)	6.3	7.7	6.4	6.2	6.1	6.0	6.2	5.9	5.7	5.9
Oil (mbd)	1.47	1.04	0.74	0.78	0.81	0.85	0.80	0.89	0.93	0.87
Price										
Natural Gas (\$/mcf)	1.76	2.08	2.71	2.60	2.45	2.53	2.57	2.69	2.34	2.50
Oil (\$/bbl)	33.99	34.64	40.55	37.69	35.74	36.08	37.42	37.49	37.79	36.78
Revenue (\$mm)										
Natural Gas	1.0	5.8	1.6	1.5	1.4	1.4	5.8	1.4	1.2	5.4
Oil	4.6	13.2	2.7	2.7	2.7	2.8	10.9	3.0	3.2	11.7
Total Revenue	5.6	19.0	4.3	4.1	4.0	4.2	16.7	4.4	4.4	17.1
Expense (allocated)										
Partnership	0.9	3.5	0.8	0.8	0.8	0.8	3.2	0.8	0.8	3.2
Net Profits Interests	2.8	9.5	2.1	2.1	2.0	2.1	8.3	2.2	2.2	8.5
Total Expense	3.7	12.9	2.9	2.9	2.8	2.9	11.5	3.0	3.0	11.7
Ebitda	1.9	6.1	1.3	1.3	1.2	1.3	5.2	1.4	1.4	5.4
Development (estimated)	1.1	4.8	0.5	0.6	0.6	0.6	2.3	0.7	0.7	2.6
NET INCOME										
Top Line	5.7	24.4	8.6	8.1	7.6	7.8	32.2	8.3	8.2	31.9
Bottom Line	0.8	1.4	0.9	0.7	0.6	0.7	2.8	0.8	0.8	2.8
Lease Bonus and residual	(1.6)	(3.0)	(0.5)				(0.5)			-
Deprec., Deplet., & Amort.	2.3	8.5	1.8	1.8	1.8	1.8	7.1	1.8	1.8	7.1
Total Net Income	5.8	20.2	8.3	7.0	6.5	6.7	28.4	7.3	7.2	27.6
Units (mm)	30.7	30.7	30.7	30.7	32.3	32.3	31.4	32.3	32.3	32.3
Net Income Per Unit (\$)	0.19	0.66	0.27	0.23	0.20	0.21	0.90	0.23	0.22	0.85
DISTRIBUTION										
Top Line Revenue	5.8	26.2	10.2	10.0	9.2	9.4	38.8	9.8	9.7	38.2
Bottom Line Net Revenue	2.3	5.6	0.8	0.8	1.4	1.5	4.5	1.5	1.5	6.0
Lease Bonus and Other	1.5	2.8	0.2	1.8	0.1	0.1	2.2	0.1	0.1	0.4
Cash Expense	(1.7)	(7.1)	(1.8)	(2.2)	(2.0)	(2.0)	(8.0)	(2.0)	(2.0)	(8.0)
Distribution	7.9	27.5	9.4	10.4	8.8	9.0	37.6	9.5	9.4	36.6
Distribution Per Unit (\$)	0.26	0.90	0.31	0.32	0.27	0.28	1.18	0.29	0.29	1.13



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Permian Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	6/30/16	2016	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	6/30/18
TOP LINE										
Volume										
Natural Gas (mmcf)	1.0	1.0	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Oil (mbd)	0.86	0.82	0.75	0.80	0.78	0.77	0.78	0.76	0.76	0.77
Price (cash lagged two months)										
Natural Gas (\$/mcf)	2.99	3.66	5.31	4.89	5.03	4.75	5.00	5.12	5.02	4.88
Oil (\$/bbl)	31.94	37.86	46.31	46.70	42.23	41.63	44.20	42.19	42.70	42.11
Revenue (\$mm)										
Natural Gas	0.3	1.3	0.4	0.4	0.4	0.4	1.5	0.4	0.4	1.5
Oil	2.5	11.4	3.2	3.3	3.0	3.0	12.5	3.0	2.9	11.8
Total Revenue	2.8	12.7	3.6	3.7	3.4	3.3	14.1	3.4	3.2	13.3
Expense										
Operating		-					-			
Production & Property taxes	0.6	1.9	(0.4)	0.5	0.4	0.4	0.9	0.4	0.4	1.6
Total Expense	0.6	1.9	(0.4)	0.5	0.4	0.4	0.9	0.4	0.4	1.6
Ebitda	2.2	10.9	4.0	3.2	3.0	2.9	13.1	3.0	2.8	11.7
Ebitda times 95%	2.1	10.3	3.8	3.1	2.9	2.8	12.5	2.8	2.7	11.2
BOTTOM LINE										
Volume										
Natural Gas (mmcf)	13.7	14.1	11.1	10.9	10.0	9.9	10.5	9.8	9.7	11.5
Oil (mbd)	2.53	2.37	1.92	1.88	1.86	1.84	1.87	1.82	1.80	1.96
Price (cash lagged two months)										
Natural Gas (\$/mcf)	1.71	2.19	3.00	3.03	3.11	2.94	3.02	3.17	3.11	2.64
Oil (\$/bbl)	32.97	37.92	46.24	47.32	42.79	42.19	44.64	42.75	43.27	39.93
Revenue (\$mm)										
Natural Gas	2.1	11.3	3.1	2.9	2.9	2.7	11.5	2.9	2.7	11.1
Oil	7.5	32.9	8.2	7.9	7.3	7.1	30.6	7.2	6.9	28.6
Total Revenue	9.6	44.2	11.2	10.8	10.2	9.8	42.1	10.0	9.6	39.7
Expense										
Operating	4.9	19.8	3.6	3.7	3.7	3.7	14.8	3.7	3.7	14.9
Production taxes	1.0	4.2	(0.3)	0.7	0.7	0.7	1.9	0.7	0.7	2.9
Total Expense	5.9	24.0	3.4	4.4	4.4	4.4	16.7	4.4	4.4	17.8
Ebitda	3.7	20.2	7.9	6.4	5.7	5.4	25.4	5.6	5.2	21.9
Development	(0.1)	4.0	0.1	0.5	0.5	0.5	1.7	0.8	0.8	2.6
(Ebitda-Dvlpmt) times 75%	2.9	12.1	5.8	4.4	3.9	3.6	17.8	3.6	3.3	14.4
Excess Costs	0.6	0.9					-			-
CASH DISTRIBUTION										
Royalty Income (\$mm)										
Top Line	2.1	10.3	3.8	3.1	2.9	2.8	12.5	2.8	2.7	11.2
Bottom Line	2.3	11.3	5.8	4.4	3.9	3.6	17.8	3.6	3.3	14.4
Administration	0.7	2.3	0.4	0.5	0.5	0.5	1.9	0.4	0.4	1.8
Distributable Income (\$mm)	3.7	19.3	9.2	7.0	6.3	5.9	28.3	6.0	5.6	23.8
Units (millions)	47	47	47	47	47	47	47	47	47	47
Distribution (\$/unit)	0.08	0.42	0.20	0.15	0.13	0.13	0.61	0.13	0.12	0.51



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Sabine Royalty Trust										
Next Twelve Months Operating and Financial Performance										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	6/30/16	2016	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	6/30/18
Volume										
Natural Gas (bcf)	1.70	6.37	1.54	1.33	1.37	1.37	5.60	1.35	1.31	5.39
Natural Gas (mmcf)	18.7	17.4	16.7	14.8	15.0	14.9	15.3	14.7	14.6	14.8
Days	91	366	92	90	91	92	365	92	90	365
Oil (mmb)	0.104	0.512	0.151	0.099	0.118	0.118	0.487	0.117	0.114	0.467
Oil (mbd)	1.17	1.40	1.64	1.11	1.30	1.29	1.33	1.27	1.26	1.28
Days	89	365	92	89	92	92	365	92	89	365
Total (bcfe)	2.32	9.44	2.45	1.92	2.07	2.08	8.52	2.06	1.99	8.20
Total (mmcf)	25.7	25.8	26.6	21.4	22.8	22.6	23.3	22.3	22.1	22.5
Price (Henry Hub natural gas lagged three months; WTI Cushing oil, two months)										
Henry Hub (\$/mmbtu)	2.09	2.28	2.98	3.32	3.18	3.00	3.12	3.11	3.30	3.15
Differential (%)	(12)	(2)	6	11	-	-	5	-	-	0
Trust (\$/mcf)	2.35	2.33	2.80	2.95	3.18	3.00	2.98	3.11	3.30	3.15
WTI Cushing (\$/bbl)	36.66	41.85	50.13	51.41	46.48	45.83	48.46	47.34	47.85	46.88
Differential	3.31	2.27	2.87	2.99	2.70	2.67	2.81	2.75	2.78	2.74
Trust (\$/bbl)	33.35	39.58	47.26	48.42	43.78	43.16	45.65	44.59	45.07	44.14
Total (\$/bcfe)	3.21	3.72	4.68	4.53	4.59	4.44	4.56	4.59	4.74	4.59
Revenue (\$mm)										
Natural Gas	4.0	14.8	4.3	3.9	4.3	4.1	16.7	4.2	4.3	17.0
Oil	3.5	20.3	7.1	4.8	5.2	5.1	22.2	5.2	5.1	20.6
Total	7.5	35.1	11.4	8.7	9.5	9.2	38.9	9.4	9.4	37.6
Expense										
Tax and other	1.0	5.3	1.0	0.1	0.9	2.0	3.9	0.8	0.8	4.6
General and administrative	0.7	2.6	0.7	0.7	0.6	0.6	2.6	0.6	0.6	2.4
Total	1.6	7.8	1.6	0.8	1.5	2.6	6.5	1.4	1.4	7.0
Ebitda	5.9	27.3	9.8	7.9	8.1	6.6	32.4	8.0	8.0	30.7
Ebit	5.9	27.3	9.8	7.9	8.1	6.6	32.4	8.0	8.0	30.7
Ebt	5.9	27.3	9.8	7.9	8.1	6.6	32.4	8.0	8.0	30.7
Distributable Income (\$mm)	5.9	27.3	9.8	7.9	8.1	6.6	32.4	8.0	8.0	30.7
Units (millions)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Distributable Income/Unit (\$)	0.40	1.87	0.67	0.54	0.55	0.45	2.22	0.55	0.55	2.10



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San Juan Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next
	6/30/16	2016	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	Twelve Months 6/30/18
Volume										
Natural gas (mmbtu)	7.7	31.1	7.4	7.0	7.2	7.1	28.6	7.0	6.7	28.0
Heat Content(btu/cf)	1,107	1,109	1,118	1,122	1,122	1,122	1,120	1,122	1,122	1,122
Natural gas (bcf)	6.9	28.0	6.6	6.2	6.4	6.3	25.5	6.3	6.0	25.0
Natural Gas (mmcf)	76.8	76.5	71.8	70.1	69.4	68.7	70.0	68.0	67.3	68.4
Days	90	366	92	89	92	92	365	92	89	365
Oil (mb)	0.02	0.07	0.01	0.02	0.02	0.02	0.06	0.02	0.02	0.06
Oil (mbd)	0.21	0.20	0.14	0.18	0.18	0.18	0.17	0.17	0.18	0.18
Total gas & oil (bcf)	7.0	28.4	6.7	6.3	6.5	6.4	25.9	6.4	6.1	25.3
Price										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	1.93	2.32	3.31	3.06	3.15	2.98	3.12	3.20	3.14	3.12
Differential (%)	33	26	21	23	23	23	23	23	23	23
Net to SJT (\$/mmbtu)	1.29	1.71	2.62	2.34	2.41	2.28	2.42	2.45	2.41	2.39
Natural gas (\$/mcf)	1.43	1.89	2.93	2.63	2.70	2.56	2.71	2.75	2.70	2.68
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	36.66	41.85	50.13	51.41	46.48	45.83	48.46	46.44	47.01	46.44
SJT	23.33	30.01	35.77	36.68	33.17	32.70	34.51	33.07	33.47	33.10
Total gas & oil (\$/mcf)	1.47	1.94	2.96	2.68	2.75	2.60	2.75	2.79	2.75	2.72
Revenue (\$mm)										
Natural Gas	9.9	53.0	19.3	16.4	17.3	16.2	69.1	17.2	16.2	66.8
Oil	0.4	2.2	0.5	0.6	0.5	0.5	2.1	0.5	0.5	2.1
Total	10.3	55.3	19.8	17.0	17.8	16.7	71.3	17.7	16.7	68.9
Cost (\$mm)										
Severance tax	1.2	6.4	2.1	1.9	1.9	1.8	7.7	1.9	1.8	7.5
Operating	6.4	26.1	6.1	6.5	6.5	6.5	25.6	6.5	6.5	26.0
Total	7.7	32.5	8.1	8.4	8.5	8.3	33.3	8.4	8.3	33.6
Cash flow (\$mm)										
Development	0.3	1.4	0.2	0.1	0.1	0.1	0.4	0.1	0.1	0.3
Net proceeds (\$mm)										
Royalty income (\$mm)	1.8	16.1	8.6	6.4	6.9	6.2	28.2	6.9	6.2	26.3
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	1.3	2.2	0.5	0.5	0.3	0.3	1.6	0.3	0.3	1.2
Distributable income (\$mm)										
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Per unit	0.01	0.30	0.17	0.13	0.14	0.13	0.57	0.14	0.13	0.54

Table 1
McDep Energy Stocks
Ranked by McDep Ratio

			Price (US\$/sh)	Market Cap (US\$m)	Enterprise Value (\$mm)	EV/ Market Cap	EV/ Ebitda NTM	PV/ Ebitda NTM	Oil Prod'n/ PV (%)	Dist. Yield NTM (%)	McDep Ratio (EV/PV)
	Symbol/Rating		24-Jul 2017								
Global Integrated											
	XOM		79.87	337,000	431,000	1.28	10.1	12.2	49	3.9	0.84
	CVX		103.20	196,000	264,000	1.35	9.3	11.4	60	4.2	0.81
	RDS-A	B	53.89	222,000	353,000	1.59	7.5	9.7	51	7.0	0.77
	TOT	B	49.61	122,000	178,000	1.46	6.3	9.8	53	5.8	0.64
	<i>Total or Median</i>			877,000	1,226,000	1.40	8.4	10.6	52	5.0	0.79
Large Independent											
	EOG		93.31	54,000	61,200	1.13	13.4	12.4	86	0.7	1.09
	PXD		160.10	27,200	28,800	1.06	12.7	11.9	87	0.0	1.06
	OXY		59.41	45,500	58,700	1.29	10.0	12.0	81	5.2	0.83
	DVN		31.74	16,800	24,800	1.48	12.4	15.8	62	0.8	0.78
	MRO	B	11.88	10,090	17,200	1.70	10.0	13.5	79	1.7	0.74
	COP	B	42.61	53,000	77,000	1.45	8.7	12.3	70	2.5	0.71
	<i>Total or Median</i>			206,600	268,000	1.37	11.2	12.3	80	1.2	0.81
Small Independent											
	XEC		95.03	9,100	10,400	1.15	10.0	12.3	63	0.3	0.81
	CRC		7.52	300	6,300	19.8	14.0	18.0	89	-	0.78
	CLR	B	31.53	3,800	5,900	1.56	9.4	14.1	74	-	0.67
	WLL		4.97	1,800	5,300	2.95	6.5	12.4	92	-	0.53
	RRC	B	20.43	5,000	9,400	1.87	9.1	17.7	31	0.4	0.52
	<i>Total or Median</i>			20,000	37,000	1.87	9.4	14.1	74	-	0.67
Income											
	PBT		9.27	430	430	1.00	12.8	15.2	78	7.4	0.84
	SJT		6.65	310	310	1.00	12.2	14.7	-	8.1	0.83
	SBR		39.80	580	580	1.00	18.9	28.5	59	5.3	0.66
	DMLP	B	15.15	490	490	1.00	13.1	20.8	72	7.5	0.63
	CRT	B	15.11	90	90	1.00	11.0	21.1	28	6.9	0.52
	<i>Total or Median</i>			1,900	1,900	1.00	12.8	20.8	59	7.4	0.66
Canada											
	ECA		9.95	9,700	16,200	1.67	10.2	11.5	56	0.6	0.89
	IMO		29.37	7,500	9,500	1.27	8.9	10.9	67	1.6	0.81
	SU	B	30.71	51,100	68,800	1.35	10.0	13.2	84	3.3	0.76
	BIREF	B	4.86	1,400	2,000	1.47	8.8	15.1	37	1.6	0.58
	CVE		7.47	9,100	22,200	2.45	10.0	17.9	84	2.1	0.56
	<i>Total or Median</i>			79,000	119,000	1.47	10.0	13.2	67	1.6	0.76

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation, amort.

Estimated Ebitda (cash flow) tied to NTM futures prices for oil and natural gas. NTM = Next Twelve Months ending 6/30/18.

Estimated Present Value (PV) presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses. For historical research see www.mcdep.com



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Table 2												
McDep Energy Stocks												
Production Operating Leverage												
Ranked by McDep Ratio												
			<i>Price</i>		<i>Oil</i>	<i>Operating</i>						
	<i>Symbol/Rating</i>		<i>(US\$/sh)</i>	<i>Volume</i>	<i>Price</i>	<i>Expense</i>	<i>Var.</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>Oper Lev</i>		
	B = Buy	2017		<i>(mmboe)</i>	<i>(\$/boe)</i>	<i>(\$/boe)</i>	<i>(%)</i>	<i>NTM</i>	<i>NTM</i>	<i>Ebitda chg/</i>	<i>McDep</i>	
								<i>(\$/boe)</i>	<i>(\$mm)</i>	<i>Price chg</i>	<i>Ratio</i>	
Global Integrated (excl. Downstream)												
Exxon Mobil Corporation	XOM		79.87	1,490	36.49	7	35	16.70	24,883	1.42	0.84	
Chevron Corporation	CVX		103.20	867	35.42	8	22	19.60	16,990	1.41	0.81	
Royal Dutch Shell	RDS-A	B	53.89	1,326	33.73	2	27	22.70	30,089	1.09	0.77	
Total S.A.	TOT	B	49.61	932	35.10	0	43	20.10	18,730	1.00	0.64	
<i>Total or Median</i>											1.25	0.79
Large Independent												
EOG Resources, Inc.	EOG		93.31	223	32.25	10	6	20.40	4,556	1.49	1.09	
Pioneer Natural Resources	PXD		160.10	114	32.84	9	12	19.90	2,272	1.45	1.06	
Occidental Petroleum Corp.	OXY		59.41	299	33.26	8	17	19.60	5,866	1.41	0.83	
Devon Energy Corporation	DVN		31.74	167	23.40	9	10	12.00	2,007	1.75	0.78	
Marathon Oil Corporation	MRO	B	11.88	135	25.56	13	-1	12.70	1,717	2.02	0.74	
ConocoPhillips	COP	B	42.61	464	32.89	6	24	19.10	8,859	1.31	0.71	
<i>Total or Median</i>											1.47	0.81
Small Independent												
Cimarex Energy Company	XEC		95.03	70	24.76	6	16	14.80	1,036	1.41	0.81	
California Resources	CRC		7.52	44	36.76	15	31	10.30	452	2.46	0.78	
Continental Resources (32%)	CLR	B	31.53	28	29.27	3	15	22.00	621	1.14	0.67	
Whiting Petroleum Corporation	WLL		4.97	50	30.47	9	17	16.40	813	1.55	0.53	
Range Resources	RRC	B	20.43	138	16.50	8	7	7.40	1,023	2.08	0.52	
<i>Total or Median</i>											1.55	0.67
Income												
Permian Basin RT	PBT		9.27	1	33.20	10	2	22.52	34	1.44	0.84	
San Juan Basin Royalty Trust	SJT		6.65	3	16.32	5	18	8.37	25	1.60	0.83	
Sabine Royalty Trust	SBR		39.80	1	27.52	2	11	22.43	31	1.09	0.66	
Dorchester Minerals, L.P.	DMLP	B	15.15	2	29.43	7	11	19.28	37	1.36	0.63	
Cross Timbers Royalty Trust	CRT	B	15.11	0	33.06	8	10	21.90	8	1.37	0.52	
<i>Total or Median</i>											1.37	0.66
Canada (excl. Downstream)												
EnCana Corporation	ECA		9.95	112	27.10	11	7	14.10	1,579	1.78	0.89	
Imperial Oil Limited (30%)	IMO		29.37	81	32.36	14	16	13.20	1,070	2.06	0.81	
Suncor Energy	SU	B	30.71	376	42.27	18	14	18.33	6,891	1.98	0.76	
Birchcliff Energy Ltd.	BIREF	B	4.86	23	17.43	1	37	10.00	230	1.10	0.58	
Cenovus Energy Inc.	CVE		7.47	223	22.92	11	8	9.98	2,228	2.10	0.56	
<i>Total or Median</i>											1.98	0.76

For historical research see www.mcdep.com



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			Price (US\$/sh)	Shares	Debt	Dividend	P/E	Down- stream/ PV	Proven Undev. Resrvs	Adjustd Resrvs/ Prod NTM	Net Present Value (US\$/sh)
	Symbol/Rating		24-Jul 2017	(mm)	(\$mm)	NTM (\$/sh)	NTM	(%)	(%)		
	B = Buy										
Global Integrated											
Exxon Mobil Corporation	XOM		79.87	4,223	93,323	3.08	23	27	31	11.3	100.00
Total S.A.	TOT	B	49.61	2,457	55,616	2.89	12	23	42	9.2	90.00
Chevron Corporation	CVX		103.20	1,895	68,305	4.32	28	19	32	9.2	135.00
Royal Dutch Shell	RDS-A	B	53.89	4,112	131,054	3.76	23	24	25	8.6	80.00
	<i>Median</i>									9.2	
Large Independent											
ConocoPhillips	COP	B	42.61	1,249	24,000	1.06		-	20	9.8	68.00
Devon Energy Corporation	DVN		31.74	528	8,002	0.24	70	9	20	9.0	45.00
Occidental Petroleum Corp.	OXY		59.41	765	13,200	3.08	52	13	23	9.0	75.00
Marathon Oil Corporation	MRO	B	11.88	849	7,100	0.20		-	39	8.4	19.00
EOG Resources, Inc.	EOG		93.31	579	7,202	0.67		-	30	7.2	85.00
Pioneer Natural Resources	PXD		160.10	170	1,600	0.08	72	-	7	6.1	150.00
	<i>Median</i>									8.7	
Small Independent											
Range Resources	RRC	B	20.43	245	4,345	0.08	46	-	44	11.4	56.00
Continental Resources (32%)	CLR	B	31.53	119	2,095	-		-	59	11.4	56.00
California Resources	CRC		7.52	43	6,000	-		-	29	11.1	50.00
Whiting Petroleum Corporation	WLL		4.97	363	3,517	-		-	53	9.1	18.00
Cimarex Energy Company	XEC		95.03	95	1,362	0.32	27	-	21	6.2	120.00
	<i>Median</i>									11.1	
Income											
Sabine Royalty Trust	SBR		39.80	15	-	2.10	19	-	4	12.3	60.00
San Juan Basin Royalty Trust	SJT		6.65	47	-	0.54	12	-	-	10.2	8.00
Permian Basin RT	PBT		9.27	47	-	0.69	13	-	13	9.4	11.00
Cross Timbers Royalty Trust	CRT	B	15.11	6	-	1.04	14	-	-	8.6	29.00
Dorchester Minerals, L.P.	DMLP	B	15.15	32	-	1.13	18	-	-	7.2	24.00
	<i>Median</i>									9.4	
Canada											
Suncor Energy	SU	B	30.71	1,665	17,678	1.02	38	16	44	15.1	44.00
Cenovus Energy Inc.	CVE		7.47	1,217	13,160	0.16		4	55	12.9	22.00
Birchcliff Energy Ltd.	BIREF	B	4.86	284	647	0.08	82	-	69	12.5	10.00
Imperial Oil Limited (30%)	IMO		29.37	255	1,994	0.48	15	32	23	9.8	38.00
EnCana Corporation	ECA		9.95	973	6,457	0.06		-	43	5.5	12.00
	<i>Median</i>									12.5	
P/E = Stock Price to Earnings. For historical research see www.mcdep.com .											

Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2017										
Ranked by Unlevered Total Return										
			Price	Price			Equity	Unlevered		
			(\$/sh)	(\$/sh)	Price	Cash	Total	Debt	Total	McDep
	Symbol/Rati		24-Jul	30-Dec	Change	Distrib.	Return	(\$/sh)	(%)	Ratio
			2017	2016	(%)	(%)	(%)			
Global Integrated										
	RDS-A	B	53.89	54.38	(1)	3	3	32	2	0.77
	TOT	B	49.61	50.97	(3)	3	(0)	23	(0)	0.64
	XOM		79.87	90.26	(12)	2	(10)	22	(8)	0.84
	CVX		103.20	117.70	(12)	2	(10)	36	(8)	0.81
	<i>Median</i>				(7)		(5)		(4)	0.79
Large Independent										
	EOG		93.31	101.10	(8)	0	(7)	12	(6)	1.09
	COP	B	42.61	50.14	(15)	1	(14)	19	(10)	0.71
	PXD		160.10	180.00	(11)	0	(11)	9	(10)	1.06
	OXY		59.41	71.23	(17)	2	(14)	17	(12)	0.83
	MRO	B	11.88	17.31	(31)	1	(31)	8	(21)	0.74
	DVN		31.74	45.67	(31)	0	(30)	15	(23)	0.78
	<i>Median</i>				(16)		(14)		(11)	0.81
Small Independent										
	CRC		7.52	21.29	(65)	-	(65)	141	(8)	0.78
	RRC	B	20.43	34.36	(41)	0	(40)	18	(27)	0.52
	XEC		95.03	135.90	(30)	0	(30)	14	(27)	0.81
	CLR	B	31.53	51.54	(39)	-	(39)	18	(29)	0.67
	WLL		4.97	12.02	(59)	-	(59)	10	(32)	0.53
	<i>Median</i>				(41)		(40)		(27)	0.67
Income										
	PBT		9.27	7.71	20	5	26	-	26	0.84
	SBR		39.80	35.15	13	4	17	-	17	0.66
	SJT		6.65	6.62	0	5	6	-	6	0.83
	DMLP	B	15.15	17.55	(14)	5	(9)	-	(9)	0.63
	CRT	B	15.11	17.97	(16)	3	(13)	-	(13)	0.52
	<i>Median</i>				0		6		6	0.66
Canada										
	SU	B	30.71	32.69	(6)	1	(5)	11	(3)	0.76
	ECA		9.95	11.74	(15)	0	(15)	7	(10)	0.89
	IMO		29.37	34.76	(16)	1	(15)	8	(12)	0.81
	BIREF	B	4.86	7.01	(31)	1	(30)	2	(23)	0.58
	CVE		7.47	15.13	(51)	1	(50)	11	(29)	0.56
	<i>Median</i>				(16)		(15)		(12)	0.76
	<i>Grand Median</i>				(15)		(14)		(10)	0.77
	Natural Gas (\$/mmbtu)		2.90	3.74	(22)					
	Oil -West Texas Intermediate (\$/bbl)		46.42	53.72	(14)					
	Total Stock Market - U.S.	VTI	126.96	115.32	10					
	Developed Markets - ex US	VEA	42.24	36.54	16					
	Emerging Markets	VVO	42.76	35.78	20					

Source: McDep LLC, Yahoo, CME Group, Bloomberg

For historical research see www.mcdep.com



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