

Oil and Gas Income Stocks

A Weekly Analysis

July 3, 2008



Twenty Dollar Natural Gas Next Winter

Summary and Recommendation

Quarterly models of favorite natural gas income stocks illustrate how rising futures prices propel rising distributions (see tables for **Cross Timbers Royalty Trust (CRT)**, **Dorchester Minerals (DMLP)**, **Hugoton Royalty Trust (HGT)** and **San Juan Basin Royalty Trust (SJT)**). Beyond the current average U.S. futures price for the next twelve months of about \$13 a million British thermal units (Btu) that is in the projections, hot weather in the summer and/or cold weather in the winter may bring us \$20 natural gas within months. Natural gas price upside is a logical consequence of crude oil price having reached the inflation-adjusted equivalent of our vision of \$150 a barrel in 2010. Recall that the energy equivalent price of natural gas compared to crude oil is oil price divided by 6, i.e., oil price of \$150 a barrel divided by 6 equates to natural gas price of \$25 a million Btu. Since crude oil still has to be refined to be consumed cleanly, the economic equivalent is roughly oil price divided by 5, i.e. \$150 a barrel divided by 5 equates to natural gas price of \$30 a million Btu. The good news for consumers is that U.S. natural gas producers are very competitive and supply is expanding in response to higher price. As a result, it may be 2012 before natural gas price reaches the economic equivalent of oil throughout the year.

Kurt H. Wulff, CFA

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		3-Jul 2008	(mm)				
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		65.69	14.6	960	60.00	-	1.10
Permian Basin RT	PBT		23.92	46.6	1,120	23.00	-	1.04
Cross Timbers Royalty Trust	CRT		58.00	6.0	350	57.00	-	1.02
San Juan Basin Royalty Trust	SJT	B	42.51	46.6	1,980	48.00	-	0.89
Mesa RoyaltyTrust	MTR		81.00	1.9	150	93.00	-	0.87
Hugoton RoyaltyTrust	HGT	B	34.34	40.0	1,370	42.00	-	0.82
<i>Total or Median</i>					5,900			0.95
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	52.14	479.0	24,970	57.00	0.04	0.92
Pengrowth Energy Trust	PGH		19.13	247.0	4,730	24.00	0.25	0.85
Penn West Energy Trust	PWE	B	31.82	376.8	11,990	40.00	0.25	0.85
Enerplus Resources Fund	ERF		45.10	153.0	6,900	63.00	0.14	0.76
<i>Total or Median</i>					48,600		0.19	0.85
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	S	55.63	189.1	10,520	17.00	0.57	1.98
Encore Energy Partners, L.P. (32%)	ENP		26.40	10.2	270	26.00	0.18	1.01
Dorchester Minerals, L.P.	DMLP		31.09	28.2	880	33.00	-	0.94
Linn Energy, LLC	LINE		23.90	114.0	2,730	35.00	0.38	0.80
<i>Total or Median</i>					14,400		0.28	0.98
B = Buy, S = Sell								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
Present Value presumes long-term prices of \$100 a barrel for oil and \$14 a million btu for natural gas.								

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Natural Gas and Oil Income Stocks - Rank by EV/Ebitda								
			Price (\$/sh)	Adjstd Resrvs/	PV/	EV/		Divd or Distrib
	Symbol/		3-Jul	Prod	Ebitda	Ebitda	P/E	NTM
	Rating		2008	NTM	NTM	NTM	NTM	(%)
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT		58.00	13.9	7.9	8.0	8.5	11.8
Sabine Royalty Trust	SBR		65.69	9.1	7.3	8.0	8.0	12.5
Mesa RoyaltyTrust	MTR		81.00	21.1	7.9	6.9	7.9	12.7
San Juan Basin Royalty Trust	SJT	B	42.51	10.4	7.7	6.8	8.4	12.0
Permian Basin RT	PBT		23.92	8.4	6.4	6.6	7.0	14.4
Hugoton RoyaltyTrust	HGT	B	34.34	13.2	7.3	5.9	8.5	11.7
	<i>Median</i>			11.8	7.5	6.9	8.2	12.3
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	52.14	22.0	7.3	6.7	7.5	12.9
Pengrowth Energy Trust	PGH		19.13	8.9	5.3	4.5		13.8
Enerplus Resources Fund	ERF		45.10	9.6	5.6	4.2	6.3	11.0
Penn West Energy Trust	PWE	B	31.82	7.2	4.7	4.0	8.2	14.4
	<i>Median</i>			9.2	5.5	4.4	7.5	13.4
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	S	55.63	8.0	7.4	14.6	21.5	6.6
Dorchester Minerals, L.P.	DMLP		31.09	8.5	7.7	7.3	9.1	13.7
Linn Energy, LLC	LINE		23.90	17.4	8.5	6.8		10.5
Encore Energy Partners, L.P.	ENP		26.40	12.4	5.8	5.9		8.7
	<i>Median</i>			10.4	7.6	7.0	15.3	9.6
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2009; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								

Natural Gas and Oil Income Stocks - Rank by NTM Distribution Yield								
				Natural Gas/				
	Symbol	Revenue Royalty	Ebitda	Dist/	Dist/ Equity	NTM Distribution	NTM Distribution	Dist. Yield
		(%)	(%)	Ebitda	Ebitda	(\$mm)	(\$/un)	(%)
U.S. Royalty Trusts								
Hugoton RoyaltyTrust	HGT	-	88	0.70	0.70	161	4.03	11.7
Cross Timbers Royalty Trust	CRT	84	71	0.95	0.95	41	6.86	11.8
San Juan Basin Royalty Trust	SJT	-	99	0.82	0.82	237	5.09	12.0
Sabine Royalty Trust	SBR	100	57	1.00	1.00	120	8.24	12.5
Mesa RoyaltyTrust	MTR	-	67	0.88	0.88	19	10.29	12.7
Permian Basin RT	PBT	32	35	0.95	0.95	160	3.44	14.4
	<i>Total or Median</i>		69	0.91	0.91	700		12.3
Canadian Income Trusts (US\$)								
Enerplus Resources Fund	ERF	-	48	0.38	0.44	756	4.94	11.0
Canadian Oil Sands Trust	COSWF	-	(8)	0.83	0.87	3,230	6.74	12.9
Pengrowth Energy Trust	PGH	-	38	0.44	0.59	653	2.65	13.8
Penn West Energy Trust	PWE	-	34	0.40	0.54	1,726	4.58	14.4
	<i>Total or Median</i>		36	0.42	0.56	6,400		13.4
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP		-	0.69	1.60	696	3.68	6.6
Encore Energy Partners, L.P.	ENP		18	0.42	0.52	23	2.30	8.7
Linn Energy, LLC	LINE		57	0.38	0.61	287	2.52	10.5
Dorchester Minerals, L.P.	DMLP	64	73	1.00	1.00	121	4.27	13.7
	<i>Total or Median</i>		37	0.56	0.81	1,100		9.6
NTM = Next Twelve Months Ended June 30, 2009								
Ebitda = Earnings before interest, tax, depreciation and amortization								

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Cross Timbers Royalty Trust									
Distributable Income									
									<i>Next</i>
	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Twelve</i>
	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09	6/30/09	Months
									6/30/09
Highlights									
Distributable Income (\$mm)	19.81	6.77	8.38	8.92	10.55	34.61	10.82	10.86	41.15
Per unit	3.30	1.13	1.40	1.49	1.76	5.77	1.80	1.81	6.86
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Volume									
Natural Gas (bcf)	2.37	0.50	0.55	0.54	0.55	2.14	0.55	0.54	2.18
Natural Gas (mmcf)	6.5	5.5	6.0	6.0	6.0	5.9	6.0	6.0	6.0
Days	365	92	91	91	92	366	92	91	366
Oil (mb)	247	57	59	58	58	232	58	56	231
Oil (mbd)	0.68	0.62	0.66	0.63	0.63	0.64	0.63	0.63	0.63
Days	365	92	89	92	92	365	92	89	365
Total (bcf)	3.85	0.85	0.90	0.89	0.90	3.54	0.90	0.88	3.57
Price									
Natural Gas (HH lagged three months)									
Henry Hub (\$/mmbtu)	6.77	6.97	8.02	10.93	13.35	9.82	13.81	14.18	13.07
Differential (\$/mmbtu)	(1.26)	(2.37)	(2.95)	(4.03)	(4.92)	(3.65)	(5.09)	(5.27)	(4.83)
CRT (\$/mcf)	8.03	9.35	10.97	14.96	18.26	13.47	18.90	19.45	17.90
Oil (\$/bbl) (WTI lagged two months)									
WTI Cushing	66.87	93.03	104.49	134.31	144.07	118.98	144.95	145.18	142.13
CRT	59.76	85.93	93.84	120.61	129.38	107.51	130.17	130.38	127.61
Total (\$/mcf)	8.78	11.36	12.80	16.97	19.55	15.22	19.99	20.32	19.21
Revenue (\$mm)									
Natural Gas	19.01	4.71	6.00	8.12	10.02	28.86	10.37	10.58	39.09
Oil	14.76	4.90	5.54	7.03	7.54	25.00	7.58	7.35	29.49
Total	33.78	9.61	11.54	15.15	17.56	53.85	17.95	17.92	68.58
Cost (\$mm)									
Tax, transport & other	4.52	1.16	1.73	2.27	2.63	7.79	2.69	2.69	10.29
Production	3.94	0.94	1.44	1.83	1.96	6.17	1.97	1.91	7.67
Total	8.46	2.10	3.17	4.10	4.59	13.96	4.66	4.60	17.96
Cash flow (\$mm)									
Development	2.20	0.35	0.55	0.70	0.75	2.36	0.76	0.73	2.95
Excess or other	-	(0.75)	(1.44)			(2.19)			
Net proceeds (\$mm)	23.12	7.90	9.26	10.35	12.21	39.71	12.53	12.59	47.68
Royalty income (\$mm)									
Royalty/Net proceeds	87%	87%	87%	87%	87%	87%	87%	87%	87%
Administration	0.35	0.09	(0.30)	0.12	0.12	0.03	0.12	0.12	0.48
Distributable income (\$mm)									
Tax and other/revenue	0.13	0.12	0.15	0.15	0.15	0.14	0.15	0.15	0.15
Production/Oil Revenue	0.27	0.19	0.26	0.26	0.26	0.25	0.26	0.26	0.26
Development/Oil Revenue	0.15	0.07	0.10	0.10	0.10	0.09	0.10	0.10	0.10
Distributable Inc/Rev (%)	59	70	73	59	60	64	60	61	60

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Dorchester Minerals, L.P.									
Distributable Income									
									<i>Next</i>
	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Twelve</i>
	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09	6/30/09	Months
									6/30/09
Volume									
Natural Gas (bcf)	7.76	1.98	1.98	2.00	2.00	7.96	1.96	1.98	7.94
Natural Gas (mmcf)	21.2	21.7	21.7	21.7	21.7	21.7	21.7	21.7	21.7
Days	365	91	91	92	92	366	90	91	365
Oil (mb)	0.3	0.08	0.08	0.08	0.08	0.3	0.08	0.08	0.3
Oil (mbd)	0.87	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
Total (bcfe)	9.7	2.4	2.4	2.5	2.5	9.8	2.4	2.4	9.8
Total (mmcf)	26	27	27	27	27	27	27	27	27
Price									
Henry Hub (\$/mmbtu)	6.87	8.02	10.93	13.35	13.81	11.53	14.18	13.59	13.73
Differential (\$/mmbtu)	0.24	0.02	0.44	0.53	0.55	0.37	0.57	0.54	0.55
Company (\$/mcf)	6.63	8.00	10.50	12.81	13.26	11.15	13.61	13.04	13.18
WTI Cushing (\$/bbl)	72.28	97.94	123.99	143.76	144.75	127.61	145.18	144.47	144.54
Differential	4.80	3.84	17.36	20.13	20.26	15.33	17.44	20.23	19.53
Company	67.48	94.10	106.63	123.63	124.48	112.28	127.74	124.24	125.01
Total (\$/mcfe)	7.54	9.44	11.86	14.27	14.66	12.57	15.05	14.48	14.61
Revenue (\$mm)									
Natural Gas	51.5	15.8	20.8	25.6	26.5	88.8	26.6	25.8	104.6
Oil	21.3	7.2	8.1	9.5	9.6	34.3	9.6	9.4	38.1
Other	(7.4)	(1.7)	(2.2)	(2.6)	(2.7)	(9.2)	(2.7)	(2.6)	(10.6)
Total	65.4	21.3	26.7	32.5	33.4	113.9	33.5	32.6	132.1
Expense									
Operating	3.9	1.2	1.5	1.8	1.9	6.4	1.9	1.8	7.4
General and administrative	3.6	1.0	1.0	1.0	1.0	4.0	1.0	1.0	4.0
Total	7.5	2.2	2.5	2.8	2.9	10.4	2.9	2.8	11.4
Ebitda	57.9	19.1	24.2	29.7	30.5	103.5	30.7	29.8	120.7
Deprec., Deplet., & Amort.	15.6	3.2	4.9	4.9	4.9	17.9	4.8	4.9	19.5
Other Non Cash	(0.7)	0.4	0.4	0.4	0.4	1.8	0.4	0.4	1.8
Ebit	43.1	15.4	18.9	24.3	25.1	83.8	25.4	24.5	99.3
Ebt	43.1	15.4	18.9	24.3	25.1	83.8	25.4	24.5	99.3
General Partner	1.3	0.5	0.6	0.7	0.8	2.5	0.8	0.7	3.0
Net Income (\$mm)	41.8	15.0	18.3	23.6	24.4	81.3	24.6	23.7	96.3
Per Share (\$)	1.48	0.53	0.65	0.84	0.86	2.88	0.87	0.84	3.41
Shares (millions)	28.2	28.2	28.2	28.2	28.2	28.2	28.2	28.2	28.2
Distribution (\$/unit)	2.01	0.57	0.86	1.05	1.08	3.56	1.09	1.06	4.27
Operating (\$/mcfe)	0.40	0.49	0.61	0.74	0.76	0.65	0.78	0.75	0.76
General and admin (\$/mcfe)	0.37	0.42	0.42	0.41	0.41	0.41	0.42	0.42	0.41
Deprec., D, & A (\$/mcfe)	1.61	1.31	2.00	2.00	2.00	1.83	2.00	2.00	2.00
Ebitda Margin	89%	90%	91%	91%	91%	91%	91%	91%	91%
GP	3%	3%	3%	3%	3%	3%	3%	3%	3%
Distribution/Ebitda	0.98	0.85	1.00	1.00	1.00	0.97	1.00	1.00	1.00

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Hugoton Royalty Trust									
Distributable Income									
									Next
	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Twelve
	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09	6/30/09	Months
									6/30/09
Highlights									
Revenue (\$mm) (80%)	143.9	42.8	52.7	66.4	73.3	235.3	76.5	71.4	287.6
Cash flow (\$mm) (80%)	104.5	31.7	40.6	52.9	59.1	184.4	62.0	57.4	231.5
Per unit	2.61	0.79	1.01	1.32	1.48	4.61	1.55	1.44	5.79
Distributable Income (\$mm)	69.4	21.8	33.7	36.8	41.2	133.5	43.2	40.0	161.2
Per unit	1.73	0.54	0.84	0.92	1.03	3.34	1.08	1.00	4.03
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume									
Natural Gas (bcf)	28.1	7.2	7.1	7.2	7.2	28.6	7.2	7.0	28.5
Natural Gas (mmcf)	77.0	77.9	78.9	77.9	77.9	78.3	77.9	77.9	77.9
Days	365	92	90	92	92	366	92	90	366
Oil (mb)	306	74	73	77	77	301	77	75	306
Oil (mbd)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Days	365	92	90	92	92	366	92	90	366
Total (bcf)	29.9	7.6	7.5	7.6	7.6	30.4	7.6	7.5	30.3
Price									
Natural Gas (HH lagged two months)									
Henry Hub (\$/mmbtu)	6.96	7.21	8.83	12.14	13.46	10.41	14.07	13.35	13.25
Differential (%)	18	10	7	16	16	13	16	16	16
HGT (\$/mcf)	5.70	6.49	8.25	10.20	11.30	9.06	11.82	11.21	11.13
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	66.87	93.03	104.49	134.31	144.07	118.98	144.95	145.18	142.13
HGT	64.35	94.27	100.56	129.26	138.66	116.11	141.46	141.68	137.74
Total (\$/mcf)	6.01	7.02	8.75	10.89	12.02	9.67	12.53	11.97	11.85
Revenue (\$mm)									
Natural Gas	160.1	46.5	58.6	73.1	81.0	259.1	84.7	78.6	317.3
Oil	19.7	7.0	7.3	10.0	10.7	34.9	10.9	10.7	42.2
Total	179.8	53.5	65.9	83.0	91.7	294.1	95.6	89.3	359.5
Cost (\$mm)									
Tax, transport & other	17.9	5.5	6.5	8.2	9.1	29.3	9.5	8.8	35.6
Production	22.3	6.1	6.3	6.3	6.3	24.9	6.3	6.3	25.1
Overhead	9.1	2.3	2.4	2.4	2.4	9.4	2.4	2.4	9.5
Total	49.2	13.8	15.2	16.9	17.7	63.6	18.1	17.5	70.2
Cash flow (\$mm)									
Development	42.8	11.3	11.3	19.8	22.2	64.5	23.2	21.5	86.8
Excess costs		0.9				0.9			
Net proceeds (\$mm)									
	87.9	27.5	39.5	46.3	51.8	165.9	54.2	50.2	202.5
Royalty income (\$mm)									
	70.3	22.0	31.6	37.0	41.4	132.7	43.4	40.2	162.0
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.9	0.3	(2.1)	0.2	0.2	(1.4)	0.2	0.2	0.8
Distributable income (\$mm)									
	69.4	21.8	33.7	36.8	41.2	133.5	43.2	40.0	161.2
Tax and other/revenue	9.9%	10.2%	9.9%	9.9%	9.9%	10.0%	9.9%	9.9%	9.9%
Production cost (\$/mcf)	0.74	0.80	0.83	0.82	0.82	0.82	0.82	0.84	0.83
Overhead cost (\$/mcf)	0.30	0.30	0.31	0.31	0.31	0.31	0.31	0.32	0.31
Development/Cash flow	0.33	0.28	0.22	0.30	0.30	0.28	0.30	0.30	0.30
Producton/Revenue	0.12	0.11	0.10	0.08	0.07	0.08	0.07	0.07	0.07
Overhead/Revenue	0.05	0.04	0.04	0.03	0.03	0.03	0.02	0.03	0.03
Distributable Income/Revenue	0.39	0.41	0.51	0.44	0.45	0.45	0.45	0.45	0.45

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San Juan Basin Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
									Next
	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Twelve
	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09	6/30/09	Months
									6/30/09
Highlights									
Revenue (\$mm) (75%)	172.2	45.6	50.9	79.7	88.4	264.6	92.4	85.8	346.3
Cash flow (\$mm) (75%)	134.2	35.2	40.3	66.3	74.3	216.0	77.9	71.9	290.3
Per unit	2.88	0.75	0.87	1.42	1.59	4.64	1.67	1.54	6.23
Distributable Income (\$mm)	113.2	25.1	35.0	54.1	60.7	175.0	63.6	58.8	237.2
Per unit	2.43	0.54	0.75	1.16	1.30	3.75	1.37	1.26	5.09
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Volume									
Natural gas (mmbtu)	39.6	9.3	8.6	9.6	9.7	37.1	9.7	9.4	38.4
Heat Content(btu/cf)	1,072	1,082	1,071	1,073	1,074	1,080	1,074	1,075	1,074
Natural gas (bcf)	37.0	8.6	7.8	9.0	9.0	34.4	9.0	8.8	35.8
Natural Gas (mmcf)	101.3	93.0	87.1	97.7	97.7	93.9	97.7	97.7	97.7
Days	365	92	90	92	92	366	92	90	366
Oil (mb)	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Oil (mbd)	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Days	365	92	90	92	92	366	92	90	366
Total gas & oil (bcf)	37.4	8.6	7.9	9.1	9.1	34.7	9.1	8.9	36.1
Price									
Natural gas (\$/mmbtu) (Henry Hub lagged two months)									
Henry Hub (\$/mmbtu)	6.96	7.21	8.83	12.14	13.46	10.41	14.07	13.35	13.25
Differential (%)	18	11	11	11	11	10	11	11	11
Net to SJT (\$/mmbtu)	5.69	6.44	7.89	10.85	12.02	9.35	12.57	11.93	11.84
Natural gas (\$/mcf)	6.10	6.97	8.46	11.64	12.92	10.10	13.51	12.82	12.72
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	66.87	93.03	104.49	134.31	144.07	118.98	144.95	145.18	142.13
SJT	63.14	88.58	99.49	127.88	137.17	113.36	138.11	138.32	135.35
Total gas & oil (\$/mcf)	6.14	7.04	8.59	11.72	13.00	10.17	13.59	12.91	12.80
Revenue (\$mm)									
Natural Gas	225.4	59.7	66.7	104.6	116.1	347.1	121.4	112.7	454.9
Oil	4.1	1.1	1.2	1.6	1.7	5.7	1.8	1.7	6.8
Total	229.5	60.8	67.9	106.2	117.8	352.8	123.2	114.4	461.7
Cost (\$mm)									
Severance tax	22.6	5.8	6.4	10.1	11.1	33.4	11.6	10.8	43.7
Operating	28.0	8.1	7.7	7.7	7.7	31.3	7.7	7.7	30.9
Total	50.6	13.9	14.1	17.9	18.8	64.7	19.3	18.6	74.6
Cash flow (\$mm)	179.0	46.9	53.8	88.4	99.0	288.0	103.8	95.9	387.0
Development	27.4	6.2	6.1	15.9	17.8	46.0	18.7	17.3	69.7
Net proceeds (\$mm)	151.6	40.6	47.7	72.5	81.2	242.0	85.1	78.6	317.4
Royalty income (\$mm)	113.7	30.5	35.8	54.3	60.9	181.5	63.8	59.0	238.0
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.5	0.5	0.2	0.2	0.2	1.1	0.2	0.2	0.8
One-time	-	4.9				4.9			-
Distributable income (\$mm)	113.2	25.1	35.0	54.1	60.7	175.0	63.6	58.8	237.2
Severance tax/revenue	9.9%	9.5%	9.4%	9.5%	9.4%	9.5%	9.4%	9.5%	9.5%
Operating cost (\$/mcf)	0.75	0.94	0.98	0.85	0.85	0.90	0.85	0.87	0.86
Development/Cash flow	15%	13%	11%	18%	18%	16%	18%	18%	18%

Oil and Gas Income Stocks

A Weekly Analysis

July 3, 2008



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