

New High

Summary and Recommendation

The market value of roughly equal holdings in seven stocks hit a new high surpassing the previous weekly high registered on November 24, 2004 (see table [The Account](#)). The stocks pay regular cash distributions estimated to be about 8% for the next twelve months. Values are reasonable in the McDep framework that relates to present value calculated on a long-term real oil price of \$40 a barrel for Light, Sweet Crude (see table [Rank by McDep Ratio](#)). Separately we publish a new analysis of **Hugoton Royalty Trust (HGT)** with a present value of \$27 compared to \$25 a unit last week. There is more than one way to make a buck in energy and for some investors royalty trusts have special appeal.

Kurt H. Wulff, CFA

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 10-Feb 2005</i>	<i>Units</i>	<i>Market Value (\$)</i>	<i>Next Twelve Months Distrib. (\$/un)</i>	<i>NTM Distrib. Yield (%/yr)</i>
Cross Timbers Royalty Trust	CRT	43.00	400	17,200	3.03	7.0
Dorchester Minerals, L.P.	DMLP	24.23	700	16,961	2.03	8.4
Hugoton Royalty Trust	HGT	29.02	500	14,510	2.41	8.3
Mesa RoyaltyTrust	MTR	64.50	200	12,900	5.33	8.3
Permian Basin Royalty Trust	PBT	14.36	1,200	17,232	1.14	7.9
Sabine Royalty Trust	SBR	39.70	400	15,880	3.34	8.4
San Juan Basin Royalty Trust	SJT	33.22	500	16,610	2.80	8.4
	<i>Total</i>			<i>111,293</i>		<i>8.1</i>
Futures Strip						
12 Month - Oil (\$/bbl)		46.80				
12 Month - Natural Gas (\$/mmbtu)		6.60				
72 Month - Oil (\$/bbl)		42.26				
72 Month - Natural Gas (\$/mmbtu)		5.85				

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.

U.S. Natural Gas and Oil Royalty Trusts Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol</i>	<i>Price (\$/sh) 10-Feb 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>EV/ Ebitda</i>	<i>McDep Ratio</i>
Permian Basin RT (41%)	PBT	14.36	19.1	270	11.00	11.4	1.30
Sabine Royalty Trust	SBR	39.70	14.6	580	33.00	11.9	1.20
Cross Timbers Royalty Trust	CRT	43.00	6.0	260	36.00	14.0	1.19
Dorchester Minerals, L.P.	DMLP	24.23	27.0	660	21.00	11.9	1.15
San Juan Basin Royalty Trust	SJT	33.22	46.6	1,550	30.00	10.5	1.11
Mesa RoyaltyTrust	MTR	64.50	1.9	120	60.00	11.7	1.07
Hugoton RoyaltyTrust (46%)	HGT	29.02	18.4	530	27.00	10.0	1.07
	<i>Total or Median</i>			<i>4,000</i>		<i>11.7</i>	<i>1.15</i>

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

Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
11-Feb	HGT	Hugoton Royalty Trust	Improving Volume Trend
3-Feb	SJT	San Juan Basin Royalty Trust	Real Value with Income
22-Nov	* MTR	Mesa Royalty Trust	Hugoton Predictability, San Juan Surprise
12-Nov	* CRT	Cross Timbers Royalty Trust	Low Risk, Long Life

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

4-Feb		Pioneer's Hugoton Deal
28-Jan	*	Present Value at \$40 Oil
21-Jan	*	Overlooked Asset Class
13-Jan	*	Green on the Screen
7-Jan	*	All Barrels Are Not the Same
31-Dec	*	Charitable Gifts

* Archived on www.mcdep.com

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