

Institutional Longs

Summary

The entry of endowments and pensions funds as a new class of buyer of commodities adds a bullish cast to the futures market where the natural sellers, those who produce the commodity, are not selling. Speaking at a conference of oil analysts on May 16, Mr. John Kingston of McGraw-Hill's Platts contrasted the demand from large new buyers with the unwillingness of oil and gas producers to sell their product under long-term commodity contracts. Mr. Kingston distinguished between hedge funds that invest in long and short positions and traditional institutions that invest long only. Meanwhile seven U.S. natural gas income stocks are commodity alternatives that also distribute cash estimated for the next twelve months at 8.6% of stock price (see table [The Account](#)). The median McDep Ratio is 1.04 (see table [Rank by McDep Ratio](#)). The ratio of estimated present value to cash flow is a median 10.0 (see table [Rank by PV/Ebitda](#)).

Kurt H. Wulff, CFA

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 19-May 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	36.48	400	14,592	2.87	7.9
Mesa RoyaltyTrust	MTR	66.02	200	13,204	5.26	8.0
Sabine Royalty Trust	SBR	38.51	400	15,404	3.10	8.1
San Juan Basin Royalty Trust	SJT	35.00	500	17,500	3.01	8.6
Dorchester Minerals, L.P.	DMLP	21.86	700	15,302	1.92	8.8
Hugoton Royalty Trust	HGT	26.00	500	13,000	2.43	9.4
Permian Basin Royalty Trust	PBT	12.08	1,200	14,496	1.19	9.9
	<i>Total</i>			<i>103,498</i>		<i>8.6</i>
Futures Strip						
12 Month - Oil (\$/bbl)		50.25				
12 Month - Natural Gas (\$/mmbtu)		7.01				
72 Month - Oil (\$/bbl)		48.21				
72 Month - Natural Gas (\$/mmbtu)		6.57				

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

	<i>Symbol</i>	<i>Price (\$/sh) 19-May 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	38.51	14.6	560	33.00	12.4	1.17
Mesa RoyaltyTrust	MTR	66.02	1.9	120	60.00	11.0	1.10
San Juan Basin Royalty Trust	SJT	35.00	46.6	1,630	32.00	10.4	1.09
Dorchester Minerals, L.P.	DMLP	21.86	28.2	620	21.00	10.5	1.04
Cross Timbers Royalty Trust	CRT	36.48	6.0	220	36.00	12.5	1.01
Permian Basin RT (41%)	PBT	12.08	19.1	230	12.00	9.3	1.01
Hugoton RoyaltyTrust (46%)	HGT	26.00	18.4	480	27.00	8.6	0.96
<i>Total or Median</i>				<i>3,900</i>		<i>10.5</i>	<i>1.04</i>

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	3.30	65	72	20.0	85	12.4
Sabine Royalty Trust	SBR	481	3.70	130	58	11.9	100	10.6
Dorchester Minerals, L.P.	DMLP	593	3.79	157	80	13.3	54	10.1
Mesa RoyaltyTrust	MTR	112	2.58	43	74	20.0	-	10.0
San Juan Basin Royalty Trust	SJT	1,491	2.87	519	99	12.1	-	9.5
Permian Basin RT (41%)	PBT	229	2.30	100	40	16.5	30	9.2
Hugoton RoyaltyTrust (46%)	HGT	497	2.90	171	92	13.7	-	8.9
<i>Total or Median</i>		<i>3,620</i>		<i>1,186</i>	<i>74</i>	<i>13.7</i>		<i>10.0</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

20-May		Institutional Longs
13-May		The Bottomless Well
6-May	*	Contango and Backwardation Mythology
29-Apr	*	No Debt, No Hedges
22-Apr	*	A Boost from Burlington
* Archived on www.mcdep.com		

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