

## McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

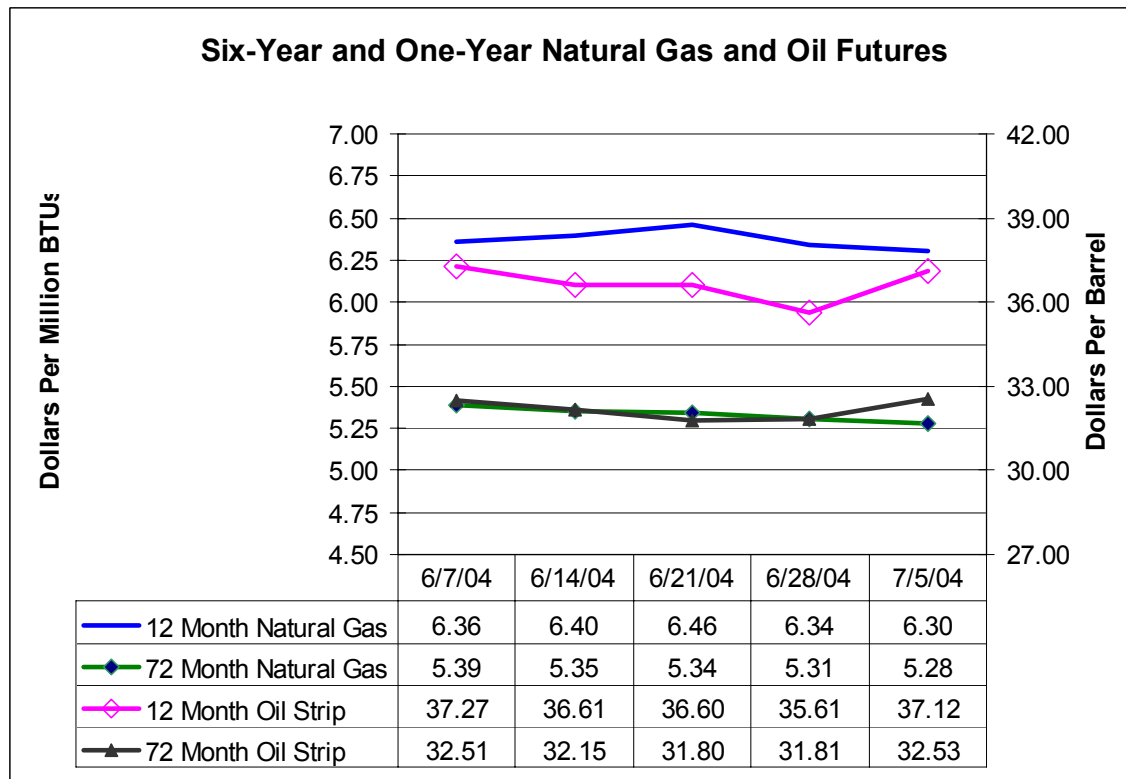
July 6, 2004

# Syncrude Volume Beats Projection

### Summary and Recommendation

Oil production by the Syncrude Joint Venture, 35% owned by buy-recommended **Canadian Oil Sands Trust (COSWF)**, beat expectations for the second quarter with results for June just posted (see chart). As management holds to its beginning of the year outlook for 235 thousand barrels daily (mbd) of production for the whole year, the implied volume for the second half is only 230 mbd. There appear to be good prospects for at least some months ahead to exceed the May record of 272 mbd. If unplanned downtime for maintenance as occurred in October and November of last year can be avoided, the volume surprise in 2004 may be on the upside for our favorite oil income stock.

Kurt H. Wulff, CFA

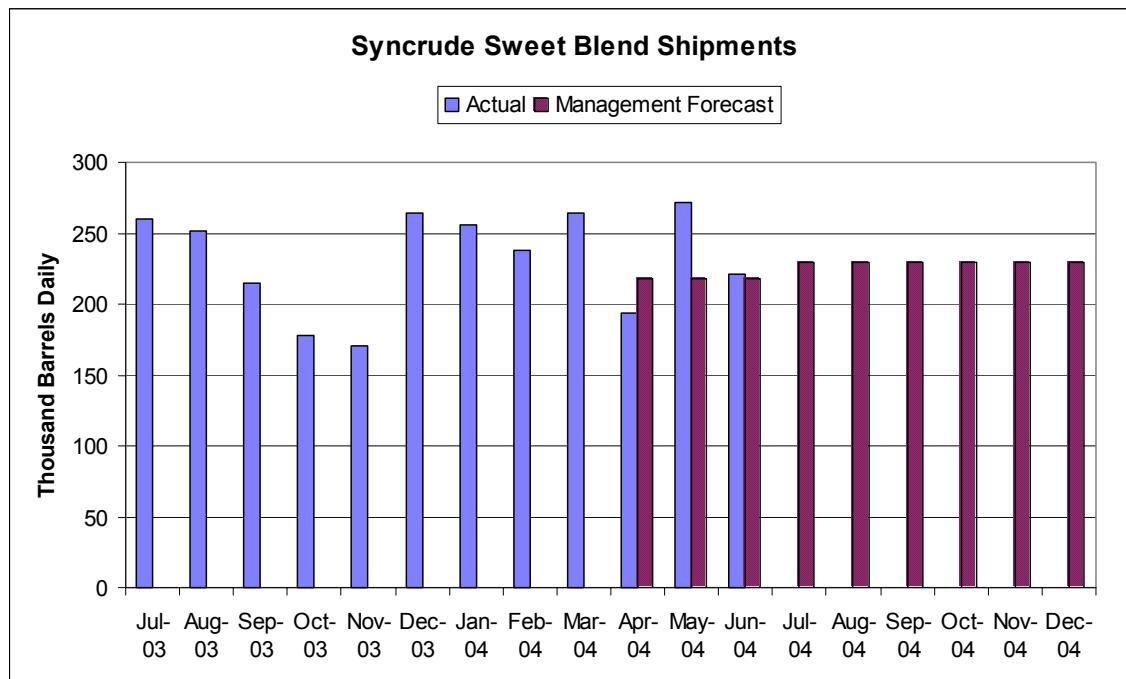


Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://www.mcdep.com). Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

# McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

July 6, 2004



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

	Symbol/ Rating	Price (\$/sh) 2-Jul 2004	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Master Limited Partnerships and Canadian Royalty Trusts</b>							
Kinder Morgan Energy Partners, L.P.	KMP S2	40.93	145.0	5,940	15.00	0.49	1.88
Kinder Morgan Management, LLC	KMR S2	37.00	52.5	1,940	15.00	0.49	1.75
Provident Energy Trust	PVX	7.77	88.0	680	6.20	0.33	1.17
Dorchester Minerals, L.P.	DMLP	19.00	27.0	510	17.00	-	1.12
NAV Energy Trust (USS)	NVG.UN	7.79	19.0	150	7.00	0.18	1.09
Enerplus Resources Fund	ERF	28.84	90.4	2,610	28.00	0.12	1.03
Pengrowth Energy Trust	PGH	14.15	125.0	1,770	14.00	0.14	1.01
PrimeWest Energy Trust	PWI	17.65	50.5	890	19.00	0.21	0.94
Canadian Oil Sands Trust (USS)	COSWF B1	33.79	86.9	2,940	62.00	0.20	0.63
<i>Total or Median</i>				17,400		0.20	1.09
<b>U.S. Royalty Trusts</b>							
Sabine Royalty Trust	SBR	34.01	14.6	500	27.00	-	1.26
Permian Basin RT (41%)	PBT	9.15	19.1	180	7.70	-	1.19
San Juan Basin Royalty Trust	SJT B1	24.02	46.6	1,120	22.00	-	1.09
Hugoton Royalty Trust (46%)	HGT	23.40	18.4	430	22.00	-	1.06
Cross Timbers Royalty Trust	CRT	28.55	6.0	170	30.00	-	0.95
<i>Total or Median</i>				2,400		-	1.09

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

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://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. 2

## McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

July 6, 2004

### Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 2-Jul 2004	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)	PV/ Ebitda NTM
<b>Master Limited Partnerships and Canadian Royalty Trusts</b>							
Kinder Morgan Energy Partners, L.P.	KMP S2	40.93	2.8	15.1	17	5.1	8.0
Kinder Morgan Management, LLC	KMR S2	37.00	2.6	14.0	15	5.6	8.0
Dorchester Minerals, L.P.	DMLP	19.00	9.3	10.2	19	9.8	9.1
Enerplus Resources Fund	ERF	28.84	4.9	7.1	14	10.8	6.9
Canadian Oil Sands Trust (US\$)	COSWF B1	33.79	4.2	7.4	12	4.4	11.7
Provident Energy Trust	PVX	7.77	4.7	5.9	21	13.7	5.1
Pengrowth Energy Trust	PGH	14.15	4.3	5.8	11	13.2	5.7
PrimeWest Energy Trust	PWI	17.65	3.9	5.4	12	13.8	5.7
NAV Energy Trust (US\$)	NVG.UN	7.79	2.7	4.5	13	17.1	4.1
	<i>Median</i>		<i>4.2</i>	<i>7.1</i>	<i>14</i>	<i>10.8</i>	<i>6.9</i>
<b>U.S. Royalty Trusts</b>							
Sabine Royalty Trust	SBR	34.01	11.1	11.5	11	8.7	9.1
Cross Timbers Royalty Trust	CRT	28.55	7.9	10.8	11	9.1	11.3
Permian Basin RT (41%)	PBT	9.15	6.6	9.0	10	8.2	7.6
San Juan Basin Royalty Trust	SJT B1	24.02	6.9	8.4	10	10.0	7.7
Hugoton RoyaltyTrust (46%)	HGT	23.40	6.2	8.0	9	10.8	7.5
	<i>Median</i>		<i>6.9</i>	<i>9.0</i>	<i>10</i>	<i>9.1</i>	<i>7.7</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 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 (%)
<b>Master Limited Partnerships and Canadian Royalty Trusts</b>							
NAV Energy Trust (US\$)	NVG.UN	100	41	3.7	4.1	3.23	-
Provident Energy Trust	PVX	78	50	4.5	5.1	3.76	-
PrimeWest Energy Trust	PWI	100	68	7.2	5.7	3.91	-
Pengrowth Energy Trust	PGH	100	46	8.0	5.7	2.99	-
Dorchester Minerals, L.P.	DMLP	100	85	8.4	9.1	4.57	54
Enerplus Resources Fund	ERF	100	58	9.3	6.9	3.40	-
Kinder Morgan Energy Partners, L.P.	KMP S2	22	-	12.0	8.0		
Kinder Morgan Management, LLC	KMR S2	22	-	12.0	8.0		
Canadian Oil Sands Trust (US\$)	COSWF B1	100	(10)	20.0	11.7	3.12	-
	<i>Median</i>		<i>46</i>	<i>8.4</i>	<i>6.9</i>	<i>3.40</i>	
<b>U.S. Royalty Trusts</b>							
Sabine Royalty Trust	SBR	100	66	8.5	9.1	5.27	100
Permian Basin RT (41%)	PBT	100	46	9.1	7.6	3.52	24
Cross Timbers Royalty Trust	CRT	100	76	12.8	11.3	4.34	85
Hugoton RoyaltyTrust (46%)	HGT	100	94	13.9	7.5	4.46	-
San Juan Basin Royalty Trust	SJT B1	100	99	13.9	7.7	3.93	-
	<i>Median</i>		<i>76</i>	<i>12.8</i>	<i>7.7</i>	<i>4.34</i>	

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://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. 3