

## McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

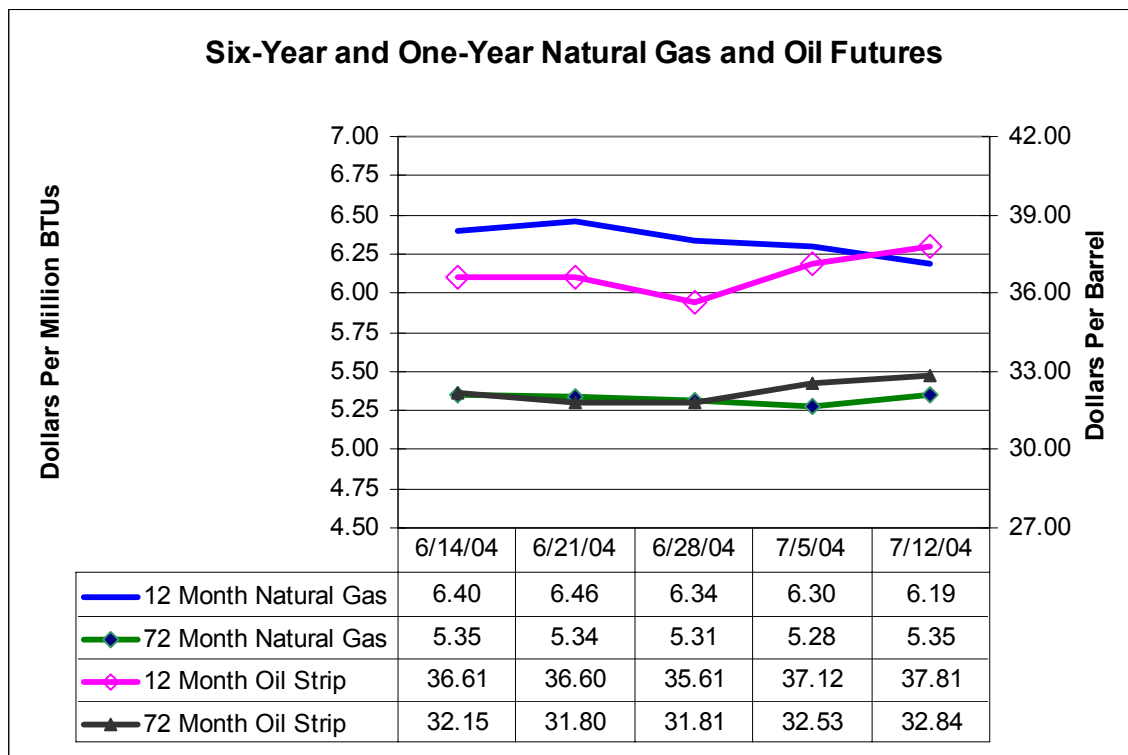
July 13, 2004

# Stock Price Correlates with Commodity Price

## Summary and Recommendation

Stock price for recommended **San Juan Basin Royalty Trust (SJT)** linearly correlates 94% with Six-Year Natural Gas Futures for the past two and a half years implying currently that stock price would change 16% for a 10% change in futures. We see further gains in natural gas price over time and we like the current next twelve months distribution yield estimated at 9.6% though the McDep Ratio is no longer low. Stock price for recommended **Canadian Oil Sands Trust (COSWF)** linearly correlates 78% with Six-Year Oil Futures for the past two years implying currently that stock price would change 11% for a 10% change in futures. We don't think COS stock has fully reflected the gains in oil price that have already taken place and there is probably no recognition for a 40% capacity expansion to be operational within one to two years.

Kurt H. Wulff, CFA

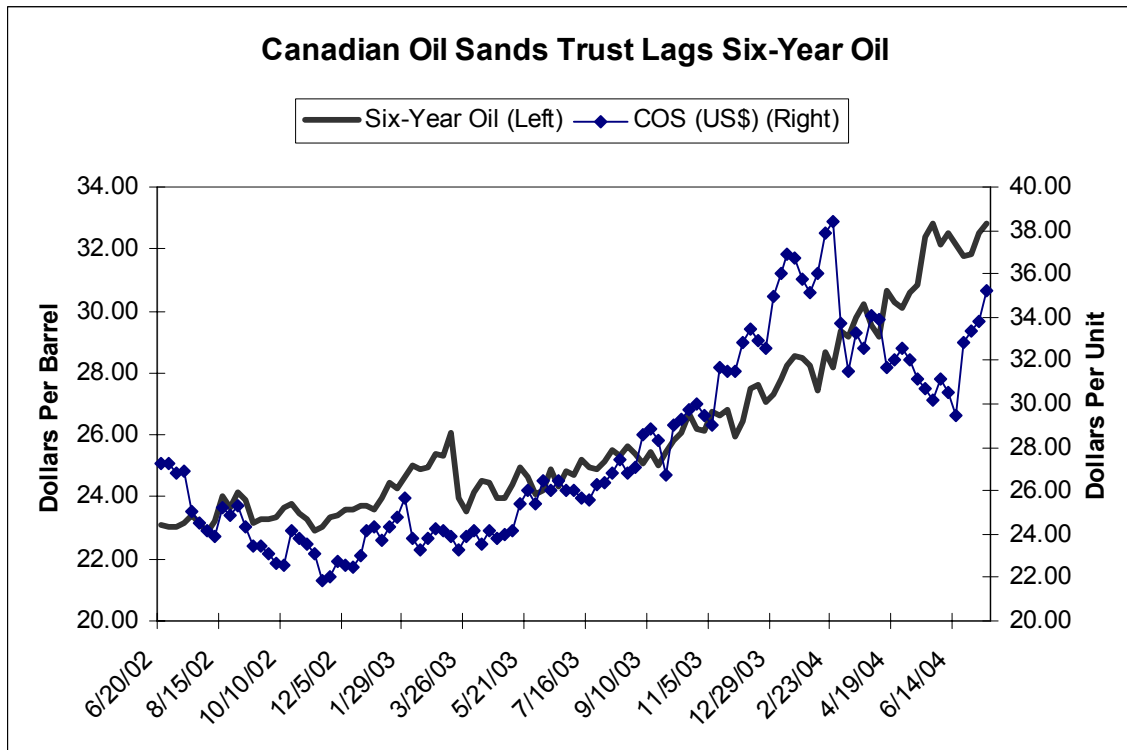
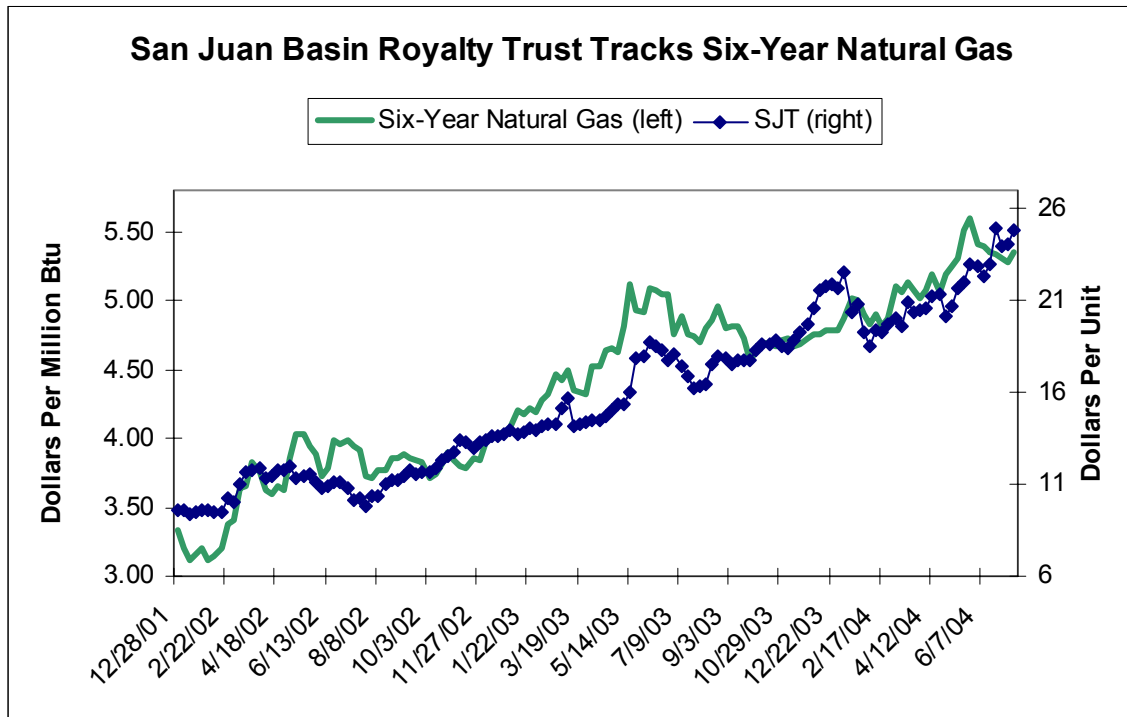


Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://www.mcdep.com). Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is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

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

	Symbol/ Rating	Price (\$/sh) 12-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	43.20	145.0	6,260	15.00	0.49	1.96
Kinder Morgan Management, LLC	KMR S2	38.84	52.5	2,040	15.00	0.49	1.81
Provident Energy Trust	PVX	7.93	88.0	700	6.20	0.34	1.19
Dorchester Minerals, L.P.	DMLP	18.99	27.0	510	17.00	-	1.12
NAV Energy Trust (US\$)	NVG.UN	7.72	19.0	150	7.00	0.18	1.09
Pengrowth Energy Trust	PGH	14.80	125.0	1,850	14.00	0.14	1.05
Enerplus Resources Fund	ERF	29.00	90.4	2,620	28.00	0.13	1.03
PrimeWest Energy Trust	PWI	18.55	50.5	940	19.00	0.21	0.98
Canadian Oil Sands Trust (US\$)	COSWF B1	35.20	86.9	3,060	62.00	0.20	0.65
	<i>Total or Median</i>			<i>18,100</i>		<i>0.20</i>	<i>1.09</i>
<b>U.S. Royalty Trusts</b>							
Sabine Royalty Trust	SBR	35.64	14.6	520	27.00	-	1.32
Permian Basin RT (41%)	PBT	9.50	19.1	180	7.70	-	1.24
San Juan Basin Royalty Trust	SJT B1	24.82	46.6	1,160	22.00	-	1.13
Hugoton RoyaltyTrust (46%)	HGT	23.19	18.4	430	22.00	-	1.05
Cross Timbers Royalty Trust	CRT	29.49	6.0	180	30.00	-	0.98
	<i>Total or Median</i>			<i>2,500</i>		-	<i>1.13</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

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

	Symbol/ Rating	Price (\$/sh) 12-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	43.20	2.9	15.7	18	4.8	8.0
Kinder Morgan Management, LLC	KMR S2	38.84	2.6	14.5	16	5.3	8.0
Dorchester Minerals, L.P.	DMLP	18.99	9.4	10.3	19	9.7	9.2
Enerplus Resources Fund	ERF	29.00	4.9	7.1	14	11.0	6.9
Canadian Oil Sands Trust (US\$)	COSWF B1	35.20	3.8	6.4	11	4.3	9.7
Provident Energy Trust	PVX	7.93	4.7	5.9	21	13.8	5.0
Pengrowth Energy Trust	PGH	14.80	4.4	5.9	11	12.9	5.6
PrimeWest Energy Trust	PWI	18.55	4.1	5.6	13	13.4	5.7
NAV Energy Trust (US\$)	NVG.UN	7.72	2.6	4.3	12	17.7	4.0
	<i>Median</i>		<i>4.1</i>	<i>6.4</i>	<i>14</i>	<i>11.0</i>	<i>6.9</i>
<b>U.S. Royalty Trusts</b>							
Sabine Royalty Trust	SBR	35.64	11.5	12.0	12	8.3	9.1
Cross Timbers Royalty Trust	CRT	29.49	8.1	11.1	11	8.9	11.3
Permian Basin RT (41%)	PBT	9.50	6.7	9.1	10	7.9	7.4
San Juan Basin Royalty Trust	SJT B1	24.82	7.2	8.8	10	9.6	7.8
Hugoton RoyaltyTrust (46%)	HGT	23.19	6.2	8.1	9	10.6	7.7
	<i>Median</i>		<i>7.2</i>	<i>9.1</i>	<i>10</i>	<i>8.9</i>	<i>7.8</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

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