

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

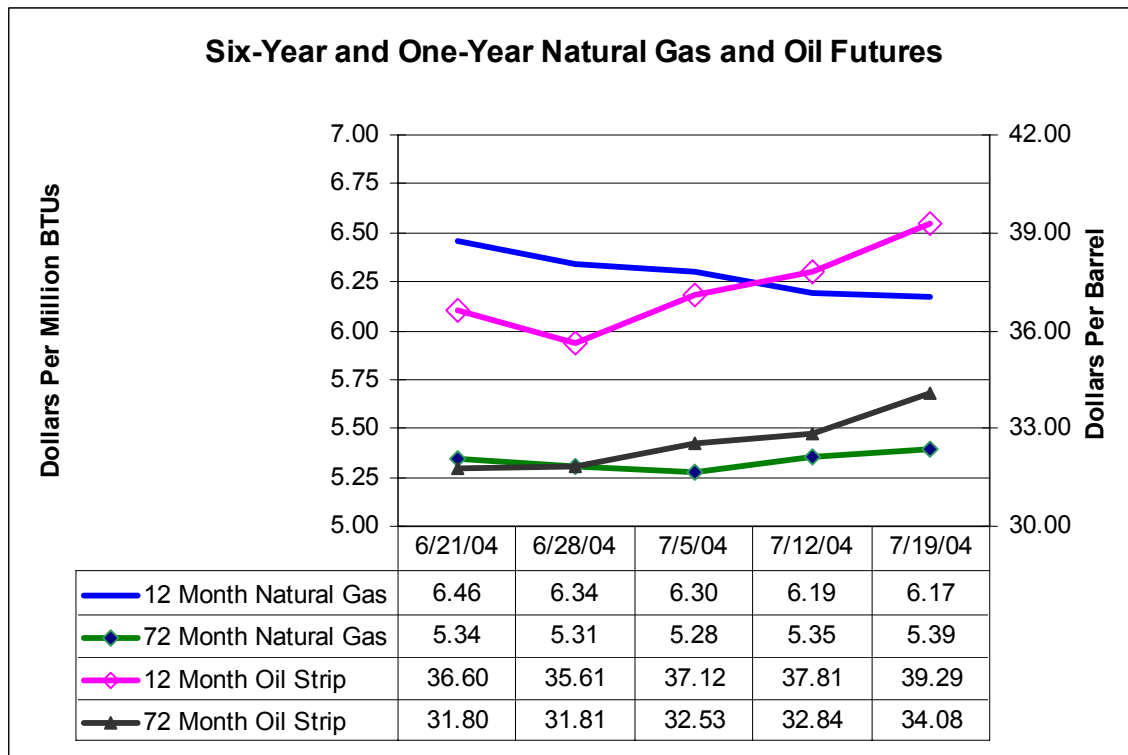
July 20, 2004

Nice Returns

Summary and Recommendation

Estimated distribution yield for recommended **San Juan Basin Royalty Trust (SJT)** for the next twelve months is 9.3% (see table). Estimated distribution yield for recommended **Canadian Oil Sands Trust (COSWF)**, a respectable 4.3% currently, may be three times that in 2007 on today's unit price. Considering that realization of 40% expanded capacity is just 11-23 months away and oil sands production is likely to last indefinitely, a low unlevered cash flow multiple of 6.0 times undervalues the opportunity and more than discounts the risk, in our opinion.

Kurt H. Wulff, CFA



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.

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

July 20, 2004

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

	Symbol/ Rating	Price (\$/sh) 19-Jul 2004	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Master Limited Partnerships and Canadian Royalty Trusts								
Kinder Morgan Energy Partners, L.P.	KMP	S2	44.47	145.0	6,450	15.00	0.49	2.00
Kinder Morgan Management, LLC	KMR	S2	39.49	52.5	2,070	15.00	0.49	1.83
Provident Energy Trust	PVX		7.91	88.0	700	6.20	0.34	1.18
Dorchester Minerals, L.P.	DMLP		19.50	27.0	530	17.00	-	1.15
NAV Energy Trust (US\$)	NVG.UN		8.02	19.0	150	7.00	0.18	1.12
Pengrowth Energy Trust	PGH		14.85	125.0	1,860	14.00	0.14	1.05
Enerplus Resources Fund	ERF		29.26	90.4	2,650	28.00	0.13	1.04
PrimeWest Energy Trust	PWI		18.89	50.5	950	19.00	0.21	1.00
Canadian Oil Sands Trust (US\$)	COSWF	B1	35.61	86.9	3,090	62.00	0.20	0.66
<i>Total or Median</i>					18,500		0.20	1.12
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		36.03	14.6	530	27.00	-	1.33
Permian Basin RT (41%)	PBT		10.20	19.1	200	7.70	-	1.33
San Juan Basin Royalty Trust	SJT	B1	25.68	46.6	1,200	22.00	-	1.17
Hugoton RoyaltyTrust (46%)	HGT		23.92	18.4	440	22.00	-	1.09
Cross Timbers Royalty Trust	CRT		29.91	6.0	180	30.00	-	0.99
<i>Total or Median</i>					2,600		-	1.17

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) 19-Jul 2004	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)	PV/ Ebitda NTM	
Master Limited Partnerships and Canadian Royalty Trusts								
Kinder Morgan Energy Partners, L.P.	KMP	S2	44.47	2.9	16.1	18	4.7	8.0
Kinder Morgan Management, LLC	KMR	S2	39.49	2.7	14.7	16	5.2	8.0
Dorchester Minerals, L.P.	DMLP		19.50	9.6	10.5	20	9.5	9.1
Enerplus Resources Fund	ERF		29.26	4.9	7.0	14	10.9	6.7
Canadian Oil Sands Trust (US\$)	COSWF	B1	35.61	3.7	6.0	10	4.3	9.1
Provident Energy Trust	PVX		7.91	4.6	5.8	19	13.8	4.9
Pengrowth Energy Trust	PGH		14.85	4.3	5.7	11	12.9	5.4
PrimeWest Energy Trust	PWI		18.89	4.1	5.6	13	13.2	5.6
NAV Energy Trust (US\$)	NVG.UN		8.02	2.6	4.3	12	17.0	3.9
<i>Median</i>				4.1	6.0	14	10.9	6.7
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		36.03	11.6	12.0	12	8.3	9.0
Cross Timbers Royalty Trust	CRT		29.91	8.1	11.1	11	8.8	11.1
Permian Basin RT (41%)	PBT		10.20	7.1	9.6	11	7.4	7.2
San Juan Basin Royalty Trust	SJT	B1	25.68	7.5	9.1	11	9.3	7.8
Hugoton RoyaltyTrust (46%)	HGT		23.92	6.4	8.3	10	10.2	7.7
<i>Median</i>				7.5	9.6	11	8.8	7.8

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

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. 2