

Income Payers CRT, PBT, SBR, SJT Use Volatility to Advantage

			Price (US\$/un)	Market Cap	Net Present Value (US\$/un)	Natural Gas (%)	Oil (%)	Distribution (US\$/unit)	NTM Yield (%)	McDep Ratio
Symbol/Rating		22-Jul 2015	(US\$mm)							
	B = Buy									
San Juan Basin Royalty Trust	SJT		11.12	520	15.00	100	-	0.51	4.6	0.74
Dorchester Minerals, L.P.	DMLP		18.95	580	28.00	37	63	0.87	4.6	0.68
Sabine Royalty Trust	SBR		34.36	500	55.00	43	58	2.66	7.7	0.62
Permian Basin RT	PBT	B	7.30	340	12.00	23	77	0.46	6.3	0.61
Cross Timbers Royalty Trust	CRT	B	15.85	100	31.00	56	44	1.03	6.5	0.51
<i>Total or Median</i>				2,000		43	58		6.3	0.62
Note: Estimated distributions tied to one-year futures prices for natural gas and oil.										
Reported results may vary widely from estimates. Estimated net present value per unit revised only infrequently.										
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.										
For historical analysis since 2000 see www.mcdep.com										

Summary and Recommendation

While stock price momentum remains negative, the quality of the resource remains high for five income payers including the four that pay monthly. Declarations made on July 21 were up from June for **Cross Timbers Royalty Trust (CRT)** and **Permian Basin Royalty Trust (PBT)**, whereas that for **San Juan Basin Royalty Trust (SJT)** was steady (see chart [Monthly Distributions](#) on page 2). A decline in monthly distribution declared on July 2 for **Sabine Royalty Trust (SBR)** coincided with a sharp decline in volume (see chart [Monthly Volume](#) on page 2). Variability in the timing of cash receipts from hundreds of producing properties is a primary contributor to volatility in distribution and reported volume for SBR. Judging by past months, we can be almost sure that reported volume for SBR will be higher in future months. Longer term, natural gas and oil price are primary contributors to volatility. Though we can't be sure natural gas price will be higher next winter and oil price in the next few years, we think both are a good portfolio bet. Meanwhile, the broader stock market portion of the McDep portfolio is near its all-time high. Even the higher value of the dollar in international currency has a compensating effect in the portfolio by making the total value higher in non-dollar currency terms.

Kurt H. Wulff, CFA

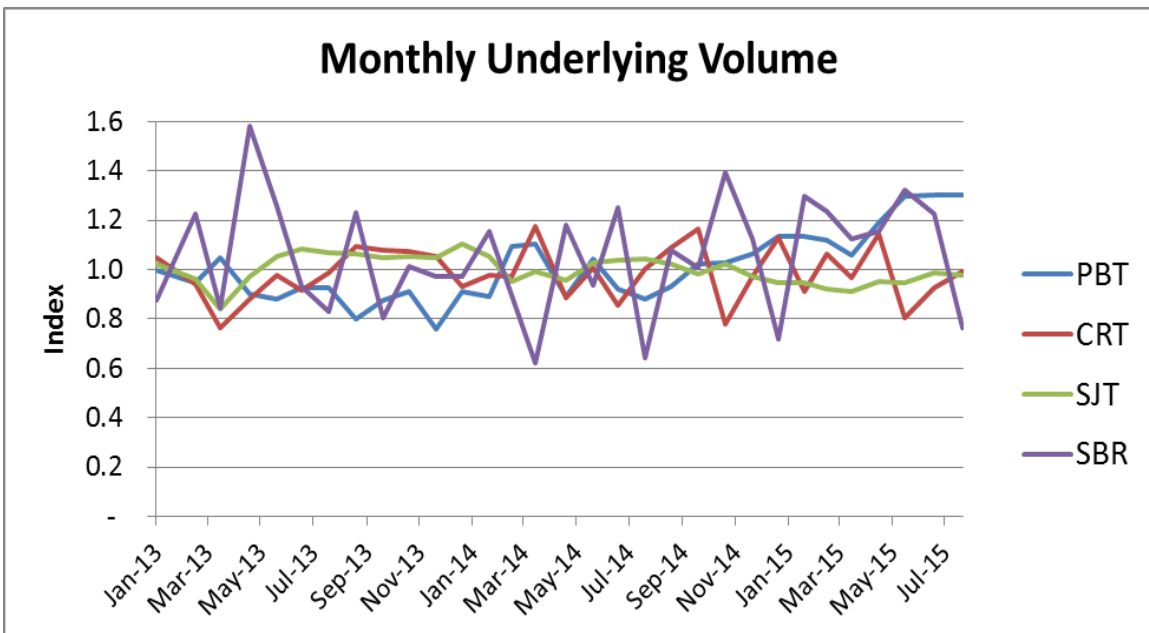
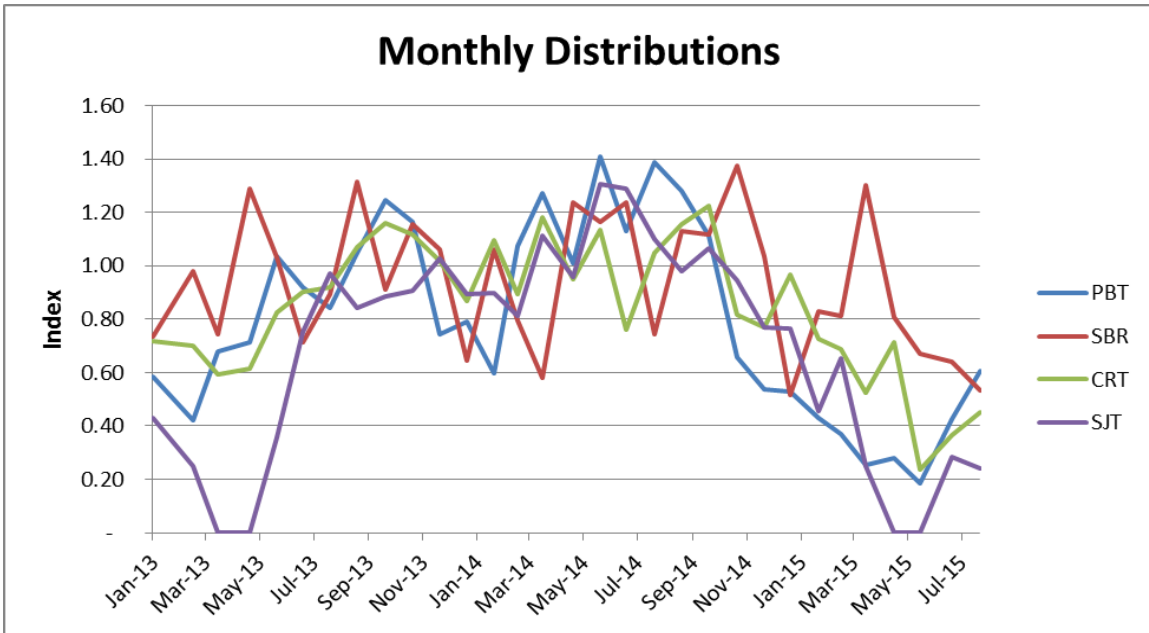


Industry Idea

Analysis of Oil and Gas Stocks

July 22, 2015

Intraday



						Present Value by Segment (%)						
		Price	EV/	Enterprise	North	Rest of				Dist.		
		(US\$/sh)	Market	Value	Amer.	World				Yield		
Symbol/Rating		22-Jul	Cap	(\$mm)	Natural	Natural	Oil	Down-	NTM	McDep		
		2015			Gas	Gas	Prod'n	stream	(%)	Ratio		
Global Integrated												
Exxon Mobil Corporation	XOM	82.12	1.24	428,000	8	12	60	20	3.6	0.91		
Royal Dutch Shell (BG pro form)	RDS-A	56.09	1.56	342,000					6.7	0.88		
Chevron Corporation	CVX B	93.95	1.32	233,000	3	8	68	21	4.6	0.88		
Total S.A.	TOT B	48.58	1.51	167,000		14	61	25	5.4	0.77		
<i>Total or Median</i>			<i>1.41</i>	<i>1,170,000</i>			<i>61</i>	<i>21</i>	<i>5.0</i>	<i>0.88</i>		
Large Independent												
EOG Resources, Inc.	EOG	76.28	1.15	47,900	16	2	82		0.9	0.96		
Occidental Petroleum Corp.	OXY	69.97	1.13	60,800	5	1	79	15	4.3	0.89		
ConocoPhillips	COP B	56.02	1.53	107,000	16	11	74		5.2	0.88		
Devon Energy Corporation	DVN	51.29	1.84	38,700	32		55	14	1.9	0.87		
Marathon Oil Corporation	MRO B	22.69	1.58	24,200	9	1	90		3.7	0.76		
<i>Total or Median</i>			<i>1.53</i>	<i>279,000</i>	<i>16</i>		<i>79</i>		<i>3.7</i>	<i>0.88</i>		
Small Independent												
Cimarex Energy Company	XEC	102.67	1.19	10,700	41		59		0.6	0.96		
California Resources	CRC	4.15	5.34	8,500	14		86		1.0	0.74		
Continental Resources (32%)	CLR B	35.44	1.55	6,500	20		80		-	0.71		
Range Resources	RRC	41.16	1.59	10,800	75		25		0.4	0.70		
Whiting Petroleum Corporation	WLL B	24.58	1.66	9,700	6		94		-	0.60		
<i>Total or Median</i>			<i>1.59</i>	<i>46,000</i>	<i>20</i>		<i>80</i>		<i>0.4</i>	<i>0.71</i>		
Income												
San Juan Basin Royalty Trust	SJT	11.12	1.00	520	100		-		4.6	0.74		
Dorchester Minerals, L.P.	DMLP	18.95	1.00	580	37		63		4.6	0.68		
Sabine Royalty Trust	SBR	34.36	1.00	500	43		58		7.7	0.62		
Permian Basin RT	PBT B	7.30	1.00	340	23		77		6.3	0.61		
Cross Timbers Royalty Trust	CRT B	15.85	1.00	100	56		44		6.5	0.51		
<i>Total or Median</i>			<i>1.00</i>	<i>2,000</i>	<i>43</i>		<i>58</i>		<i>6.3</i>	<i>0.62</i>		
Canada												
Imperial Oil Limited (30%)	IMO	35.12	1.30	11,700	1		67	33	1.1	0.90		
EnCana Corporation	ECA	8.82	2.16	16,000	55		45		3.2	0.82		
Cenovus Energy Inc.	CVE	13.57	1.19	13,300	10		78	11	6.0	0.63		
Birchcliff Energy Ltd.	BIREF B	4.84	1.74	1,300	77		23		-	0.54		
Canadian Oil Sands Limited	COSWF B	6.07	1.91	5,600			100		2.5	0.54		
<i>Total or Median</i>			<i>1.74</i>	<i>48,000</i>			<i>67</i>		<i>2.5</i>	<i>0.63</i>		

Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.50 a million btu.
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



Industry Idea

Analysis of Oil and Gas Stocks

July 22, 2015

Intraday

			<i>Price</i>			<i>Net</i>		
			<i>(US\$/sh)</i>		<i>Market</i>	<i>Present</i>	<i>Debt/</i>	
	<i>Symbol/Rating</i>		<i>22-Jul</i>	<i>Shares</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>McDep</i>
	<i>B = Buy</i>		<i>2015</i>	<i>(mm)</i>	<i>(US\$mm)</i>	<i>(US\$/sh)</i>	<i>Value</i>	<i>Ratio</i>
Global Integrated								
Exxon Mobil Corporation	XOM		82.12	4,211	346,000	92.00	0.18	0.91
Royal Dutch Shell (BG pro forma)	RDS-A		56.09	3,900	219,000	68.00	0.32	0.88
Chevron Corporation	CVX	B	93.95	1,876	176,000	111.00	0.21	0.88
Total S.A.	TOT	B	48.58	2,285	111,000	71.00	0.26	0.77
	<i>Total or Median</i>				<i>852,000</i>		<i>0.23</i>	<i>0.88</i>
Large Independent								
EOG Resources, Inc.	EOG		76.28	545	41,600	80.00	0.13	0.96
Occidental Petroleum Corp.	OXY		69.97	770	53,900	80.00	0.10	0.89
ConocoPhillips	COP	B	56.02	1,246	70,000	68.00	0.30	0.88
Devon Energy Corporation	DVN		51.29	410	21,000	65.00	0.40	0.87
Marathon Oil Corporation	MRO	B	22.69	675	15,320	34.00	0.28	0.76
	<i>Total or Median</i>				<i>201,800</i>		<i>0.28</i>	<i>0.88</i>
Small Independent								
Cimarex Energy Company	XEC		102.67	88	9,000	108.00	0.15	0.96
California Resources	CRC		4.15	382	1,600	12.00	0.60	0.74
Continental Resources (32%)	CLR	B	35.44	118	4,200	58.00	0.25	0.71
Range Resources	RRC		41.16	166	6,800	69.00	0.26	0.70
Whiting Petroleum Corporation	WLL	B	24.58	237	5,800	52.00	0.24	0.60
	<i>Total or Median</i>				<i>27,000</i>		<i>0.25</i>	<i>0.71</i>
Income								
San Juan Basin Royalty Trust	SJT		11.12	47	520	15.00	-	0.74
Dorchester Minerals, L.P.	DMLP		18.95	31	580	28.00	-	0.68
Sabine Royalty Trust	SBR		34.36	15	500	55.00	-	0.62
Permian Basin RT	PBT	B	7.30	47	340	12.00	-	0.61
Cross Timbers Royalty Trust	CRT	B	15.85	6	100	31.00	-	0.51
	<i>Total or Median</i>				<i>2,000</i>		<i>-</i>	<i>0.62</i>
Canada								
Imperial Oil Limited (30%)	IMO		35.12	255	9,000	40.00	0.21	0.90
EnCana Corporation	ECA		8.82	839	7,400	13.00	0.44	0.82
Cenovus Energy Inc.	CVE		13.57	825	11,200	23.00	0.10	0.63
Birchcliff Energy Ltd.	BIREF	B	4.84	154	800	12.00	0.23	0.54
Canadian Oil Sands Limited	COSWF	B	6.07	485	2,900	16.00	0.26	0.54
	<i>Total or Median</i>				<i>31,000</i>		<i>0.23</i>	<i>0.63</i>
Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.50 a million btu.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								

Table 3

McDep Energy Stocks

Value Multiples and Dividend

Ranked by EV/Ebitda

			<i>Price</i> <i>(US\$/sh)</i>	<i>Adjustd</i> <i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Dividend</i>
	<i>Symbol/Rating</i>		<i>22-Jul</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	<i>B = Buy</i>		<i>2015</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(\$/sh)</i>
Global Integrated								
Exxon Mobil Corporation	XOM		82.12	14.2	9.7	8.8	18	2.92
Chevron Corporation	CVX	B	93.95	8.9	8.8	7.7	27	4.28
Total S.A.	TOT	B	48.58	9.7	8.2	6.3	14	2.65
Royal Dutch Shell (BG pro forma)	RDS-A		56.09					3.76
	<i>Median</i>			<i>9.7</i>	<i>8.8</i>	<i>7.7</i>	<i>18</i>	
Large Independent								
EOG Resources, Inc.	EOG		76.28	9.3	13.0	12.4	27	0.67
Devon Energy Corporation	DVN		51.29	10.1	12.1	10.6	76	0.96
ConocoPhillips	COP	B	56.02	11.3	12.0	10.5		2.92
Occidental Petroleum Corp.	OXY		69.97	9.1	11.1	9.8	44	3.00
Marathon Oil Corporation	MRO	B	22.69	12.8	12.2	9.2		0.84
	<i>Median</i>			<i>10.1</i>	<i>12.1</i>	<i>10.5</i>	<i>44</i>	
Small Independent								
Range Resources	RRC		41.16	14.9	21.0	14.7	64	0.16
California Resources	CRC		4.15	12.1	18.3	13.5		0.04
Cimarex Energy Company	XEC		102.67	8.2	14.1	13.5		0.64
Continental Resources (32%)	CLR	B	35.44	11.4	15.5	11.0	142	-
Whiting Petroleum Corporation	WLL	B	24.58	10.9	14.1	8.4		-
	<i>Median</i>			<i>11.4</i>	<i>15.5</i>	<i>13.5</i>	<i>103</i>	
Income								
San Juan Basin Royalty Trust	SJT		11.12	8.3	22.3	16.5	22	0.51
Sabine Royalty Trust	SBR		34.36	9.0	20.7	12.9	13	2.66
Dorchester Minerals, L.P.	DMLP		18.95	7.7	18.2	12.3	25	0.87
Cross Timbers Royalty Trust	CRT	B	15.85	12.6	20.3	10.4	15	1.03
Permian Basin RT	PBT	B	7.30	9.9	16.0	9.7	16	0.46
	<i>Median</i>			<i>9.0</i>	<i>20.3</i>	<i>12.3</i>	<i>16</i>	
Canada								
Imperial Oil Limited (30%)	IMO		35.12	27.4	12.2	11.1	16	0.40
EnCana Corporation	ECA		8.82	6.7	12.5	10.2	91	0.28
Cenovus Energy Inc.	CVE		13.57	15.5	13.4	8.5		0.82
Birchcliff Energy Ltd.	BIREF	B	4.84	12.6	14.9	8.1		-
Canadian Oil Sands Limited	COSWF	B	6.07	17.4	14.8	7.9	62	0.15
	<i>Median</i>			<i>15.5</i>	<i>13.4</i>	<i>8.5</i>	<i>62</i>	
	<i>Grand Median</i>			<i>11</i>	<i>14</i>	<i>10</i>		



Industry Idea

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Intraday

Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2015										
Ranked by Unlevered Total Return										
			Price	Price			Equity	Unlevered		
			(\$/sh)	(\$/sh)	Price	Cash	Total	Debt	Total	McDep
	Symbol/Rat		22-Jul	29-Dec	Change	Distrib.	Return	Return	Return	Ratio
			2015	2014	(%)	(%)	(%)	(\$/sh)	(%)	
Global Integrated										
Total S.A.	TOT	B	48.58	52.74	(8)	1	(7)	25	(4)	0.77
Exxon Mobil Corporation	XOM		82.12	93.07	(12)	1	(11)	20	(8)	0.91
Royal Dutch Shell (BG pro forma)	RDS-A		56.09	68.31	(18)	1	(17)	32	(10)	0.88
Chevron Corporation	CVX	B	93.95	113.32	(17)	1	(16)	30	(12)	0.88
	<i>Median</i>				(14)		(14)		(9)	0.88
Large Independent										
Devon Energy Corporation	DVN		51.29	61.15	(16)	0	(16)	43	(9)	0.87
Occidental Petroleum Corp.	OXY		69.97	81.71	(14)	1	(13)	9	(11)	0.89
ConocoPhillips	COP	B	56.02	70.11	(20)	1	(19)	30	(13)	0.88
Marathon Oil Corporation	MRO	B	22.69	28.58	(21)	1	(20)	13	(13)	0.76
EOG Resources, Inc.	EOG		76.28	94.33	(19)	0	(19)	12	(17)	0.96
	<i>Median</i>				(19)		(19)		(13)	0.88
Small Independent										
Continental Resources (32%)	CLR	B	35.44	38.26	(7)	-	(7)	19	(5)	0.71
Cimarex Energy Company	XEC		102.67	110.27	(7)	0	(7)	20	(6)	0.96
California Resources	CRC		4.15	5.77	(28)	0	(28)	18	(7)	0.74
Range Resources	RRC		41.16	56.00	(27)	0	(26)	24	(18)	0.70
Whiting Petroleum Corporation	WLL	B	24.58	34.09	(28)	-	(28)	16	(19)	0.60
	<i>Median</i>				(27)		(26)		(7)	0.71
Income										
Sabine Royalty Trust	SBR		34.36	36.68	(6)	3	(4)	-	(2)	0.62
Cross Timbers Royalty Trust	CRT	B	15.85	18.07	(12)	2	(10)	-	(8)	0.51
Permian Basin RT	PBT	B	7.30	9.12	(20)	1	(19)	-	(18)	0.61
San Juan Basin Royalty Trust	SJT		11.12	13.97	(20)	1	(19)	-	(19)	0.74
Dorchester Minerals, L.P.	DMLP		18.95	25.16	(25)	2	(23)	-	(22)	0.68
	<i>Median</i>				(20)		(19)		(18)	0.62
Canada										
Imperial Oil Limited (30%)	IMO		35.12	43.49	(19)	0	(19)	11	(15)	0.90
Birchcliff Energy Ltd.	BIREF	B	4.84	6.75	(28)	-	(28)	4	(18)	0.54
EnCana Corporation	ECA		8.82	13.94	(37)	1	(36)	10	(21)	0.82
Canadian Oil Sands Limited	COSWF	B	6.07	9.20	(34)	0	(34)	6	(21)	0.54
Cenovus Energy Inc.	CVE		13.57	20.95	(35)	1	(34)	3	(30)	0.63
	<i>Median</i>				(34)		(34)		(21)	0.63
	<i>Grand Median</i>				(20)		(19)		(13)	0.75
Natural Gas (\$/mmbtu)			2.87	3.19	(10)					
Oil - West Texas Intermediate (\$/bbl)			50.10	53.69	(7)					

Source: McDep LLC, Yahoo, CME Group, Bloomberg



Analysis of Oil and Gas Stocks

July 22, 2015

Intraday

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