

## Income Payer Surprises CRT, PBT, SBR, SJT, DMLP

	Symbol/Rating	Price (US\$/sh) 21-Jan 2016	EV/ Market Cap	Enterprise Value (\$mm)	Present Value by Segment (%)				Dist. Yield NTM (%)	McDep Ratio
					North Amer.	Rest of World	Oil Prod'n	Down- stream		
					Natural Gas	Natural Gas				
<b>Income</b>										
San Juan Basin Royalty Trust	SJT	4.40	1.00	210	100		-		5.2	0.55
Sabine Royalty Trust	SBR B	26.80	1.00	390	38		62		8.0	0.45
Cross Timbers Royalty Trust	CRT	12.26	1.00	70	72		28		7.1	0.43
Permian Basin RT	PBT	4.66	1.00	220	23		77		5.0	0.42
Dorchester Minerals, L.P.	DMLP B	9.74	1.00	300	28		72		6.9	0.41
<i>Total or Median</i>			<i>1.00</i>	<i>1,200</i>	<i>38</i>		<i>62</i>		<i>6.9</i>	<i>0.43</i>

### Summary and Recommendation

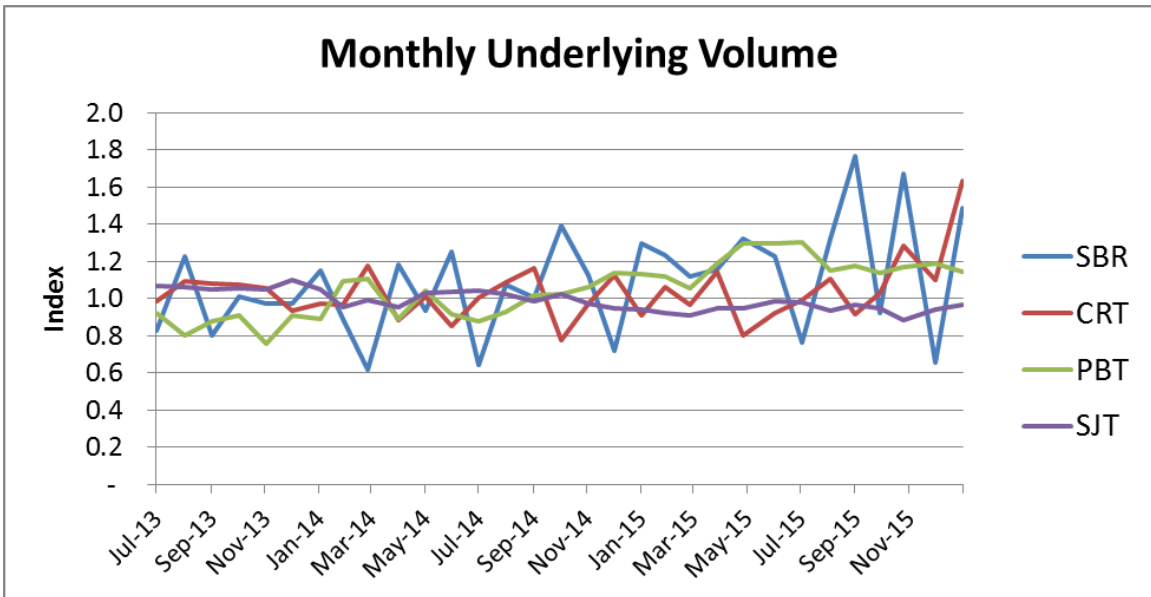
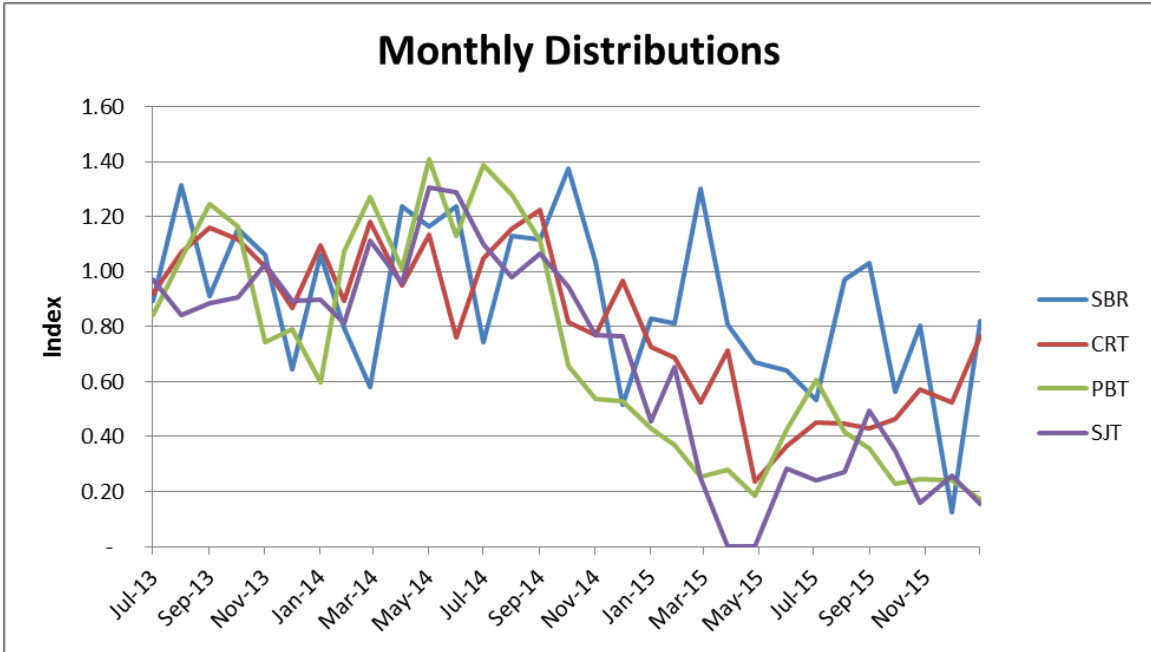
Three of five income payers disclosed positive surprises in latest distribution declarations, possibly contributing to a stabilizing in the past month of exaggerated stock price declines in the past year. On January 21, **Dorchester Minerals, L.P. (DMLP)** announced a distribution of \$0.20 a unit for the fourth quarter compared to our estimate of \$0.16. Distributions for monthly paying royalty trusts were sharply higher for **Sabine Royalty Trust (SBR)** on January 5 and **Cross Timbers Royalty Trust (CRT)** on January 19. Also declared on January 19, distributions were close to trend for **Permian Basin Royalty Trust (PBT)** and **San Juan Basin Royalty Trust (SJT)** (see chart [Monthly Distributions](#) on page 2). Volume is rising for SBR, CRT and PBT while it is stable for SJT (see chart [Underlying Volume](#) on page 2). The trend likely remains solid at DMLP though the data will not be disclosed until the partnership files its 10-K annual report around February 18. Projections for the next twelve months incorporate recently depressed futures prices (see tables [Operating and Financial Estimates](#) for five stocks on pages 3-7). McDep Income Payers are a little known, pure play, no-debt, long-term participation in oil and gas price. Judging by a median McDep Ratio of 0.43, the income payer group appears to be most out of favor (see [Tables 1-4](#) for 25 stocks on pages 8 - 11).

Kurt H. Wulff, CFA



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016





# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

<b>Cross Timbers Royalty Trust</b>									
<b>Next Twelve Months Operating and Financial Performance</b>									
	<i>Year</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Next Twelve Months</i>
	<b>2014</b>	9/30/15	12/31/15	<b>2015</b>	3/31/16	6/30/16	9/30/16	12/31/16	<b>12/31/16</b>
<b>Volume</b>									
Natural Gas (mmcf)	<b>4.5</b>	4.3	5.5	<b>4.4</b>	4.2	4.2	4.2	4.2	<b>4.2</b>
Oil (mbd)	<b>0.61</b>	0.63	0.62	<b>0.64</b>	0.64	0.63	0.63	0.63	<b>0.63</b>
Total (bcf)	<b>2.96</b>	0.74	0.85	<b>3.02</b>	0.74	0.73	0.73	0.73	<b>2.92</b>
<b>Price</b>									
Natural Gas (HH lagged three months)									
Henry Hub (\$/mmbtu)	<b>4.32</b>	2.66	2.76	<b>3.11</b>	2.28	2.19	2.24	2.39	<b>2.28</b>
Differential (%)	<b>(62)</b>	(43)	(69)	<b>(46)</b>	(46)	(46)	(46)	(46)	<b>(46)</b>
CRT (\$/mcf)	<b>7.00</b>	3.81	4.67	<b>4.53</b>	3.32	3.20	3.27	3.49	<b>3.32</b>
Oil (\$/bbl) (WTI lagged two months)									
WTI Cushing	<b>97.76</b>	56.70	44.87	<b>53.37</b>	36.95	29.57	32.52	34.37	<b>33.35</b>
CRT	<b>91.46</b>	54.28	44.00	<b>52.96</b>	36.66	29.34	32.27	34.11	<b>33.11</b>
Total (\$/mcf)	<b>10.70</b>	6.26	5.73	<b>6.52</b>	4.64	4.00	4.28	4.52	<b>4.36</b>
<b>Revenue (\$mm)</b>									
Natural Gas	<b>11.40</b>	1.51	2.38	<b>7.33</b>	1.30	1.23	1.25	1.34	<b>5.12</b>
Oil	<b>20.21</b>	3.15	2.46	<b>12.34</b>	2.14	1.67	1.87	1.94	<b>7.62</b>
Total	<b>31.61</b>	4.65	4.85	<b>19.67</b>	3.44	2.90	3.12	3.28	<b>12.74</b>
<b>Cost (\$mm)</b>									
Tax, transport & other	<b>3.89</b>	0.63	0.68	<b>2.65</b>	0.48	0.41	0.44	0.46	<b>1.78</b>
Production	<b>5.75</b>	1.43	1.43	<b>6.14</b>	1.20	1.20	1.20	1.20	<b>4.80</b>
Total	<b>9.64</b>	2.06	2.11	<b>8.79</b>	1.68	1.61	1.64	1.66	<b>6.58</b>
<b>Cash flow (\$mm)</b>									
Development	<b>3.37</b>	0.54	0.54	<b>2.87</b>	0.10	0.10	0.10	0.10	<b>0.40</b>
Excess or other	<b>(0.54)</b>	(0.10)	(0.36)	<b>(1.96)</b>	(0.10)	(0.36)	(0.25)	(0.21)	<b>(0.93)</b>
Recovery of excess									
<b>Net proceeds (\$mm)</b>	<b>19.14</b>	2.15	2.56	<b>9.97</b>	1.76	1.55	1.64	1.73	<b>6.68</b>
<b>Royalty income (\$mm)</b>	<b>16.39</b>	1.89	2.10	<b>8.66</b>	1.50	1.32	1.39	1.47	<b>5.68</b>
Royalty/Net proceeds	<b>86%</b>	88%	82%	<b>87%</b>	85%	85%	85%	85%	<b>85%</b>
Administration	<b>0.52</b>	0.13	0.03	<b>0.53</b>	0.11	0.11	0.11	0.11	<b>0.44</b>
<b>Distributable income (\$mm)</b>	<b>15.88</b>	1.76	2.06	<b>8.13</b>	1.39	1.21	1.28	1.36	<b>5.24</b>
<b>Units (millions)</b>	<b>6.0</b>	6.0	6.0	<b>6.0</b>	6.0	6.0	6.0	6.0	<b>6.0</b>
<b>Royalty income (\$/unit)</b>									
Natural Gas									
TL TX	<b>0.26</b>	0.04	0.03	<b>0.15</b>	0.03	0.03	0.03	0.03	<b>0.12</b>
TL OK	<b>0.21</b>	0.05	0.04	<b>0.19</b>	0.02	0.02	0.02	0.02	<b>0.09</b>
TL NM	<b>0.89</b>	0.09	0.08	<b>0.38</b>	0.10	0.10	0.10	0.10	<b>0.40</b>
BL TX	<b>0.00</b>	-							
BL OK	<b>0.00</b>	-							
Oil									
TL TX	<b>0.64</b>	0.08	0.08	<b>0.37</b>	0.07	0.05	0.06	0.06	<b>0.24</b>
TL OK	<b>0.19</b>	0.05	0.06	<b>0.24</b>	0.02	0.02	0.02	0.02	<b>0.07</b>
TL NM	<b>0.08</b>	0.01	0.01	<b>0.04</b>	0.01	0.01	0.01	0.01	<b>0.03</b>
BL TX	<b>0.14</b>	-							
BL OK	<b>0.34</b>	-							
Administration	<b>0.08</b>	0.02	0.03	<b>0.11</b>	0.02	0.02	0.02	0.02	<b>0.08</b>
<b>Distribution (\$/unit)</b>	<b>2.65</b>	0.29	0.34	<b>1.35</b>	0.23	0.20	0.21	0.23	<b>0.87</b>

Please see disclosures on the final page.

Page 3



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

Dorchester Minerals, L.P.										
Operating and Financial Performance										
	Q4	Q2	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/14	6/30/15	9/30/15	12/31/15	2015	3/31/16	6/30/16	9/30/16	12/31/16	12/31/16
<b>Volume</b>										
Nat Gas (mmcf) - Top Line	9.5	8.7	10.7	10.2	<b>10.0</b>	9.8	9.4	9.0	8.7	<b>9.2</b>
Nat Gas (mmcf) - Btm Line	8.4	9.4	9.6	9.5	<b>9.2</b>	9.4	9.3	9.2	9.1	<b>9.3</b>
Oil (mbd) - Top Line	1.32	1.36	1.38	1.41	<b>1.41</b>	1.44	1.46	1.49	1.52	<b>1.48</b>
Oil (mbd) - Bottom Line	0.64	0.77	1.70	1.10	<b>1.18</b>	1.14	1.19	1.24	1.29	<b>1.21</b>
Days	92	91	92	92	<b>365</b>	91	91	92	92	<b>366</b>
Total (bcfe)	2.7	2.8	3.6	3.2	<b>12.7</b>	3.2	3.2	3.2	3.2	<b>12.7</b>
Total (mmcf)	30	31	39	35	<b>35</b>	35	35	35	35	<b>35</b>
<b>Price</b>										
Henry Hub (\$/mmbtu)	4.02	2.66	2.76	2.28	<b>2.67</b>	2.19	2.24	2.39	2.54	<b>2.34</b>
Top Line (\$/mcf)	3.50	2.31	2.40	1.98	<b>2.34</b>	1.90	1.95	2.08	2.20	<b>2.03</b>
Bottom Line (\$/mcf)	6.24	2.56	2.90	2.39	<b>2.62</b>	2.30	2.36	2.51	2.66	<b>2.46</b>
WTI Cushing (\$/bbl)	73.18	57.94	46.39	42.21	<b>48.79</b>	29.53	31.64	33.87	35.25	<b>32.57</b>
Top Line (\$/bbl)	62.84	50.07	37.22	35.46	<b>41.45</b>	26.57	28.48	30.48	29.61	<b>28.79</b>
Bottom Line (\$/bbl)	63.93	53.65	58.43	42.21	<b>49.84</b>	26.57	28.48	30.48	35.25	<b>30.20</b>
Total (\$/mcf)	7.06	4.98	5.27	4.00	<b>4.74</b>	3.14	3.34	3.61	3.86	<b>3.49</b>
<b>Revenue (\$mm)</b>										
Natural Gas - Top Line	3.1	1.8	2.4	1.9	<b>8.5</b>	1.7	1.7	1.7	1.8	<b>6.9</b>
Oil - Top Line	7.6	6.2	4.7	4.6	<b>21.3</b>	3.5	3.8	4.2	4.2	<b>15.6</b>
Total - Top Line	10.7	8.0	7.1	6.5	<b>29.8</b>	5.2	5.5	5.9	5.9	<b>22.5</b>
Natural Gas - Bottom Line	4.8	2.2	2.6	2.1	<b>8.8</b>	2.0	2.0	2.1	2.2	<b>8.3</b>
Oil - Bottom Line	3.8	3.8	9.1	4.3	<b>21.4</b>	2.8	3.1	3.5	4.2	<b>13.5</b>
Total - Bottom Line	8.6	5.9	11.7	6.4	<b>30.2</b>	4.7	5.1	5.6	6.4	<b>21.8</b>
Total	19.2	14.0	18.8	12.8	<b>60.1</b>	9.9	10.5	11.5	12.3	<b>44.3</b>
Minerals NPI	5.0	4.8	11.1	5.7	<b>25.9</b>	4.3	4.6	5.0	5.8	<b>19.6</b>
Total Rev - Min NPI	14.2	9.2	7.7	7.1	<b>34.2</b>	5.6	6.0	6.5	6.6	<b>24.7</b>
<b>Expense</b>										
Operating, incl. Prod Tax	1.1	1.0	0.6	0.8	<b>3.4</b>	0.6	0.6	0.7	0.7	<b>2.7</b>
General and Administrative	2.1	1.1	1.1	1.1	<b>4.6</b>	1.1	1.1	1.1	1.1	<b>4.3</b>
General Partner	0.3	0.1	0.1	0.1	<b>0.5</b>	0.1	0.1	0.1	0.1	<b>0.2</b>
Minerals NPI	1.3	1.7	2.2	1.1	<b>6.4</b>	1.1	1.1	1.3	1.4	<b>4.9</b>
Total	4.9	4.0	4.0	3.0	<b>14.8</b>	2.8	2.9	3.1	3.3	<b>12.1</b>
<b>Ebitda</b>										
Top Line	8.7	6.7	6.4	5.2	<b>25.2</b>	4.1	4.4	4.7	4.7	<b>18.0</b>
Bottom Line (ex. Min NPI)	2.0	0.2	(0.5)	0.0	<b>0.6</b>	(0.2)	(0.2)	(0.1)	(0.0)	<b>(0.5)</b>
Minerals NPI	3.7	3.1	8.9	4.6	<b>19.5</b>	3.2	3.4	3.8	4.3	<b>14.7</b>
Total Ebitda	14.4	10.0	14.8	9.8	<b>45.3</b>	7.1	7.6	8.4	9.0	<b>32.2</b>
Deprec., Deplet., & Amort.	2.2	2.3	3.0	2.7	<b>10.6</b>	2.6	2.6	2.7	2.7	<b>10.6</b>
Lease Bonus and Other	(4.3)	(0.9)	5.2		<b>4.1</b>	-	-	-		<b>-</b>
Minerals NPI Capital Spenc	8.2	4.9	4.1	4.6	<b>18.0</b>	1.9	2.1	2.3	2.6	<b>8.8</b>
<b>Ebit</b>	8.3	3.7	2.5	2.4	<b>12.6</b>	2.6	3.0	3.5	3.7	<b>12.8</b>
<b>Ebt</b>	8.3	3.7	2.5	2.4	<b>12.6</b>	2.6	3.0	3.5	3.7	<b>12.8</b>
<b>Net Income (\$mm)</b>	8.3	3.7	2.5	2.4	<b>12.6</b>	2.6	3.0	3.5	3.7	<b>12.8</b>
<b>Units (millions)</b>	30.7	30.7	30.7	30.7	<b>30.7</b>	30.7	30.7	30.7	30.7	<b>30.7</b>
Net Income Per Unit (\$)	0.27	0.12	0.08	0.08	<b>0.41</b>	0.08	0.10	0.11	0.12	<b>0.42</b>
<b>Distribution - Cash Accounting (\$mm)</b>										
Top Line Revenue	11.4	6.8	7.1	7.6	<b>30.6</b>	5.2	5.5	5.9	5.9	<b>22.5</b>
Bottom Line Net Revenue	5.3	0.4	0.4	0.7	<b>4.0</b>	(0.1)	(0.1)	0.0	0.0	<b>(0.1)</b>
Lease Bonus	0.6	0.0	-	0.1	<b>0.2</b>	0.1	0.1	0.1	0.1	<b>0.4</b>
Cash Expense	(2.4)	(2.1)	(1.5)	(2.0)	<b>(7.9)</b>	(2.0)	(2.0)	(2.0)	(2.0)	<b>(8.0)</b>
Minerals NPI					<b>-</b>	1.3	1.4	1.5	1.7	<b>5.9</b>
Distribution	14.9	5.1	6.0	6.4	<b>26.9</b>	4.4	4.9	5.6	5.8	<b>20.7</b>
Distribution Per Unit (\$)	0.49	0.17	0.19	0.20	<b>0.87</b>	0.15	0.16	0.18	0.19	<b>0.67</b>

Please see disclosures on the final page.

Page 4



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

Permian Basin Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	Q4	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/14	9/30/15	12/31/15	2015E	3/31/16	6/30/16	9/30/16	12/31/16	12/31/16
<b>TOP LINE</b>									
<b>Volume</b>									
Natural Gas (mmcf)	1.2	1.2	1.1	<b>1.2</b>	1.1	1.1	1.1	1.1	<b>1.1</b>
Oil (mbd)	0.94	0.91	0.87	<b>0.91</b>	0.87	0.87	0.87	0.87	<b>0.88</b>
<b>Price (cash lagged two months)</b>									
Natural Gas (\$/mcf)	8.59	4.41	4.37	<b>5.07</b>	3.60	3.45	3.75	3.91	<b>3.66</b>
Oil (\$/bbl)	84.10	54.50	44.28	<b>51.31</b>	36.46	29.18	32.09	33.92	<b>32.63</b>
<b>Revenue (\$mm)</b>									
Natural Gas	1.0	0.5	0.5	<b>2.1</b>	0.4	0.3	0.4	0.4	<b>1.5</b>
Oil	7.2	4.6	3.6	<b>17.0</b>	2.9	2.3	2.6	2.7	<b>10.5</b>
Total Revenue	8.2	5.0	4.0	<b>19.2</b>	3.3	2.6	3.0	3.1	<b>12.0</b>
<b>Expense</b>									
Operating	0.5			<b>1.0</b>					
Production & Property taxes	0.3	0.7	0.6	<b>1.6</b>	0.6	0.6	0.6	0.6	<b>2.4</b>
Total Expense	0.8	0.7	0.6	<b>2.6</b>	0.6	0.6	0.6	0.6	<b>2.4</b>
<b>Ebitda</b>	7.4	4.4	3.4	<b>16.5</b>	2.7	2.0	2.4	2.5	<b>9.6</b>
Ebitda times 95%	7.0	4.1	3.2	<b>15.7</b>	2.6	1.9	2.3	2.4	<b>9.1</b>
<b>BOTTOM LINE</b>									
<b>Volume</b>									
Natural Gas (mmcf)	11.7	15.4	14.1	<b>14.2</b>	14.1	14.1	14.1	14.1	<b>14.4</b>
Oil (mbd)	2.28	2.39	2.42	<b>2.45</b>	2.42	2.42	2.42	2.42	<b>2.41</b>
<b>Price (cash lagged two months)</b>									
Natural Gas (\$/mcf)	5.49	2.64	2.46	<b>2.85</b>	2.02	1.94	2.11	2.20	<b>2.02</b>
Oil (\$/bbl)	81.12	54.16	44.04	<b>50.43</b>	36.26	29.02	31.91	33.73	<b>32.86</b>
<b>Revenue (\$mm)</b>									
Natural Gas	5.9	3.7	3.2	<b>14.8</b>	2.6	2.4	2.7	2.8	<b>10.6</b>
Oil	17.0	11.9	9.8	<b>45.1</b>	8.1	6.2	7.1	7.5	<b>28.9</b>
Total Revenue	22.9	15.6	13.0	<b>59.9</b>	10.7	8.7	9.8	10.3	<b>39.5</b>
<b>Expense</b>									
Operating	8.3	5.6	5.9	<b>25.2</b>	5.9	5.9	5.9	5.9	<b>23.6</b>
Production taxes	1.1	1.2	1.1	<b>3.7</b>	1.1	1.1	1.1	1.1	<b>4.2</b>
Total Expense	9.3	6.8	7.0	<b>28.9</b>	7.0	7.0	7.0	7.0	<b>27.8</b>
<b>Ebitda</b>	13.6	8.8	6.0	<b>31.0</b>	3.7	1.7	2.9	3.4	<b>11.7</b>
Development	11.8	6.5	6.9	<b>23.7</b>	4.0	1.3	1.3	1.3	<b>7.9</b>
(Ebitda-Dvlpmt) times 75%		1.7	(0.7)	<b>3.9</b>	(0.2)	0.3	1.2	1.6	<b>2.9</b>
Excess Costs			(0.6)	<b>1.9</b>		0.2			<b>0.2</b>
<b>CASH DISTRIBUTION</b>									
<b>Royalty Income (\$mm)</b>									
Top Line	7.0	4.1	3.2	<b>15.7</b>	2.6	1.9	2.3	2.4	<b>9.1</b>
Bottom Line	-	1.8	(0.1)	<b>2.1</b>		0.2	1.2	1.6	<b>2.9</b>
Administration	0.2	0.4	0.3	<b>1.8</b>	0.4	0.3	0.3	0.3	<b>1.3</b>
<b>Distributable Income (\$mm)</b>	6.9	5.5	2.8	<b>16.1</b>	2.2	1.8	3.1	3.7	<b>10.8</b>
<b>Units (millions)</b>	47	47	47	<b>47</b>	47	47	47	47	<b>47</b>
<b>Distribution (\$/unit)</b>	0.15	0.12	0.06	<b>0.34</b>	0.05	0.04	0.07	0.08	<b>0.23</b>



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

Sabine Royalty Trust										
Next Twelve Months Operating and Financial Performance										
	Q4	Year	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/14	2014	9/30/15	12/31/15	2015	3/31/16	6/30/16	9/30/16	12/31/16	12/31/16
<b>Volume</b>										
Natural Gas (bcf)	1.74	<b>6.41</b>	2.26	1.93	<b>7.59</b>	1.93	1.89	1.91	1.93	<b>7.65</b>
Natural Gas (mmcf)	18.9	<b>17.6</b>	24.8	21.0	<b>20.8</b>	21.0	21.0	21.0	21.0	<b>21.0</b>
Days	92	<b>365</b>	91	92	<b>365</b>	92	90	91	92	<b>365</b>
Oil (mmb)	0.105	<b>0.466</b>	0.132	0.164	<b>0.551</b>	0.164	0.160	0.162	0.164	<b>0.651</b>
Oil (mbd)	1.14	<b>1.28</b>	1.43	1.78	<b>1.51</b>	1.78	1.78	1.78	1.78	<b>1.78</b>
Days	92	<b>365</b>	92	92	<b>365</b>	92	89	92	92	<b>365</b>
Total (bcfe)	2.37	<b>9.21</b>	3.05	2.91	<b>10.89</b>	2.91	2.85	2.88	2.91	<b>11.56</b>
Total (mmcf)	25.8	<b>25.2</b>	33.4	31.7	<b>29.8</b>	31.7	31.7	31.7	31.7	<b>31.7</b>
<b>Price (Henry Hub natural gas lagged three months; WTI Cushing oil, two months)</b>										
Henry Hub (\$/mmbtu)	4.07	<b>4.32</b>	2.66	2.76	<b>3.11</b>	2.28	2.19	2.24	2.39	<b>2.28</b>
Differential (%)	2	<b>0</b>	(10)	7	<b>(5)</b>	7	7	-	-	<b>3</b>
Trust (\$/mcf)	4.00	<b>4.31</b>	2.93	2.57	<b>3.25</b>	2.12	2.04	2.24	2.39	<b>2.20</b>
WTI Cushing (\$/bbl)	91.23	<b>97.76</b>	56.70	44.87	<b>53.37</b>	36.95	29.57	32.52	34.37	<b>33.35</b>
Differential	8.49	<b>10.53</b>	1.26	(0.13)	<b>(0.68)</b>	-	-	-	-	<b>(0.02)</b>
Trust (\$/bbl)	82.74	<b>87.23</b>	55.44	45.00	<b>54.04</b>	36.95	29.57	32.52	34.37	<b>33.37</b>
Total (\$/bcfe)	6.60	<b>7.42</b>	4.57	4.24	<b>4.99</b>	3.48	3.02	3.32	3.52	<b>3.34</b>
<b>Revenue (\$mm)</b>										
Natural Gas	7.0	<b>27.6</b>	6.6	5.0	<b>24.6</b>	4.1	3.9	4.3	4.6	<b>16.8</b>
Oil	8.7	<b>40.6</b>	7.3	7.4	<b>29.8</b>	6.1	4.7	5.3	5.6	<b>21.7</b>
Total	15.6	<b>68.3</b>	13.9	12.3	<b>54.4</b>	10.1	8.6	9.6	10.2	<b>38.5</b>
<b>Expense</b>										
Operating	-	-	-	-	-	-	-	-	-	-
Tax and other	3.3	<b>7.3</b>	0.6	2.5	<b>6.1</b>	0.9	0.6	0.7	2.0	<b>4.2</b>
General and administrative	0.5	<b>2.4</b>	0.6	0.7	<b>2.6</b>	0.7	0.8	0.7	0.7	<b>2.9</b>
Total	3.8	<b>9.7</b>	1.2	3.2	<b>8.7</b>	1.6	1.4	1.4	2.7	<b>7.1</b>
<b>Ebitda</b>	11.8	<b>58.6</b>	12.8	9.2	<b>45.7</b>	8.5	7.2	8.2	7.5	<b>31.4</b>
Exploration	-	-	-	-	-	-	-	-	-	-
Deprec., Deplet., & Amort.	-	-	-	-	-	-	-	-	-	-
Other Non Cash	-	-	-	-	-	-	-	-	-	-
<b>Ebit</b>	11.8	<b>58.6</b>	12.8	9.2	<b>45.7</b>	8.5	7.2	8.2	7.5	<b>31.4</b>
Interest	-	-	-	-	-	-	-	-	-	-
<b>Ebt</b>	11.8	<b>58.6</b>	12.8	9.2	<b>45.7</b>	8.5	7.2	8.2	7.5	<b>31.4</b>
Income Tax	-	-	-	-	-	-	-	-	-	-
<b>Distributable Income (\$mm)</b>	11.8	<b>58.6</b>	12.8	9.2	<b>45.7</b>	8.5	7.2	8.2	7.5	<b>31.4</b>
<b>Units (millions)</b>	14.6	<b>14.6</b>	14.6	14.6	<b>14.6</b>	14.6	14.6	14.6	14.6	<b>14.6</b>
<b>Per Unit (\$)</b>	0.81	<b>4.02</b>	0.88	0.63	<b>3.13</b>	0.59	0.49	0.56	0.51	<b>2.15</b>



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

San Juan Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
										<i>Next Twelve Months</i>
	<i>Q4</i>	<i>Year</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Months</i>
	<i>12/31/14</i>	<i>2014</i>	<i>9/30/15</i>	<i>12/31/15</i>	<i>2015</i>	<i>3/31/16</i>	<i>6/30/16</i>	<i>9/30/16</i>	<i>12/31/16</i>	<i>12/31/16</i>
<b>Volume</b>										
Natural gas (mmbtu)	8.4	<b>34.0</b>	8.2	7.9	<b>32.0</b>	7.9	7.7	7.8	7.7	<b>31.0</b>
Heat Content(btu/cf)	1,105	<b>1,099</b>	1,101	1,098	<b>1,099</b>	1,098	1,098	1,098	1,098	<b>1,098</b>
Natural gas (bcf)	7.6	<b>30.9</b>	7.5	7.2	<b>29.1</b>	7.2	7.0	7.1	7.1	<b>28.3</b>
Natural Gas (mmcf)	82.9	<b>84.7</b>	81.4	78.2	<b>79.8</b>	77.8	77.4	77.1	76.7	<b>77.3</b>
Days	92	<b>365</b>	92	92	<b>365</b>	92	90	92	92	<b>366</b>
Oil (mb)	0.01	<b>0.06</b>	0.02	0.01	<b>0.07</b>	0.01	0.01	0.01	0.01	<b>0.06</b>
Oil (mbd)	0.16	<b>0.16</b>	0.24	0.16	<b>0.18</b>	0.16	0.16	0.16	0.15	<b>0.16</b>
Days	92	<b>365</b>	92	92	<b>365</b>	92	90	92	92	<b>366</b>
Total gas & oil (bcf)	7.7	<b>31.3</b>	7.6	7.3	<b>29.5</b>	7.2	7.1	7.2	7.1	<b>28.6</b>
<b>Price</b>										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	3.94	<b>4.37</b>	2.71	2.69	<b>2.98</b>	2.22	2.13	2.31	2.41	<b>2.26</b>
Differential (%)	9	<b>7</b>	24	26	<b>22</b>	22	22	22	22	<b>22</b>
Net to SJT (\$/mmbtu)	3.59	<b>4.05</b>	2.05	2.00	<b>2.32</b>	1.72	1.65	1.79	1.87	<b>1.76</b>
Natural gas (\$/mcf)	3.97	<b>4.45</b>	2.26	2.20	<b>2.54</b>	1.89	1.81	1.97	2.05	<b>1.93</b>
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	91.23	<b>97.76</b>	56.70	44.87	<b>53.37</b>	36.95	29.57	32.52	34.37	<b>33.35</b>
SJT	76.85	<b>82.99</b>	54.65	43.25	<b>46.30</b>	32.06	25.65	28.22	29.82	<b>28.96</b>
Total gas & oil (\$/mcf)	4.07	<b>4.56</b>	2.38	2.26	<b>2.61</b>	1.93	1.84	2.00	2.09	<b>1.96</b>
<b>Revenue (\$mm)</b>										
Natural Gas	30.3	<b>137.5</b>	16.9	15.8	<b>74.1</b>	13.5	12.6	14.0	14.5	<b>54.6</b>
Oil	1.1	<b>5.0</b>	1.2	0.6	<b>3.0</b>	0.5	0.4	0.4	0.4	<b>1.7</b>
Total	31.4	<b>142.4</b>	18.1	16.5	<b>77.1</b>	14.0	13.0	14.4	14.9	<b>56.2</b>
<b>Cost (\$mm)</b>										
Severance tax	4.3	<b>19.2</b>	1.9	1.8	<b>8.1</b>	1.5	1.4	1.6	1.6	<b>6.1</b>
Operating	8.0	<b>34.6</b>	7.4	7.1	<b>30.1</b>	7.1	7.1	7.1	7.1	<b>28.5</b>
Total	12.2	<b>53.8</b>	9.3	8.9	<b>38.2</b>	8.7	8.5	8.7	8.8	<b>34.7</b>
<b>Cash flow (\$mm)</b>										
Development	2.2	<b>6.5</b>	1.6	1.5	<b>12.8</b>	1.5	1.5	1.5	1.5	<b>5.8</b>
<b>Net proceeds (\$mm)</b>										
	17.0	<b>82.2</b>	7.2	6.1	<b>26.1</b>	3.9	3.0	4.2	4.7	<b>15.7</b>
<b>Royalty income (\$mm)</b>										
Royalty/Net proceeds	75%	<b>75%</b>	75%	75%	<b>75%</b>	75%	75%	75%	75%	<b>75%</b>
Administration	0.4	<b>1.7</b>	0.4	0.8	<b>2.6</b>	0.3	0.3	0.3	0.3	<b>1.2</b>
One-time		<b>-</b>			<b>-</b>					<b>-</b>
<b>Distributable income (\$mm)</b>										
	12.4	<b>59.9</b>	5.0	3.8	<b>17.0</b>	2.6	1.9	2.8	3.2	<b>10.6</b>
<b>Units (millions)</b>										
	46.6	<b>46.6</b>	46.6	46.6	<b>46.6</b>	46.6	46.6	46.6	46.6	<b>46.6</b>
Per unit	0.27	<b>1.28</b>	0.11	0.08	<b>0.36</b>	0.06	0.04	0.06	0.07	<b>0.23</b>



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

Symbol/Rating	Price (US\$/sh) 21-Jan 2016	EV/ Market Cap	Enterprise Value (\$mm)	Present Value by Segment (%)				Dist. Yield NTM (%)	McDep Ratio	
				North Amer.	Rest of World	Oil Prod'n	Down- stream			
				Natural Gas	Natural Gas					
<b>Global Integrated</b>										
Exxon Mobil Corporation	XOM	74.94	1.27	398,000	6	13	60	21	3.9	0.79
Chevron Corporation	CVX	81.46	1.38	210,000	2	9	69	19	5.3	0.68
Royal Dutch Shell (BG pro form: Total S.A.)	RDS-A B	38.38	1.82	277,000	2	17	56	26	9.8	0.63
	TOT B	41.07	1.61	153,000		17	60	23	6.5	0.57
	<i>Total or Median</i>		<i>1.49</i>	<i>1,038,000</i>			<i>60</i>	<i>22</i>	<i>5.9</i>	<i>0.65</i>
<b>Large Independent</b>										
Occidental Petroleum Corp.	OXY	61.00	1.19	55,400	3	1	86	9	4.9	0.84
EOG Resources, Inc.	EOG	63.96	1.19	41,900	11	3	87		1.0	0.75
ConocoPhillips	COP	36.84	1.82	83,000	12	11	77		8.0	0.61
Devon Energy Corporation	DVN B	24.63	2.29	23,100	23		66	11	3.9	0.58
Marathon Oil Corporation	MRO B	8.84	2.55	15,200	7	1	92		2.3	0.42
	<i>Total or Median</i>		<i>1.82</i>	<i>219,000</i>	<i>11</i>		<i>86</i>		<i>3.9</i>	<i>0.61</i>
<b>Small Independent</b>										
Range Resources	RRC	25.60	1.97	8,400	75		25		0.6	0.84
California Resources	CRC	1.24	15.47	7,300	10		90		-	0.83
Cimarex Energy Company	XEC	81.38	1.15	8,700	31		69		0.8	0.78
Continental Resources (32%)	CLR B	18.50	2.05	4,500	14		86		-	0.50
Whiting Petroleum Corporation	WLL B	6.09	5.45	6,800	6		94		-	0.48
	<i>Total or Median</i>		<i>2.05</i>	<i>36,000</i>	<i>14</i>		<i>86</i>		<i>-</i>	<i>0.78</i>
<b>Income</b>										
San Juan Basin Royalty Trust	SJT	4.40	1.00	210	100		-		5.2	0.55
Sabine Royalty Trust	SBR	26.80	1.00	390	38		62		8.0	0.45
Cross Timbers Royalty Trust	CRT	12.26	1.00	70	72		28		7.1	0.43
Permian Basin RT	PBT B	4.66	1.00	220	23		77		5.0	0.42
Dorchester Minerals, L.P.	DMLP B	9.74	1.00	300	28		72		6.9	0.41
	<i>Total or Median</i>		<i>1.00</i>	<i>1,200</i>	<i>38</i>		<i>62</i>		<i>6.9</i>	<i>0.43</i>
<b>Canada</b>										
EnCana Corporation	ECA	3.80	3.70	11,800	47		53		1.6	0.86
Imperial Oil Limited (30%)	IMO	27.52	1.36	9,600	1		72	27	1.4	0.78
Suncor Energy	SU	21.09	1.40	42,800	-		81	19	3.8	0.68
Cenovus Energy Inc.	CVE	12.11	1.35	13,500	11		82	8	3.6	0.67
Canadian Oil Sands Limited	COSWF	5.85	1.95	5,500			100		2.4	0.65
Birchcliff Energy Ltd.	BIREF B	2.61	2.28	900	68		32		-	0.41
	<i>Total or Median</i>		<i>1.68</i>	<i>84,000</i>			<i>77</i>		<i>2.0</i>	<i>0.68</i>

Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.  
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses  
For historical research see [www.mcdep.com](http://www.mcdep.com)





# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

			<i>Price</i> <i>(US\$/sh)</i>	<i>Shares</i>	<i>Market</i> <i>Cap</i> <i>(US\$mm)</i>	<i>Net</i> <i>Present</i> <i>Value</i> <i>(US\$/sh)</i>	<i>Debt/</i> <i>Present</i> <i>Value</i>	<i>McDep</i> <i>Ratio</i>
	<i>Symbol/Rating</i>		<i>21-Jan</i> <i>2016</i>	<i>(mm)</i>				
	<i>B = Buy</i>							
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM		74.94	4,190	314,000	100.00	0.17	0.79
Chevron Corporation	CVX		81.46	1,872	153,000	135.00	0.18	0.68
Royal Dutch Shell (BG pro forma)	RDS-A	B	38.38	3,965	152,000	80.00	0.28	0.63
Total S.A.	TOT	B	41.07	2,312	95,000	90.00	0.22	0.57
	<i>Total or Median</i>				<i>714,000</i>		<i>0.20</i>	<i>0.65</i>
<b>Large Independent</b>								
Occidental Petroleum Corp.	OXY		61.00	763	46,500	75.00	0.13	0.84
EOG Resources, Inc.	EOG		63.96	549	35,100	90.00	0.12	0.75
ConocoPhillips	COP		36.84	1,242	46,000	80.00	0.27	0.61
Devon Energy Corporation	DVN	B	24.63	411	10,100	65.00	0.33	0.58
Marathon Oil Corporation	MRO	B	8.84	677	5,980	40.00	0.25	0.42
	<i>Total or Median</i>				<i>143,700</i>		<i>0.25</i>	<i>0.61</i>
<b>Small Independent</b>								
Range Resources	RRC		25.60	167	4,300	35.00	0.41	0.84
California Resources	CRC		1.24	382	500	5.00	0.78	0.83
Cimarex Energy Company	XEC		81.38	93	7,600	108.00	0.10	0.78
Continental Resources (32%)	CLR	B	18.50	118	2,200	56.00	0.26	0.50
Whiting Petroleum Corporation	WLL	B	6.09	204	1,200	42.00	0.39	0.48
	<i>Total or Median</i>				<i>16,000</i>		<i>0.39</i>	<i>0.78</i>
<b>Income</b>								
San Juan Basin Royalty Trust	SJT		4.40	47	210	8.00	-	0.55
Sabine Royalty Trust	SBR		26.80	15	390	60.00	-	0.45
Cross Timbers Royalty Trust	CRT		12.26	6	70	29.00	-	0.43
Permian Basin RT	PBT	B	4.66	47	220	11.00	-	0.42
Dorchester Minerals, L.P.	DMLP	B	9.74	31	300	24.00	-	0.41
	<i>Total or Median</i>				<i>1,200</i>		<i>-</i>	<i>0.43</i>
<b>Canada</b>								
EnCana Corporation	ECA		3.80	843	3,200	6.00	0.63	0.86
Imperial Oil Limited (30%)	IMO		27.52	255	7,000	38.00	0.21	0.78
Suncor Energy	SU		21.09	1,446	30,500	35.00	0.19	0.68
Cenovus Energy Inc.	CVE		12.11	827	10,000	20.00	0.17	0.67
Canadian Oil Sands Limited	COSWF		5.85	485	2,800	12.00	0.32	0.65
Birchcliff Energy Ltd.	BIREF	B	2.61	154	400	11.00	0.23	0.41
	<i>Total or Median</i>				<i>54,000</i>		<i>0.22</i>	<i>0.68</i>
Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
For historical research see <a href="http://www.mcdep.com">www.mcdep.com</a>								



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Dividend NTM
	Symbol/Rating		21-Jan 2016	NTM	NTM	NTM	NTM	NTM
	B = Buy							(\$/sh)
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM		74.94	14.4	12.2	9.7	23	2.92
Chevron Corporation	CVX		81.46	9.3	12.4	8.4	40	4.28
Royal Dutch Shell (BG pro forma)	RDS-A	B	38.38	9.9	10.3	6.4	16	3.76
Total S.A.	TOT	B	41.07	9.9	10.6	6.1	12	2.66
	<i>Median</i>			9.9	11.4	7.4	19	
<b>Large Independent</b>								
EOG Resources, Inc.	EOG		63.96	9.0	21.5	16.1		0.67
Occidental Petroleum Corp.	OXY		61.00	8.9	16.9	14.2		3.00
ConocoPhillips	COP		36.84	11.4	19.3	11.7		2.96
Devon Energy Corporation	DVN	B	24.63	10.2	18.6	10.8	54	0.96
Marathon Oil Corporation	MRO	B	8.84	12.1	22.3	9.4		0.20
	<i>Median</i>			10.2	19.3	11.7	54	
<b>Small Independent</b>								
California Resources	CRC		1.24	12.7	673.5	562		-
Range Resources	RRC		25.60	13.8	31.8	26.8		0.16
Cimarex Energy Company	XEC		81.38	7.7	25.9	20.2		0.64
Whiting Petroleum Corporation	WLL	B	6.09	11.4	32.2	15.4		-
Continental Resources (32%)	CLR	B	18.50	11.4	26.1	13.1		-
	<i>Median</i>			11.4	31.8	20.2		
<b>Income</b>								
Cross Timbers Royalty Trust	CRT		12.26	12.5	35.9	15.3	14	0.87
San Juan Basin Royalty Trust	SJT		4.40	8.6	24.9	13.7	19	0.23
Permian Basin RT	PBT	B	4.66	9.7	30.8	13.0	20	0.23
Sabine Royalty Trust	SBR		26.80	7.7	27.8	12.4	12	2.15
Dorchester Minerals, L.P.	DMLP	B	9.74	7.1	22.8	9.3	23	0.67
	<i>Median</i>			8.6	27.8	13.0	19	
<b>Canada</b>								
EnCana Corporation	ECA		3.80	8.2	61.5	53.1	70	0.06
Canadian Oil Sands Limited	COSWF		5.85	18.0	74.0	48.1		0.14
Cenovus Energy Inc.	CVE		12.11	15.0	20.1	13.5		0.44
Imperial Oil Limited (30%)	IMO		27.52	23.4	14.2	11.1	19	0.39
Suncor Energy	SU		21.09	17.9	16.0	10.9		0.80
Birchcliff Energy Ltd.	BIREF	B	2.61	12.8	19.2	7.9		-
	<i>Median</i>			16.5	19.6	12.3	44	
	<i>Grand Median</i>			11	23	13		

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2016; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses For historical research see [www.mcdep.com](http://www.mcdep.com)



# Industry Idea

Analysis of Oil and Gas Stocks  
January 22, 2016

Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2016										
Ranked by Unlevered Total Return										
			Price	Price			Equity	Unlevered		
			(\$/sh)	(\$/sh)	Price	Cash	Total	Total		
	Symbol/Rat		21-Jan	31-Dec	Change	Distrib.	Return	Debt	Return	
			2016	2015	(%)	(%)	(%)	(\$/sh)	(%)	
									McDep	
									Ratio	
<b>Global Integrated</b>										
	Exxon Mobil Corporation	XOM	74.94	77.95	(4)	-	(4)	20	(3)	0.79
	Total S.A.	TOT B	41.07	44.95	(9)	-	(9)	25	(6)	0.57
	Chevron Corporation	CVX	81.46	89.96	(9)	-	(9)	31	(7)	0.68
	Royal Dutch Shell (BG pro forma)	RDS-A B	38.38	45.79	(16)	-	(16)	32	(10)	0.63
	<i>Median</i>				(9)		(9)		(6)	0.65
<b>Large Independent</b>										
	EOG Resources, Inc.	EOG	63.96	70.79	(10)	-	(10)	12	(8)	0.75
	Occidental Petroleum Corp.	OXY	61.00	67.61	(10)	-	(10)	12	(8)	0.84
	Devon Energy Corporation	DVN B	24.63	32.00	(23)	-	(23)	32	(12)	0.58
	ConocoPhillips	COP	36.84	46.69	(21)	-	(21)	30	(13)	0.61
	Marathon Oil Corporation	MRO B	8.84	12.58	(30)	-	(30)	14	(14)	0.42
	<i>Median</i>				(21)		(21)		(12)	0.61
<b>Small Independent</b>										
	Range Resources	RRC	25.60	24.62	4	-	4	25	2	0.84
	California Resources	CRC	1.24	2.33	(47)	-	(47)	18	(5)	0.83
	Cimarex Energy Company	XEC	81.38	89.38	(9)	-	(9)	12	(8)	0.78
	Whiting Petroleum Corporation	WLL B	6.09	9.44	(35)	-	(35)	27	(9)	0.48
	Continental Resources (32%)	CLR B	18.50	22.98	(19)	-	(19)	19	(11)	0.50
	<i>Median</i>				(19)		(19)		(8)	0.78
<b>Income</b>										
	San Juan Basin Royalty Trust	SJT	4.40	4.14	6	-	6	-	6	0.55
	Sabine Royalty Trust	SBR	26.80	26.26	2	-	2	-	2	0.45
	Dorchester Minerals, L.P.	DMLP B	9.74	9.89	(1)	-	(1)	-	(1)	0.41
	Cross Timbers Royalty Trust	CRT	12.26	13.01	(6)	-	(6)	-	(6)	0.43
	Permian Basin RT	PBT B	4.66	5.06	(8)	-	(8)	-	(8)	0.42
	<i>Median</i>				(1)		(1)		(1)	0.43
<b>Canada</b>										
	Canadian Oil Sands Limited	COSWF	5.85	5.96	(2)	-	(2)	6	(1)	0.65
	Cenovus Energy Inc.	CVE	12.11	12.62	(4)	-	(4)	4	(3)	0.67
	Birchcliff Energy Ltd.	BIREF B	2.61	2.93	(11)	-	(11)	3	(5)	0.41
	EnCana Corporation	ECA	3.80	5.09	(25)	-	(25)	10	(8)	0.86
	Imperial Oil Limited (30%)	IMO	27.52	32.52	(15)	-	(15)	10	(12)	0.78
	Suncor Energy	SU	21.09	25.80	(18)	-	(18)	8	(14)	0.68
	<i>Median</i>				(13)		(13)		(7)	0.68
	<i>Grand Median</i>				(10)		(10)		(8)	0.63
	<b>Natural Gas (\$/mmbtu)</b>		2.15	2.33	(8)					
	<b>Oil - West Texas Intermediate (\$/bbl)</b>		30.18	37.06	(19)					
	<b>S&amp;P 500</b>		1,878	2,044	(8)					
Source: McDep LLC, Yahoo, CME Group, Bloomberg					For historical research see www.mcdep.com					



Analysis of Oil and Gas Stocks  
January 22, 2016

**Disclaimer:** This analysis was prepared by Kurt Wulff, Manager of McDep LLC. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

**Certification:** I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

**Research Methodology/Ratings Description:** McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the more than forty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value.