

Rising Distributions CRT, DMLP, PBT, SBR, SJT

		Price (US\$/sh)	Market Cap (US\$mm)	Enterprise Value (\$mm)	EV/ Market Cap	EV/ Ebitda NTM	PV/ Ebitda NTM	Oil Prod'n/ Ebitda (%)	Dist. Yield NTM (%)	McDep Ratio (EV/PV)
Dorchester Minerals, L.P.	DMLP	19.04	620	620	1.00	8.6	10.8	86	10.5	0.79
Permian Basin RT	PBT	7.74	360	360	1.00	11.6	15.0	80	8.6	0.77
Sabine Royalty Trust	SBR	38.49	560	560	1.00	11.8	15.4	66	8.4	0.77
San Juan Basin Royalty Trust	SJT	5.43	250	250	1.00	9.2	13.6	-	8.3	0.68
Cross Timbers Royalty Trust	CRT	15.25	90	90	1.00	8.6	14.0	38	9.5	0.61
<i>Total or Median</i>			1,880	1,880	1.00	9.2	14.0	66	8.6	0.77

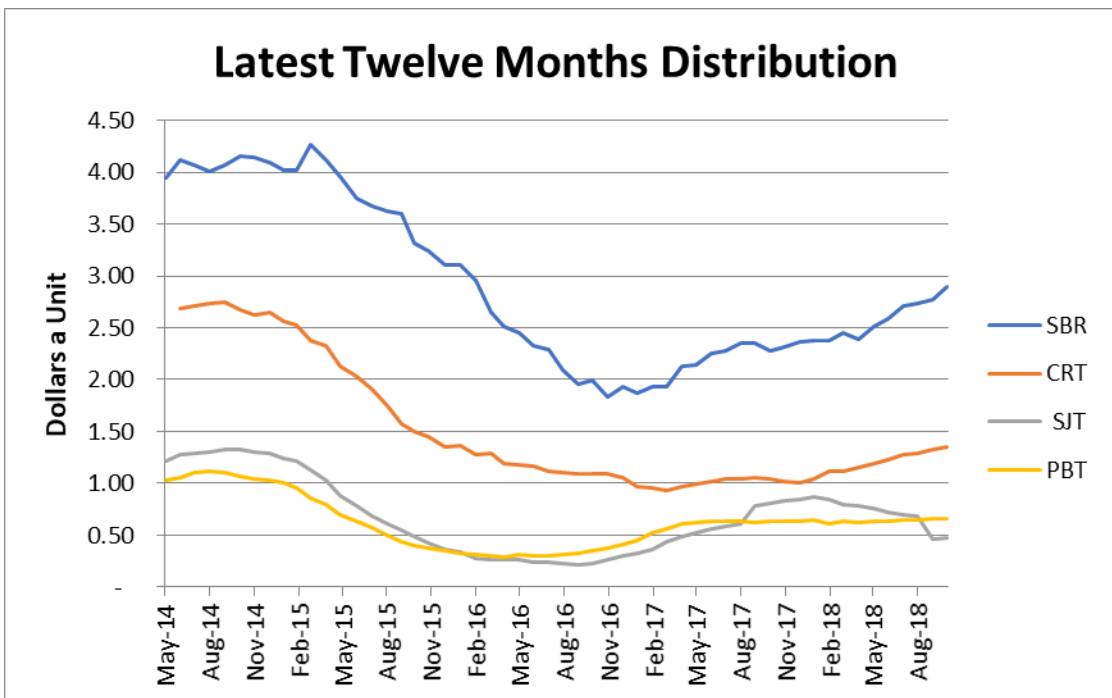
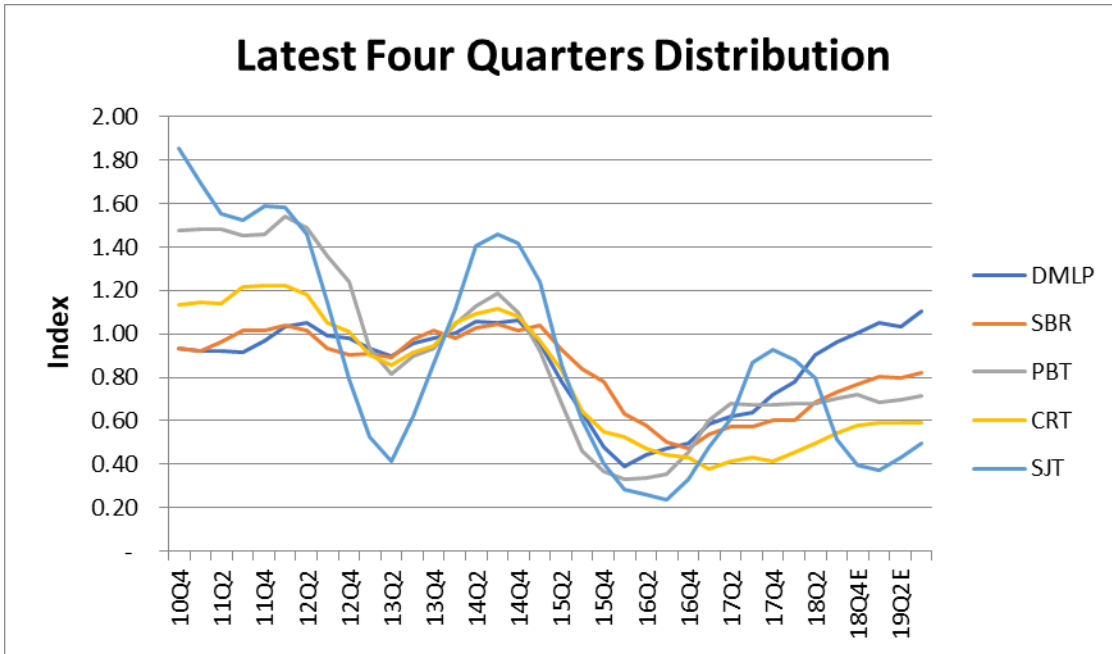
Summary and Recommendation

Offering an estimated median 8.6% cash distribution yield and trading at a median McDep Ratio of 0.77, Oil and Gas Income stocks look like attractive investments for participation in oil and gas price and volume trends. We estimate stable to rising distributions for the year ahead at constant benchmark prices of \$70 a barrel and \$3 a mmbtu (see charts [Latest Four Quarters Distribution](#) and [Latest Twelve Months Distribution](#) on page 2). Distribution trends are updated for latest disclosures on October 18-19 (see tables [Operating and Financial Estimates](#) on pages 3 to 7).

- **Dorchester Minerals (DMLP)** has advanced the most in 2018 as evidenced by its climb from second lowest McDep Ratio at the beginning of the year to highest now. Yet 0.79 is not high among all stocks in our coverage. DMLP's lowest present value to cash flow multiple (PV/Ebitda) hints that we may not have given full value to the current level of cash generation.
- **Cross Timbers Royalty Trust (CRT)** has also advanced in 2018 helped by a steady upward trend in latest twelve-month distribution. We think there is more outperformance potential considering CRT's lowest McDep Ratio.
- **San Juan Basin Royalty Trust (SJT)** may be a surprise outperformer from here after declining sharply in 2018. A highly cyclical distribution trend has turned up again.
- **Sabine Royalty Trust (SBR)**'s stock price decline may reflect a lower than estimated oil price in the third quarter, perhaps related to temporary discounts in the Permian Basin. A new investment commitment to the long-term, high quality performer seems readily justified at current price.
- **Permian Basin Royalty Trust (PBT)** pays a steady distribution while price gains offset natural volume declines. The Permian Basin temporarily has more producing capacity than transportation capacity to market.

We believe small cap Income stocks provide inexpensive value among the five groups in our coverage (see [Table 1-4](#) on pages 8-11).

Kurt H. Wulff, CFA





Industry Idea

Analysis of Oil and Gas Stocks

October 23, 2018

Cross Timbers Royalty Trust											
Next Twelve Months Operating and Financial Performance											
	Q3	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018	3/31/19	6/30/19	9/30/19	9/30/19
Volume											
Natural Gas (bcf)	0.39	1.54	0.44	0.37	0.32	0.32	1.45	0.32	0.31	0.31	1.26
Natural Gas (nmcf)	4.3	4.2	4.8	4.1	3.5	3.5	4.0	3.5	3.4	3.4	3.4
Days	91	365	92	90	91	92	365	92	90	91	365
Oil (mb)	50	211	52	55	52	52	211	51	50	51	205
Oil (mbd)	0.54	0.58	0.57	0.62	0.57	0.57	0.58	0.56	0.56	0.56	0.56
Days	92	365	92	89	92	92	365	92	89	92	365
Total (bcf)	0.69	2.80	0.76	0.70	0.63	0.63	2.72	0.63	0.61	0.62	2.48
Price											
Natural Gas (HH lagged three months)											
Henry Hub (\$/mmbtu)	3.18	3.12	2.93	3.01	2.80	2.87	2.90	3.00	3.00	3.00	2.97
Differential (%)	(31)	(33)	(57)	(44)	(48)	(48)	(50)	(48)	(48)	(48)	(48)
CRT (\$/mcf)	4.16	4.14	4.59	4.33	4.13	4.23	4.35	4.43	4.43	4.43	4.38
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	46.78	49.54	59.42	63.77	69.27	69.04	65.37	70.00	70.00	70.00	69.76
CRT	43.75	45.16	54.13	58.96	62.57	62.37	59.50	63.24	63.24	63.24	63.02
Total (\$/mcf)	5.52	5.67	6.42	6.94	7.23	7.27	6.94	7.44	7.44	7.49	7.41
Revenue (\$mm)											
Natural Gas	1.62	6.36	2.04	1.58	1.33	1.36	6.31	1.41	1.36	1.37	5.50
Oil	2.19	9.53	2.81	3.24	3.25	3.24	12.55	3.26	3.15	3.26	12.90
Total	3.81	15.89	4.85	4.82	4.58	4.60	18.86	4.66	4.51	4.62	18.40
Cost (\$mm)											
Tax, transport & other	0.58	2.35	0.76	0.65	0.69	0.69	2.78	0.70	0.68	0.69	2.76
Production	1.22	4.58	1.13	1.08	0.98	0.98	4.18	0.96	0.93	0.95	3.83
Total	1.80	6.93	1.89	1.73	1.67	1.67	6.96	1.66	1.61	1.64	6.59
Cash flow (\$mm)	2.02	8.96	2.97	3.09	2.91	2.93	11.90	3.00	2.90	2.98	11.81
Development	0.33	1.20	0.27	0.36	0.36	0.36	1.35	0.36	0.36	0.36	1.44
Excess or other	(0.17)	0.39	0.11	0.10			0.21				-
Recovery of excess											
Net proceeds (\$mm)	1.86	7.37	2.59	2.63	2.55	2.57	10.34	2.64	2.54	2.62	10.37
Royalty income (\$mm)	1.68	6.63	2.28	2.33	2.24	2.26	9.12	2.33	2.24	2.31	9.13
Royalty/Net proceeds	90%	90%	88%	88%	88%	88%	88%	88%	88%	88%	88%
Administration & reserve	0.15	0.58	0.25	0.16	0.10	0.10	0.61	0.10	0.10	0.10	0.40
Distributable income (\$mm)	1.53	6.06	2.03	2.17	2.14	2.16	8.51	2.23	2.14	2.21	8.73
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Royalty income (\$/unit)											
Natural Gas											
TL TX	0.03	0.10	0.03	0.03			0.05				
TL OK	0.02	0.10	0.02	0.02			0.04				
TL NM	0.12	0.48	0.17	0.13			0.29				
BL TX	-	-	-	-			-				
BL OK	-	(0.00)	0.00	0.00			0.00				
Oil											
TL TX	0.07	0.25	0.07	0.12			0.19				
TL OK	0.03	0.11	0.04	0.02			0.06				
TL NM	0.01	0.03	0.01	0.01			0.02				
BL TX	-	-	-	-			-				
BL OK	-	0.03	0.05	0.06			0.11				
Administration	0.03	0.09	0.04	0.03			0.07				
Reserve and other	(0.00)	(0.00)	(0.00)	(0.00)			(0.00)				
Distribution (\$/unit)	0.25	1.01	0.34	0.36	0.36	0.36	1.42	0.37	0.36	0.37	1.46



Industry Idea

Analysis of Oil and Gas Stocks
October 23, 2018

Dorchester Minerals, L.P.											
Operating and Financial Performance											
	Q3	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018	3/31/19	6/30/19	9/30/19	9/30/19
TOP LINE											
Volume											
Natural Gas (mmcf)	10.5	10.3	10.2	9.9	9.8	9.7	9.9	9.6	9.5	9.4	9.6
Oil (mbd)	2.25	2.15	2.11	2.33	2.39	2.45	2.32	2.51	2.57	2.64	2.54
Price											
Henry Hub (\$/mmbtu)	2.99	3.11	3.01	2.80	2.87	3.00	2.92	3.00	3.00	3.00	3.00
WTI Cushing (\$/bbl)	48.20	50.94	62.88	67.86	69.54	70.00	67.57	70.00	70.00	70.00	70.00
Natural Gas (\$/mcf)	2.63	2.83	2.75	2.20	2.26	2.36	2.39	2.36	2.36	2.36	2.36
Oil (\$/bbl)	43.32	45.27	56.55	56.30	57.69	58.07	57.05	63.00	63.00	63.00	61.77
Revenue (\$mm)											
Natural Gas	2.5	10.6	2.5	2.0	2.0	2.1	8.7	2.1	2.0	2.0	8.3
Oil	9.0	35.5	10.7	11.9	12.7	13.1	48.4	14.2	14.7	15.3	57.3
Total Revenue	11.5	46.1	13.3	13.9	14.7	15.2	57.1	16.3	16.8	17.3	65.6
Expense (allocated)	2.2	8.5	2.1	2.2	2.2	2.2	8.7	2.3	2.3	2.3	9.1
Ebitda	9.3	37.6	11.2	11.7	12.5	12.9	48.4	14.0	14.5	15.0	56.5
BOTTOM LINE											
Volume											
Natural Gas (mmcf)	6.9	7.5	7.1	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Oil (mbd)	0.65	0.96	1.01	1.10	1.13	1.17	1.10	1.20	1.24	1.27	1.22
Price											
Natural Gas (\$/mcf)	2.34	2.60	2.61	1.98	2.03	2.12	2.18	2.12	2.12	2.12	2.12
Oil (\$/bbl)	41.51	44.71	55.36	57.23	58.64	59.03	57.51	56.00	56.00	56.00	56.76
Revenue (\$mm)											
Natural Gas	1.5	7.2	1.7	1.2	1.3	1.3	5.5	1.3	1.3	1.3	5.3
Oil	2.5	15.6	5.0	5.7	6.1	6.3	23.2	6.1	6.3	6.6	25.2
Total Revenue	4.0	22.8	6.7	7.0	7.4	7.7	28.7	7.4	7.6	7.9	30.6
Expense (allocated)											
Partnership	0.6	2.4	1.0	0.9	0.9	0.9	3.7	1.0	1.0	1.0	3.8
Net Profits Interests	1.4	9.0	2.3	2.6	2.8	2.9	10.7	2.7	2.8	3.0	11.5
Total Expense	2.0	11.4	3.3	3.5	3.7	3.8	14.4	3.7	3.8	4.0	15.3
Ebitda	2.0	11.4	3.3	3.5	3.7	3.8	14.4	3.7	3.8	4.0	15.3
Development (estimated)	2.0	8.4	2.7	2.8	3.0	3.1	11.5	2.9	3.1	3.2	12.2
NET INCOME											
Top Line	9.3	37.6	11.2	11.7	12.5	12.9	48.4	14.0	14.5	15.0	56.5
Bottom Line	-	3.0	0.7	0.7	0.7	0.8	2.9	0.7	0.8	0.8	3.1
Lease Bonus and residual	0.6	5.9	1.0	5.6			6.6				-
Deprec., Deplet., & Amort.	2.8	9.3	2.2	2.3	2.3	2.3	9.1	2.4	2.4	2.4	9.5
Total Net Income	7.1	37.2	10.7	15.8	10.9	11.4	48.7	12.4	12.9	13.3	50.0
Units (mm)	32.3	31.6	32.3	32.3	32.3	32.3	32.3	32.3	32.3	32.3	32.3
Net Income Per Unit (\$)	0.22	1.18	0.33	0.49	0.34	0.35	1.51	0.38	0.40	0.41	1.55
DISTRIBUTION											
Top Line Revenue	10.0	41.8	11.9	12.3	13.6	14.6	52.4	15.6	16.1	16.6	63.0
Bottom Line Net Revenue	1.1	5.0	3.8	2.8	0.4	1.7	8.7	1.7	1.7	1.8	6.9
Lease Bonus and Other	0.2	2.8	-	4.2	0.6	0.6	5.4	0.6	0.6	0.2	2.0
Cash Expense	(2.1)	(8.1)	(2.2)	(2.0)	(1.9)	(1.9)	(7.9)	(1.9)	(1.9)	(1.9)	(7.4)
Distribution	9.2	41.5	13.5	17.3	12.7	15.0	58.6	16.1	16.6	16.8	64.4
Distribution Per Unit (\$)	0.28	1.30	0.42	0.54	0.39	0.46	1.81	0.50	0.51	0.52	1.99



Industry Idea

Analysis of Oil and Gas Stocks
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Permian Basin Royalty Trust											
Next Twelve Months Operating and Financial Estimates											
	Q3	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018	3/31/19	6/30/19	9/30/19	9/30/19
TOP LINE											
Volume											
Natural Gas (mmcf)	0.9	0.9	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7
Oil (mbd)	0.79	0.77	0.74	0.74	0.73	0.73	0.73	0.73	0.72	0.71	0.72
Price (cash lagged two months)											
Natural Gas (\$/mcf)	4.95	5.22	6.79	6.59	6.40	6.42	6.55	6.66	6.66	6.66	6.60
Oil (\$/bbl)	44.30	45.80	55.52	61.16	60.81	60.61	59.51	61.46	61.46	61.46	61.24
Revenue (\$mm)											
Natural Gas	0.4	1.6	0.5	0.4	0.5	0.4	1.8	0.5	0.4	0.4	1.8
Oil	3.2	12.9	3.8	4.0	4.1	4.0	15.9	4.1	3.9	4.0	16.1
Total Revenue	3.6	14.6	4.3	4.4	4.6	4.5	17.7	4.6	4.4	4.5	17.9
Expense											
Operating		-					-				
Production & Property taxes	0.5	1.2	0.0	0.5	0.5	0.5	1.6	0.5	0.4	0.4	1.8
Total Expense	0.5	1.2	0.0	0.5	0.5	0.5	1.6	0.5	0.4	0.4	1.8
Ebitda	3.1	13.4	4.2	3.9	4.0	4.0	16.1	4.0	4.0	4.1	16.1
Ebitda times 95%	2.9	12.7	4.0	3.7	3.8	3.8	15.3	3.8	3.8	3.9	15.3
BOTTOM LINE											
Volume											
Natural Gas (mmcf)	10.9	10.9	10.4	9.9	9.8	9.5	9.9	9.5	9.2	8.9	9.3
Oil (mbd)	1.78	1.89	1.83	1.77	1.59	1.56	1.69	1.56	1.53	1.50	1.54
Price (cash lagged two months)											
Natural Gas (\$/mcf)	3.02	3.04	3.62	2.91	3.29	3.30	3.29	3.42	3.42	3.42	3.39
Oil (\$/bbl)	43.46	45.92	56.75	60.85	59.89	59.70	59.23	60.53	60.53	60.53	60.32
Revenue (\$mm)											
Natural Gas	3.0	12.1	3.5	2.6	3.0	2.9	11.9	3.0	2.8	2.8	11.5
Oil	7.1	31.6	9.6	9.6	8.8	8.6	36.5	8.7	8.2	8.4	33.9
Total Revenue	10.1	43.7	13.0	12.2	11.7	11.5	48.4	11.7	11.0	11.2	45.3
Expense											
Operating	4.8	16.3	4.3	6.1	6.5	5.0	21.8	5.0	5.0	5.0	20.0
Production taxes	0.6	1.8	0.7	0.8	0.8	0.8	3.1	0.8	0.8	0.8	3.1
Total Expense	5.3	18.1	5.0	6.9	7.3	5.8	24.9	5.8	5.8	5.8	23.1
Ebitda	4.8	25.7	8.1	5.3	4.5	5.7	23.5	5.9	5.3	5.4	22.2
Development	0.6	1.8	0.4	0.2	0.0	0.0	0.6	0.0	0.0	0.0	0.0
(Ebitda-Dvlpmnt) times 75%	3.2	17.9	5.7	3.9	3.4	4.2	17.2	4.4	3.9	4.0	16.6
Excess Costs		-					-				-
CASH DISTRIBUTION											
Royalty Income (\$mm)											
Top Line	2.9	12.7	4.0	3.7	3.8	3.8	15.3	3.8	3.8	3.9	15.2
Bottom Line	3.2	17.9	5.7	3.9	3.4	4.2	17.2	4.4	3.9	4.0	16.6
Administration	0.2	1.3	0.4	0.6	0.2	0.2	1.4	0.2	0.2	0.2	0.7
Distributable Income (\$mm)	5.9	29.3	9.3	7.0	7.1	7.8	31.2	8.0	7.5	7.7	31.1
Units (millions)	47	47	47	47	47	47	47	47	47	47	47
Distribution (\$/unit)	0.13	0.63	0.20	0.15	0.15	0.17	0.67	0.17	0.16	0.17	0.67



Industry Idea

Analysis of Oil and Gas Stocks

October 23, 2018

Sabine Royalty Trust											
Next Twelve Months Operating and Financial Performance											
	Q3	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018	3/31/19	6/30/19	9/30/19	9/30/19
Volume											
Natural Gas (bcf)	1.25	5.68	1.59	1.61	1.66	1.69	6.54	1.69	1.67	1.71	6.76
Natural Gas (mmcf)	13.7	15.6	17.2	17.9	18.2	18.4	17.9	18.4	18.6	18.8	18.5
Days	91	365	92	90	91	92	365	92	90	91	365
Oil (mmb)	0.135	0.554	0.138	0.166	0.138	0.152	0.594	0.152	0.149	0.150	0.602
Oil (mmbd)	1.47	1.52	1.50	1.87	1.50	1.65	1.63	1.65	1.65	1.65	1.65
Days	92	365	92	89	92	92	365	92	89	92	365
Total (bcfe)	2.06	9.00	2.41	2.61	2.49	2.60	10.11	2.60	2.56	2.61	10.38
Total (mmcf)	22.5	24.7	26.2	29.1	27.2	28.3	27.7	28.3	28.5	28.7	28.4
Price (Henry Hub natural gas lagged three months; WTI Cushing oil, two months)											
Henry Hub (\$/mmbtu)	3.18	3.12	2.93	3.01	2.80	2.87	2.90	3.00	3.00	3.00	2.97
Differential (%)	(3)	6	5	7	3	3	4	3	3	3	3
Trust (\$/mcf)	3.29	2.95	2.78	2.81	2.72	2.79	2.78	2.92	2.92	2.92	2.89
WTI Cushing (\$/bbl)	46.78	49.54	59.42	63.77	69.27	69.04	65.37	70.00	70.00	70.00	69.76
Differential	1.62	2.73	4.42	4.21	7.57	7.55	5.88	7.65	7.65	7.65	7.63
Trust (\$/bbl)	45.16	46.82	55.00	59.56	61.69	61.49	59.49	62.35	62.35	62.35	62.13
Total (\$/bcfe)	4.96	4.74	4.97	5.53	5.25	5.40	5.29	5.53	5.52	5.50	5.49
Revenue (\$mm)											
Natural Gas	4.1	16.7	4.4	4.5	4.5	4.7	18.2	4.9	4.9	5.0	19.5
Oil	6.1	25.9	7.6	9.9	8.5	9.3	35.3	9.5	9.3	9.4	37.4
Total	10.2	42.7	12.0	14.4	13.1	14.1	53.5	14.4	14.1	14.4	57.0
Expense											
Tax and other	1.1	5.5	1.2	1.2	1.1	3.0	6.6	1.5	1.2	1.2	6.9
General and administrative	0.6	2.5	0.8	0.6	0.6	0.5	2.6	0.8	0.6	0.6	2.6
Total	1.7	7.9	2.1	1.9	1.7	3.6	9.2	2.3	1.8	1.8	9.5
Ebitda	8.5	34.7	9.9	12.5	11.3	10.5	44.3	12.1	12.3	12.5	47.4
Ebit	8.5	34.7	9.9	12.5	11.3	10.5	44.3	12.1	12.3	12.5	47.4
Ebt	8.5	34.7	9.9	12.5	11.3	10.5	44.3	12.1	12.3	12.5	47.4
Distributable Income (\$mm)	8.5	34.7	9.9	12.5	11.3	10.5	44.3	12.1	12.3	12.5	47.4
Units (millions)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Distributable Income/Unit (\$)	0.58	2.38	0.68	0.86	0.78	0.72	3.04	0.83	0.84	0.86	3.25



Industry Idea

Analysis of Oil and Gas Stocks
October 23, 2018

San Juan Basin Royalty Trust											
Next Twelve Months Operating and Financial Estimates											
	Q3	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018	3/31/19	6/30/19	9/30/19	9/30/19
Volume											
Natural gas (mmbtu)	7.2	28.8	8.5	9.7	9.5	9.2	36.9	9.2	8.9	9.2	36.5
Heat Content(btu/cf)	1,120	1,117	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111
Natural gas (bcf)	6.5	25.8	7.7	8.7	8.6	8.3	33.2	8.3	8.0	8.3	32.9
Natural Gas (mmcf)	70.3	70.6	83.3	97.8	85.0	90.0	91.1	90.0	90.0	90.0	90.0
Days	92	365	92	89	92	92	365	92	89	92	365
Oil (mb)	0.02	0.06	0.01	0.02	0.02	0.02	0.07	0.02	0.02	0.02	0.07
Oil (mbd)	0.18	0.15	0.16	0.20	0.20	0.20	0.19	0.20	0.20	0.20	0.20
Total gas & oil (bcf)	6.6	26.1	7.7	8.8	8.7	8.4	33.7	8.4	8.1	8.4	33.3
Price											
Natural gas (\$/mmbtu) (Henry Hub lagged two months)											
Henry Hub (\$/mmbtu)	3.15	3.12	2.85	2.99	2.88	2.89	2.90	3.00	3.00	3.00	2.97
Differential (%)	28	23	36	50	45	40	43	30	30	30	32
Net to SJT (\$/mmbtu)	2.27	2.40	1.83	1.49	1.58	1.74	1.65	2.10	2.10	2.10	2.01
Natural gas (\$/mcf)	2.55	2.68	2.03	1.65	1.76	1.93	1.84	2.33	2.33	2.33	2.23
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	46.78	49.54	59.42	63.77	69.27	69.04	65.37	70.00	70.00	70.00	69.76
SJT	35.09	35.75	46.01	48.89	53.10	52.93	50.51	54.08	54.08	54.08	53.79
Total gas & oil (\$/mcf)	2.60	2.72	2.09	1.73	1.85	2.02	1.92	2.42	2.42	2.42	2.32
Revenue (\$mm)											
Natural Gas	16.5	69.0	15.5	14.4	15.1	16.0	61.0	19.3	18.7	19.3	73.3
Oil	0.6	2.0	0.7	0.9	1.0	1.0	3.5	1.0	1.0	1.0	4.0
Total	17.1	71.0	16.2	15.3	16.1	17.0	64.6	20.3	19.7	20.3	77.3
Cost (\$mm)											
Severance tax	1.9	7.6	1.8	2.0	2.1	2.0	7.9	2.4	2.3	2.4	9.2
Operating	5.9	22.8	6.2	7.1	7.5	7.5	28.2	7.5	7.5	7.5	29.9
Total	7.8	30.4	8.0	9.1	9.6	9.5	36.1	9.9	9.8	9.9	39.1
Cash flow (\$mm)											
Development	(0.6)	(0.4)	0.3	0.1	2.8	2.8	6.1	2.8	2.8	2.8	11.2
Net proceeds (\$mm)	9.9	40.9	7.9	6.1	3.7	4.7	22.4	7.6	7.0	7.6	27.0
Royalty income (\$mm)											
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.3	(0.7)	0.4	0.5	0.3	0.3	1.5	0.3	0.3	0.3	1.2
One-time	(7.7)	(7.7)	(0.8)	1.6	(0.3)	(1.9)	(1.4)				(1.9)
Distributable income (\$mm)											
	14.8	39.1	6.2	2.5	2.8	5.1	16.7	5.4	5.0	5.4	20.9
Units (millions)											
	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Per unit	0.32	0.84	0.13	0.05	0.06	0.11	0.36	0.12	0.11	0.12	0.45



Industry Idea

Analysis of Oil and Gas Stocks
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Table 1
McDep Energy Stocks
Ranked by McDep Ratio

		Price (US\$/sh)	Market Cap (US\$m)	Enterprise Value (\$mm)	EV/ Market Cap	EV/ Ebitda NTM	PV/ Ebitda NTM	Oil Prod'n/ Ebitda (%)	Dist. Yield NTM (%)	McDep Ratio (EV/PV)
	Symbol/Rating	22-Oct 2018								
Integrated										
	XOM	81.15	347,000	437,000	1.26	7.6	8.3	51	4.0	0.92
	CVX	117.21	225,000	285,000	1.27	6.6	8.0	64	3.8	0.82
	SU	35.46	58,000	77,000	1.33	6.1	8.0	78	3.1	0.76
	RDS-B	67.20	281,000	398,000	1.41	6.8	9.2	49	5.6	0.74
	<i>Total or Median</i>		<i>911,000</i>	<i>1,197,000</i>	<i>1.30</i>	<i>6.7</i>	<i>8.2</i>	<i>57</i>	<i>3.9</i>	<i>0.79</i>
Large Independent										
	OXY	72.29	55,500	69,200	1.25	7.3	7.5	71	4.3	0.97
	COP	72.05	85,000	107,000	1.26	6.8	7.4	78	1.7	0.92
	EOG	116.25	67,400	74,500	1.10	7.3	8.0	90	0.8	0.90
	PXD	163.02	27,900	30,500	1.09	6.8	8.2	94	0.2	0.83
	<i>Total or Median</i>		<i>235,800</i>	<i>281,200</i>	<i>1.18</i>	<i>7.0</i>	<i>7.8</i>	<i>84</i>	<i>1.2</i>	<i>0.91</i>
Mid-Size Independent										
	HES	62.94	18,700	26,100	1.40	9.9	9.0	89	1.6	1.10
	CLR	57.68	21,600	28,000	1.29	6.7	7.8	83	-	0.86
	XEC	89.82	8,600	10,100	1.18	6.2	9.1	85	0.8	0.68
	DEV	34.87	18,300	23,000	1.26	6.0	9.4	88	0.9	0.64
	MRO	20.46	17,390	24,100	1.39	5.7	9.6	89	1.0	0.59
	<i>Total or Median</i>		<i>84,600</i>	<i>111,300</i>	<i>1.29</i>	<i>6.2</i>	<i>9.1</i>	<i>88</i>	<i>0.9</i>	<i>0.68</i>
Small Independent										
	CRC	34.25	1,500	8,300	5.7	5.8	7.7	93	-	0.75
	RRC	16.70	4,100	8,800	2.13	5.3	8.7	45	0.5	0.60
	WLL	40.00	3,700	6,900	1.86	4.4	7.9	97	-	0.55
	BIREF	3.45	900	1,600	1.70	4.6	9.1	48	2.3	0.51
	<i>Total or Median</i>		<i>10,200</i>	<i>25,600</i>	<i>2.00</i>	<i>4.9</i>	<i>8.3</i>	<i>70</i>	<i>0.2</i>	<i>0.58</i>
Income										
	DMLP	19.04	620	620	1.00	8.6	10.8	86	10.5	0.79
	PBT	7.74	360	360	1.00	11.6	15.0	80	8.6	0.77
	SBR	38.49	560	560	1.00	11.8	15.4	66	8.4	0.77
	SJT	5.43	250	250	1.00	9.2	13.6	-	8.3	0.68
	CRT	15.25	90	90	1.00	8.6	14.0	38	9.5	0.61
	<i>Total or Median</i>		<i>1,880</i>	<i>1,880</i>	<i>1.00</i>	<i>9.2</i>	<i>14.0</i>	<i>66</i>	<i>8.6</i>	<i>0.77</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation, amort.
Estimated Ebitda (cash flow) tied to one-year prices of US\$70 a barrel and \$3 a million btu. NTM = Next Twelve Months ending 9/30/19.
Estimated Present Value (PV) 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



Industry Idea

Analysis of Oil and Gas Stocks
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	Symbol/Rating	Price	Upstream NTM				Down-	Total	Distrib./ Ebitda (%)	Distrib. NTM (\$/sh)
		(US\$/sh)	Volume (mmboe)	Equiv.	Ebitda	Ebitda	stream Uplift (\$/boe)	Ebitda NTM (\$mm)		
		22-Oct 2018		Price (\$/boe)	Margin (%)					
Integrated										
Royal Dutch Shell	RDS-B	67.20	1355	48.22	65	31.20	11.81	42,264	27	3.76
Exxon Mobil Corporation	XOM	81.15	1426	53.66	52	27.70	12.34	39,497	25	3.28
Chevron Corporation	CVX	117.21	1081	52.83	62	32.80	7.40	35,468	20	4.48
Suncor Energy	SU	35.46	288	61.58	56	34.27	9.47	9,881	14	1.09
	<i>Total or Median</i>		<i>4150</i>	<i>53.24</i>	<i>59</i>	<i>32.00</i>	<i>10.64</i>	<i>127,109</i>	<i>22</i>	
Large Independent										
ConocoPhillips	COP	72.05	490	52.09	62	32.10	0.00	15,738	9	1.22
EOG Resources, Inc.	EOG	116.25	288	48.13	74	35.63	0.00	10,271	5	0.88
Occidental Petroleum Corp.	OXY	72.29	258	47.60	58	27.60	9.29	7,131	25	3.12
Pioneer Natural Resources	PXD	163.02	134	45.99	72	33.30	0.00	4,475	1	0.32
	<i>Total or Median</i>		<i>1171</i>	<i>47.87</i>	<i>67</i>	<i>32.70</i>	<i>0.00</i>	<i>37,616</i>	<i>7</i>	
Mid-Size Independent										
Marathon Oil Corporation	MRO	20.46	148	41.65	69	28.60	0.00	4,236	4	0.20
Continental Resources	CLR	57.68	117	43.98	81	35.70	0.00	4,160	-	-
Devon Energy Corporation	DVN	34.87	199	34.04	57	19.40	0.00	3,863	4	0.32
Hess Corporation	HES	62.94	101	46.17	57	26.20	0.00	2,639	11	1.00
Cimarex Energy Company	XEC	89.82	85	29.37	66	19.40	0.00	1,643	4	0.72
	<i>Total or Median</i>		<i>649</i>	<i>41.65</i>	<i>66</i>	<i>26.20</i>	<i>0.00</i>	<i>16,542</i>	<i>4</i>	
Small Independent										
Range Resources	RRC	16.70	144	20.67	56	11.60	0.00	1,666	1	0.08
Whiting Petroleum Corporation	WLL	40.00	49	47.86	67	32.10	0.00	1,566	-	-
California Resources	CRC	34.25	49	55.73	52	29.20	0.00	1,429	-	-
Birchcliff Energy Ltd.	BIREF	3.45	23	19.94	75	14.90	0.00	337	6	0.08
	<i>Total or Median</i>		<i>264</i>	<i>34.27</i>	<i>62</i>	<i>22.05</i>	<i>0.00</i>	<i>4,997</i>	<i>1</i>	
Income										
Dorchester Minerals, L.P.	DMLP	19.04	2.38	40.41	75	30.15	0.00	72	90	1.99
Sabine Royalty Trust	SBR	38.49	1.73	32.93	83	27.41	0.00	47	100	3.25
Permian Basin RT	PBT	7.74	1.16	44.12	61	26.81	0.00	31	100	0.67
San Juan Basin Royalty Trust	SJT	5.43	3.99	13.93	49	6.89	0.00	27	76	0.45
Cross Timbers Royalty Trust	CRT	15.25	0.38	44.45	64	28.53	0.00	11	81	1.46
	<i>Total or Median</i>		<i>10</i>	<i>40.41</i>	<i>64</i>	<i>27.41</i>	<i>0.00</i>	<i>189</i>	<i>90</i>	
For historical research see www.mcdep.com										

Table 3
McDep Energy Stocks
Net Present Value Per Share

		Price (US\$/sh)	Shares (mm)	Debt (\$mm)	P/E NTM	Devel. Resrvs/ Prod NTM	Undev/ Devel. Resrvs (%)	Nat Gas/ Ebitda (%)	Top Line/ Ebitda (%)	Net Present Value (US\$/sh)	
	Symbol/Rating	22-Oct 2018									
Integrated											
	Chevron Corporation	CVX	117.21	1,919	60,359	14	7.0	57	22	150.00	
	Royal Dutch Shell	RDS-B	67.20	4,188	116,710	12	7.3	22	32	100.00	
	Exxon Mobil Corporation	XOM	81.15	4,271	90,130	13	9.8	52	27	90.00	
	Suncor Energy	SU	35.46	1,641	19,254	10	8.8	87		50.00	
	<i>Median</i>						8.1	55			
Large Independent											
	Pioneer Natural Resources	PXD	163.02	171	2,600	19	6.7	9	6	200.00	
	EOG Resources, Inc.	EOG	116.25	580	7,071	16	4.7	43	10	130.00	
	ConocoPhillips	COP	72.05	1,181	22,036	12	7.1	31	22	80.00	
	Occidental Petroleum Corp.	OXY	72.29	767	13,700	13	7.5	35	4	75.00	
	<i>Median</i>						6.9	33			
Mid-Size Independent											
	Cimarex Energy Company	XEC	89.82	95	1,579	12	4.9	35	15	140.00	
	Continental Resources	CLR	57.68	375	6,333	17	5.2	121	17	70.00	
	Devon Energy Corporation	DVN	34.87	525	4,720	13	8.8	24	12	60.00	
	Hess Corporation	HES	62.94	298	7,397		7.2	59	11	55.00	
	Marathon Oil Corporation	MRO	20.46	850	6,712	16	6.1	60	11	40.00	
	<i>Median</i>						6.1	59			
Small Independent											
	Whiting Petroleum Corporation	WLL	40.00	92	3,170	22	6.9	84	3	100.00	
	California Resources	CRC	34.25	43	6,800		9.0	41	7	100.00	
	Range Resources	RRC	16.70	246	4,657	9	9.7	83	55	40.00	
	Birchcliff Energy Ltd.	BIREF	3.45	268	641	12	7.2	228	52	9.00	
	<i>Median</i>						8.1	83			
Income											
	Sabine Royalty Trust	SBR	38.49	15	-	12	10.4	3	33	100	50.00
	Cross Timbers Royalty Trust	CRT	15.25	6	-	10	13.2	-	69	81	25.00
	Dorchester Minerals, L.P.	DMLP	19.04	32	-	12	6.8	-	17	79	24.00
	Permian Basin RT	PBT	7.74	47	-	12	6.8	-	17	48	10.00
	San Juan Basin Royalty Trust	SJT	5.43	47	-	12	10.5	-	100	-	8.00
	<i>Median</i>						10.4				

P/E = Stock Price to Earnings. For historical research see www.mcdep.com.

Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2018										
Ranked by Unlevered Total Return										
		Price (\$/sh)	Price (\$/sh)	Price Change (%)	Cash Distrib. (%)	Equity Total Return (%)	Debt Return (\$/sh)	Unlevered Total Return (%)	McDep Ratio	
	Symbol/Rati	22-Oct 2018	29-Dec 2017							
Integrated										
	Royal Dutch Shell	RDS-B	67.20	68.29	(2)	4	3	28	2	0.74
	Exxon Mobil Corporation	XOM	81.15	83.64	(3)	3	(0)	21	(0)	0.92
	Suncor Energy	SU	35.46	36.72	(3)	2	(1)	12	(1)	0.76
	Chevron Corporation	CVX	117.21	125.19	(6)	3	(4)	31	(3)	0.82
	<i>Median</i>				(3)		(1)		(0)	0.79
Large Independent										
	ConocoPhillips	COP	72.05	54.89	31	2	33	19	25	0.92
	EOG Resources, Inc.	EOG	116.25	107.91	8	0	8	12	7	0.90
	Occidental Petroleum Corp.	OXY	72.29	73.66	(2)	3	1	18	1	0.97
	Pioneer Natural Resources	PXD	163.02	172.85	(6)	0	(6)	15	(5)	0.83
	<i>Median</i>				3		5		4	0.91
Mid-Size Independent										
	Hess Corporation	HES	62.94	47.47	33	2	34	25	22	1.10
	Marathon Oil Corporation	MRO	20.46	16.93	21	1	22	8	15	0.59
	Continental Resources	CLR	57.68	52.97	9	-	9	17	7	0.86
	Devon Energy Corporation	DVN	34.87	41.40	(16)	1	(15)	9	(13)	0.64
	Cimarex Energy Company	XEC	89.82	122.01	(26)	0	(26)	17	(23)	0.68
	<i>Median</i>				9		9		7	0.68
Small Independent										
	Whiting Petroleum Corporation	WLL	40.00	26.48	51	-	51	34	22	0.55
	California Resources	CRC	34.25	19.44	76	-	76	160	8	0.75
	Birchcliff Energy Ltd.	BIREF	3.45	3.50	(1)	2	0	2	0	0.51
	Range Resources	RRC	16.70	17.06	(2)	0	(2)	19	(1)	0.60
	<i>Median</i>				25		26		4	0.58
Income										
	Dorchester Minerals, L.P.	DMLP	19.04	15.20	25	9	34	-	34	0.79
	Cross Timbers Royalty Trust	CRT	15.25	14.69	4	7	11	-	11	0.61
	Permian Basin RT	PBT	7.74	8.87	(13)	5	(8)	-	(8)	0.77
	Sabine Royalty Trust	SBR	38.49	44.60	(14)	5	(9)	-	(9)	0.77
	San Juan Basin Royalty Trust	SJT	5.43	8.24	(34)	3	(31)	-	(31)	0.68
	<i>Median</i>				(13)		(8)		(8)	0.77
	<i>Grand Median</i>				(2)		0		1	0.77
	Natural Gas (\$/mmbtu)		3.13	2.95						
	Oil -West Texas Intermediate (\$/bbl)		69.17	60.09	15					
	Total Stock Market - U.S.	VTI	140.79	137.25	3	1	4			
	Developed Markets - ex US	VEA	40.32	44.86	(10)	2	(8)			
	Emerging Markets	VWO	38.49	45.91	(16)	2	(14)			
	Total Stock Market - World	VT	71.10	74.26	(4)	2	(3)			
Source: McDep LLC, Yahoo, CME Group, Bloomberg										
For historical research see www.mcdep.com										



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