



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

December 24, 2013

## Rising RTF Cash in 2014

### Summary and Recommendation

Cash distributions or dividends may increase a median 17% in 2014 for nine RTF (Royalty Trust Fund) cash payers (see charts Distributions on page 2). Median McDep Ratio of 0.79 suggests there may be stock price appreciation in addition to median estimated distribution yield of 8.6% in 2014 (see RTF group in Tables 1-3 on pages 3-5). The group delivered a median total return of 18% in 2013 to date (see Table 4 on page 6). Though the high cash yield implies that the payments may decline, fracking is contributing to rising oil volume while oil price is expected to be flat in 2014 (see chart Oil Volume on page 7). Natural gas price may be 16% higher in 2014 by current futures quotes, which also encourages more stable volume (see chart Volume – Bottom Line on page 7). As unlevered pure plays on some of the world's most desirable oil and gas properties, the group offers sound investment potential.

Our favorites include buy-recommended **Dorchester Minerals (DMLP)** for top line growth in Bakken and Permian shale and tight oil. Buy recommended **San Juan Basin Royalty Trust (SJT)** has long-term exposure to shale oil and liquids-rich gas in the San Juan Basin where Encana (ECA) and WPX Energy (WPX) are having apparent commercial success on nearby acreage.

A noticeable slowing in the rate of production decline bolsters our unchanged estimate of Net Present Value (NPV) for **Hugoton Royalty Trust (HGT)** while we await a decision from an arbitration panel (see NPV models on pages 8-11). Expected shortly, the ruling may lift the cloud of uncertainty overhanging the stock and possibly trigger sharp positive price action for HGT.

After lower than expected natural gas volume the past two months for **Enduro Royalty Trust (NDRO)**, we make a downward adjustment in NPV to \$14 a unit from \$17. Mainly on lower industry pricing for natural gas liquids (NGL), we revise NPV to \$25 a unit from \$30 for **Mesa Royalty Trust (MTR)**. NGL pricing should improve as construction is completed on new petrochemical plants to take advantage of growing liquids supply.

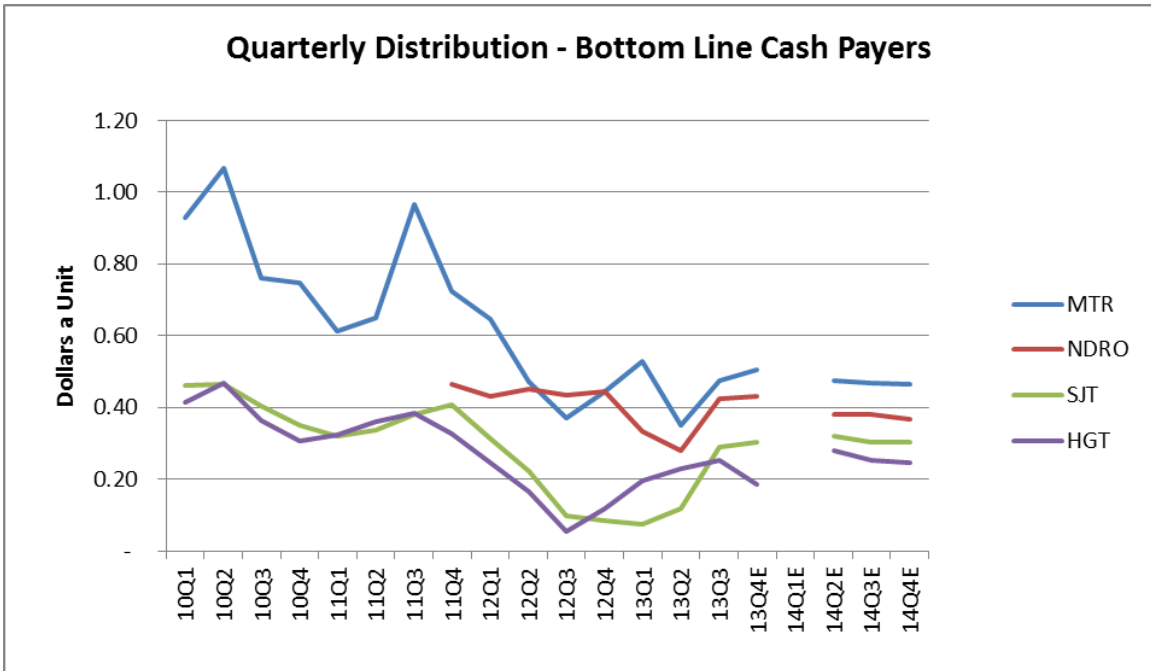
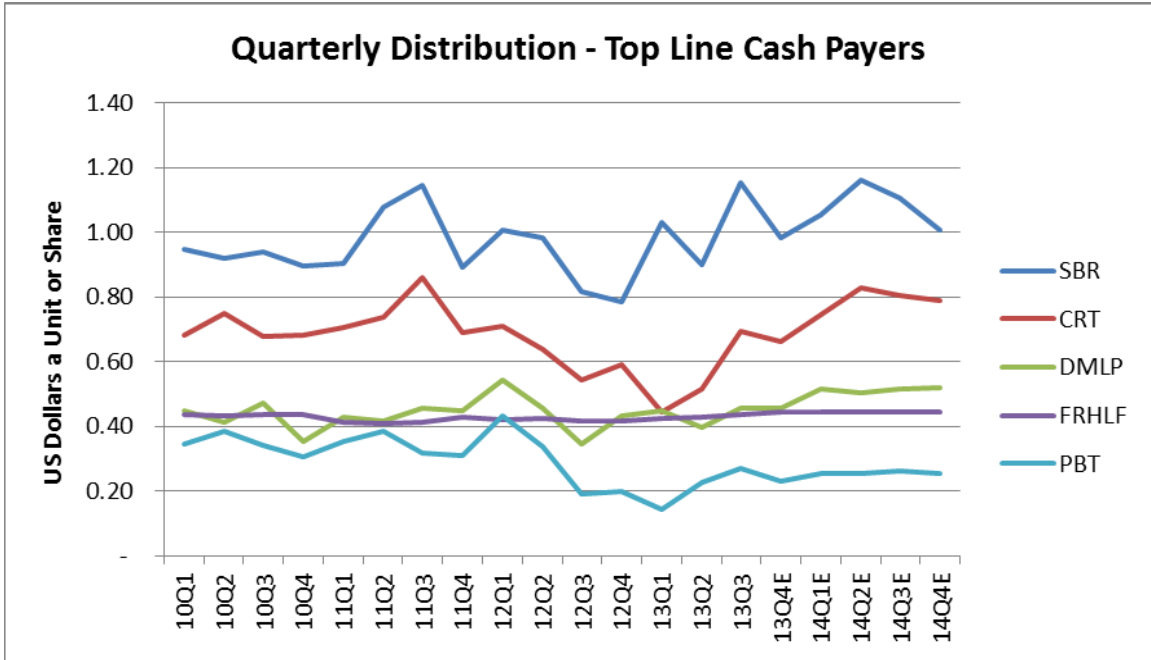
Kurt H. Wulff, CFA



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						Present Value by Segment (%)							
		Price		EV/	Enterprise	North	Rest of			Dist.			
		(US\$/sh)		Market	Value	Amer.	World			Yield			
Symbol/Rating		23-Dec		Cap		Natural	Natural	Oil	Down-	NTM	McDep		
B = Buy, CB (see below)		2013			(\$mm)	Gas	Gas	Prod'n	stream	(%)	Ratio		
<b>Global Integrated</b>													
E Exxon Mobil Corporation	XOM	B	98.51	1.20	519,000	7	19	54	20	2.6	0.97		
C Chevron Corporation	CVX		122.80	1.17	276,000	4	11	72	13	3.3	0.84		
T Total S.A.	TOT		60.03	1.34	183,000		22	61	17	5.4	0.80		
R Royal Dutch Shell plc	RDS-A		70.10	1.34	296,000	4	21	55	19	5.1	0.76		
L Lukoil Oil Company	LUKOY	B	61.89	1.05	50,300			74	26	4.9	0.47		
<i>Total or Median</i>				<i>1.20</i>	<i>1,324,000</i>			<i>61</i>	<i>19</i>	<i>4.9</i>	<i>0.80</i>		
<b>U.S. Independent</b>													
E OEG Resources, Inc.	EOG		167.62	1.14	52,400	22	4	75		0.4	0.94		
O Occidental Petroleum Corp.	OXY		93.23	1.13	84,800	9	1	79	11	2.7	0.88		
M Marathon Oil Corporation	MRO	B	35.18	1.44	36,000	6	3	90		2.2	0.77		
C ConocoPhillips	COP		69.56	1.40	119,000	15	15	71		4.0	0.76		
D Devon Energy Corporation	DVN	B	60.81	1.41	34,900	45		55		1.4	0.69		
<i>Total or Median</i>				<i>1.40</i>	<i>327,000</i>	<i>15</i>		<i>75</i>		<i>2.2</i>	<i>0.77</i>		
<b>Canada/Australia</b>													
W Woodside Petroleum Ltd.	WOPEY		34.96	1.17	34,000		69	31		4.7	0.98		
I Imperial Oil Limited (30%)	IMO		43.96	1.29	14,400	2		79	18	1.1	0.88		
C Cenovus Energy Inc.	CVE		27.99	1.34	28,300	9		75	15	3.3	0.73		
E EnCana Corporation	ECA	CB	18.05	1.65	21,900	80		20		1.6	0.71		
C Canadian Oil Sands Limited	COSWF	CB	18.82	1.27	11,600			100		7.0	0.61		
<i>Total or Median</i>				<i>1.29</i>	<i>110,000</i>			<i>75</i>		<i>3.3</i>	<i>0.73</i>		
<b>Small Cap Independent Producers</b>													
P PDC Energy	PDCE		53.81	1.31	2,500	32		68		-	1.14		
C Continental Resources (32%)	CLR	B	111.90	1.23	8,100	16		84		-	0.94		
R Range Resources	RRC	B	83.08	1.27	16,900	72		28		0.2	0.94		
P Peyto Exploration and Develop	PEYUF		30.93	1.18	5,500	81		19		2.2	0.92		
W Whiting Petroleum Corporation	WLL	B	60.73	1.37	10,000	8		92		-	0.85		
W WPX Energy Inc.	WPX		20.26	1.60	6,500	68		32		-	0.85		
C Cimarex Energy Company	XEC	B	102.91	1.16	10,400	41		59		0.5	0.84		
H Halcón Resources	HK		3.88	2.88	5,200	8		92		-	0.78		
B Birchcliff Energy Ltd.	BIREF	CB	6.90	1.49	1,700	69		31		-	0.67		
<i>Total or Median</i>				<i>1.31</i>	<i>67,000</i>	<i>41</i>		<i>59</i>		<i>-</i>	<i>0.85</i>		
<b>RTF Cash Payers</b>													
F Freehold Royalties Ltd.	FRHLF		20.90	1.04	1,460	18		82		7.6	1.00		
D Dorchester Minerals, L.P.	DMLP	B	25.50	1.00	780	51		49		8.0	0.98		
E Enduro Royalty Trust	NDRO		12.30	1.00	410	37		63		12.0	0.88		
M Mesa Royalty Trust	MTR		21.08	1.00	40	79		21		8.8	0.84		
S San Juan Basin Royalty Trust	SJT	B	16.54	1.00	770	100		-		7.2	0.79		
S Sabine Royalty Trust	SBR		50.29	1.00	730	52		48		8.6	0.79		
P Permian Basin RT	PBT		13.11	1.00	610	19		81		7.8	0.73		
C Cross Timbers Royalty Trust	CRT		29.22	1.00	180	70		30		10.8	0.69		
H Hugoton Royalty Trust	HGT		7.71	1.00	310	90		10		13.2	0.64		
<i>Total or Median</i>				<i>1.00</i>	<i>5,300</i>					<i>8.6</i>	<i>0.79</i>		

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.  
 Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.  
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



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			<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>23-Dec</i> <i>2013</i>	<i>(mm)</i>				
		B = Buy, CB (see below)						
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM	B	98.51	4,395	433,000	102.00	0.16	0.97
Chevron Corporation	CVX		122.80	1,930	237,000	150.00	0.12	0.84
Total S.A.	TOT		60.03	2,275	137,000	80.00	0.20	0.80
Royal Dutch Shell plc	RDS-A		70.10	3,137	220,000	100.00	0.19	0.76
Lukoil Oil Company	LUKOY	B	61.89	776	48,000	135.00	0.02	0.47
<i>Total or Median</i>					<i>1,075,000</i>		<i>0.16</i>	<i>0.80</i>
<b>U.S. Independent</b>								
EOG Resources, Inc.	EOG		167.62	274	45,900	180.00	0.12	0.94
Occidental Petroleum Corp.	OXY		93.23	806	75,100	108.00	0.10	0.88
Marathon Oil Corporation	MRO	B	35.18	711	25,010	50.00	0.24	0.77
ConocoPhillips	COP		69.56	1,219	85,000	100.00	0.22	0.76
Devon Energy Corporation	DVN	B	60.81	407	24,700	100.00	0.20	0.69
<i>Total or Median</i>					<i>255,700</i>		<i>0.20</i>	<i>0.77</i>
<b>Canada/Australia</b>								
Woodside Petroleum Ltd.	WOPEY		34.96	823	28,800	36.00	0.14	0.98
Imperial Oil Limited (30%)	IMO		43.96	255	11,200	52.00	0.20	0.88
Cenovus Energy Inc.	CVE		27.99	757	21,200	42.00	0.18	0.73
EnCana Corporation	ECA	CB	18.05	736	13,300	30.00	0.28	0.71
Canadian Oil Sands Limited	COSWF	CB	18.82	485	9,100	34.00	0.13	0.61
<i>Total or Median</i>					<i>84,000</i>		<i>0.18</i>	<i>0.73</i>
<b>Small Cap Independent Producers</b>								
PDC Energy	PDCE		53.81	36	1,900	45.00	0.27	1.14
Continental Resources (32%)	CLR	B	111.90	59	6,600	120.00	0.18	0.94
Range Resources	RRC	B	83.08	161	13,400	90.00	0.20	0.94
Peyto Exploration and Development Corp.	PEYUF		30.93	149	4,600	34.00	0.14	0.92
Whiting Petroleum Corporation	WLL	B	60.73	120	7,300	75.00	0.23	0.85
WPX Energy Inc.	WPX		20.26	201	4,100	26.00	0.32	0.85
Cimarex Energy Company	XEC	B	102.91	87	9,000	125.00	0.12	0.84
Halcón Resources	HK		3.88	463	1,800	7.00	0.51	0.78
Birchcliff Energy Ltd.	BIREF	CB	6.90	163	1,100	12.00	0.22	0.67
<i>Total or Median</i>					<i>50,000</i>		<i>0.22</i>	<i>0.85</i>
<b>RTF Cash Payers</b>								
Freehold Royalties Ltd.	FRHLF		20.90	67	1,400	21.00	0.04	1.00
Dorchester Minerals, L.P.	DMLP	B	25.50	31	780	26.00	-	0.98
Enduro Royalty Trust	NDRO		12.30	33	410	14.00	-	0.88
Mesa RoyaltyTrust	MTR		21.08	2	40	25.00	-	0.84
San Juan Basin Royalty Trust	SJT	B	16.54	47	770	21.00	-	0.79
Sabine Royalty Trust	SBR		50.29	15	730	64.00	-	0.79
Permian Basin RT	PBT		13.11	47	610	18.00	-	0.73
Cross Timbers Royalty Trust	CRT		29.22	6	180	42.00	-	0.69
Hugoton RoyaltyTrust	HGT		7.71	40	310	12.00	-	0.64
<i>Total or Median</i>					<i>5,200</i>		<i>-</i>	<i>0.79</i>

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.  
 Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.  
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Table 3									
McDep Energy Stocks									
Value Multiples and Dividend									
Ranked by EV/Ebitda									
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	Dividend		
	Symbol/Rating		23-Dec 2013	NTM	NTM	NTM	NTM		
	B = Buy, CB (see below)								
<b>Global Integrated</b>									
	Exxon Mobil Corporation	XOM	B	98.51	13.1	7.3	7.1	13	2.52
	Chevron Corporation	CVX		122.80	9.2	6.5	5.4	11	4.00
	Royal Dutch Shell plc	RDS-A		70.10	10.0	7.0	5.3	10	3.60
	Total S.A.	TOT		60.03	9.8	6.1	4.8	9	3.23
	Lukoil Oil Company	LUKOY	B	61.89	15.7	5.5	2.6	5	3.06
	<i>Median</i>				10.0	6.5	5.3	10	
<b>U.S. Independent</b>									
	ConocoPhillips	COP		69.56	11.4	8.1	6.2	13	0.75
	Occidental Petroleum Corp.	OXY		93.23	10.2	7.1	6.2	15	2.76
	EOG Resources, Inc.	EOG		167.62	7.1	6.6	6.2	19	2.56
	Devon Energy Corporation	DVN	B	60.81	10.1	8.2	5.6	14	0.76
	Marathon Oil Corporation	MRO	B	35.18	9.3	6.9	5.4	12	0.88
	<i>Median</i>				10.1	7.1	6.2	14	
<b>Canada/Australia</b>									
	EnCana Corporation	ECA	CB	18.05	7.2	12.0	8.6	13	0.91
	Imperial Oil Limited (30%)	IMO		43.96	20.1	9.6	8.4	11	0.49
	Woodside Petroleum Ltd.	WOPEY		34.96	9.6	8.2	8.0	17	1.66
	Canadian Oil Sands Limited	COSWF	CB	18.82	20.8	10.2	6.2	9	1.32
	Cenovus Energy Inc.	CVE		27.99	12.3	7.7	5.6	13	0.28
	<i>Median</i>				12.3	9.6	8.0	13	
<b>Small Cap Independent Producers</b>									
	Range Resources	RRC	B	83.08	12.3	13.9	13.1	54	0.16
	PDC Energy	PDCE		53.81	14.9	9.4	10.8	54	-
	Peyto Exploration and Development Corp.	PEYUF		30.93	8.5	10.2	9.4	18	0.68
	WPX Energy Inc.	WPX		20.26	8.0	9.5	8.1		-
	Birchcliff Energy Ltd.	BIREF	CB	6.90	17.8	11.4	7.6	17	-
	Halcón Resources	HK		3.88	5.3	9.2	7.2	9	-
	Continental Resources (32%)	CLR	B	111.90	11.4	7.6	7.2	17	-
	Cimarex Energy Company	XEC	B	102.91	7.2	7.5	6.4	14	0.56
	Whiting Petroleum Corporation	WLL	B	60.73	8.1	5.7	4.8	13	-
	<i>Median</i>				8.5	9.4	7.6	17	
<b>RTF Cash Payers</b>									
	Sabine Royalty Trust	SBR		50.29	9.2	14.8	11.6	12	4.32
	San Juan Basin Royalty Trust	SJT	B	16.54	9.8	14.2	11.2	14	1.19
	Dorchester Minerals, L.P.	DMLP	B	25.50	6.5	10.2	10.0	15	2.05
	Freehold Royalties Ltd.	FRHLF		20.90	4.7	10.0	9.9	22	1.59
	Mesa Royalty Trust	MTR		21.08	5.2	10.9	9.1	11	1.86
	Cross Timbers Royalty Trust	CRT		29.22	12.5	12.3	8.5	9	3.16
	Permian Basin RT	PBT		13.11	12.7	10.8	7.9	13	1.02
	Enduro Royalty Trust	NDRO		12.30	6.4	8.3	7.3	8	1.48
	Hugoton Royalty Trust	HGT		7.71	12.8	10.2	6.6	8	1.02
	<i>Median</i>				9.2	10.8	9.1	12	

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2014; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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Table 4									
McDep Energy Stocks									
Total Return and Enterprise Value Momentum									
Ranked by EV/200-Day Average									
			Price	Equity					
			(\$/sh)	Total					
	Symbol		23-Dec	Return	Enterprise Value/				McDep
	Rating	2013	YTD	52Wk	52Wk	50 Day	200 Day	Ratio	
			(%)	High	Low	Avg.	Avg.		
<b>Global Integrated</b>									
Total S.A.	TOT		60.03	22	0.97	1.21	1.01	1.08	0.80
Exxon Mobil Corporation	XOM	B	98.51	17	0.99	1.13	1.05	1.07	0.97
Royal Dutch Shell plc	RDS-A		70.10	7	0.97	1.09	1.03	1.04	0.76
Chevron Corporation	CVX		122.80	17	0.97	1.14	1.01	1.01	0.84
Lukoil Oil Company	LUKOY	B	61.89	(4)	0.92	1.13	0.98	1.00	0.47
	<i>Median</i>			17	0.97	1.13	1.01	1.04	0.80
<b>U.S. Independent</b>									
EOG Resources, Inc.	EOG		167.62	39	0.90	1.41	0.98	1.11	0.94
ConocoPhillips	COP		69.56	25	0.95	1.16	0.97	1.04	0.76
Devon Energy Corporation	DVN	B	60.81	19	0.93	1.13	0.99	1.03	0.69
Occidental Petroleum Corp.	OXY		93.23	25	0.94	1.21	0.98	1.03	0.88
Marathon Oil Corporation	MRO	B	35.18	17	0.94	1.13	0.99	1.00	0.77
	<i>Median</i>			25	0.94	1.16	0.98	1.03	0.77
<b>Canada/Australia</b>									
Imperial Oil Limited (30%)	IMO		43.96	3	0.97	1.14	1.01	1.05	0.88
EnCana Corporation	ECA	CB	18.05	(5)	0.92	1.06	0.99	1.00	0.71
Woodside Petroleum Ltd.	WOPEY		34.96	4	0.89	1.10	0.98	0.98	0.98
Canadian Oil Sands Limited	COSWF	CB	18.82	(1)	0.89	1.04	0.98	0.97	0.61
Cenovus Energy Inc.	CVE		27.99	(14)	0.85	1.02	0.97	0.96	0.73
	<i>Median</i>			(1)	0.89	1.06	0.98	0.98	0.73
<b>Small Cap Independent Producers</b>									
Cimarex Energy Company	XEC	B	102.91	79	0.92	1.65	1.01	1.20	0.84
Continental Resources (32%)	CLR	B	111.90	52	0.93	1.43	1.00	1.13	0.94
Whiting Petroleum Corporation	WLL	B	60.73	40	0.89	1.30	0.97	1.10	0.85
Peyto Exploration and Development	PEYUF		30.93	37	0.98	1.32	1.03	1.06	0.92
Range Resources	RRC	B	83.08	33	0.98	1.27	1.06	1.06	0.94
WPX Energy Inc.	WPX		20.26	36	0.90	1.24	1.01	1.05	0.85
PDC Energy	PDCE		53.81	62	0.78	1.46	0.90	0.98	1.14
Birchcliff Energy Ltd.	BIREF	CB	6.90	(8)	0.84	1.02	0.98	0.94	0.67
Halcón Resources	HK		3.88	(44)	0.72	1.03	0.94	0.87	0.78
	<i>Median</i>			37	0.90	1.30	1.00	1.06	0.85
<b>RTF Cash Payers</b>									
Dorchester Minerals, L.P.	DMLP	B	25.50	35	0.99	1.28	1.04	1.05	0.98
San Juan Basin Royalty Trust	SJT	B	16.54	29	0.91	1.33	1.00	1.03	0.79
Cross Timbers Royalty Trust	CRT		29.22	19	0.91	1.16	0.98	1.02	0.69
Sabine Royalty Trust	SBR		50.29	37	0.91	1.29	0.98	0.98	0.79
Permian Basin RT	PBT		13.11	13	0.81	1.10	0.91	0.97	0.73
Hugoton RoyaltyTrust	HGT		7.71	16	0.77	1.11	1.05	0.93	0.64
Freehold Royalties Ltd.	FRHLF		20.90	1	0.86	1.02	0.95	0.92	1.00
Mesa RoyaltyTrust	MTR		21.08	18	0.81	1.12	0.98	0.92	0.84
Enduro Royalty Trust	NDRO		12.30	(20)	0.68	1.04	0.97	0.83	0.88
	<i>Median</i>			18	0.86	1.12	0.98	0.97	0.79

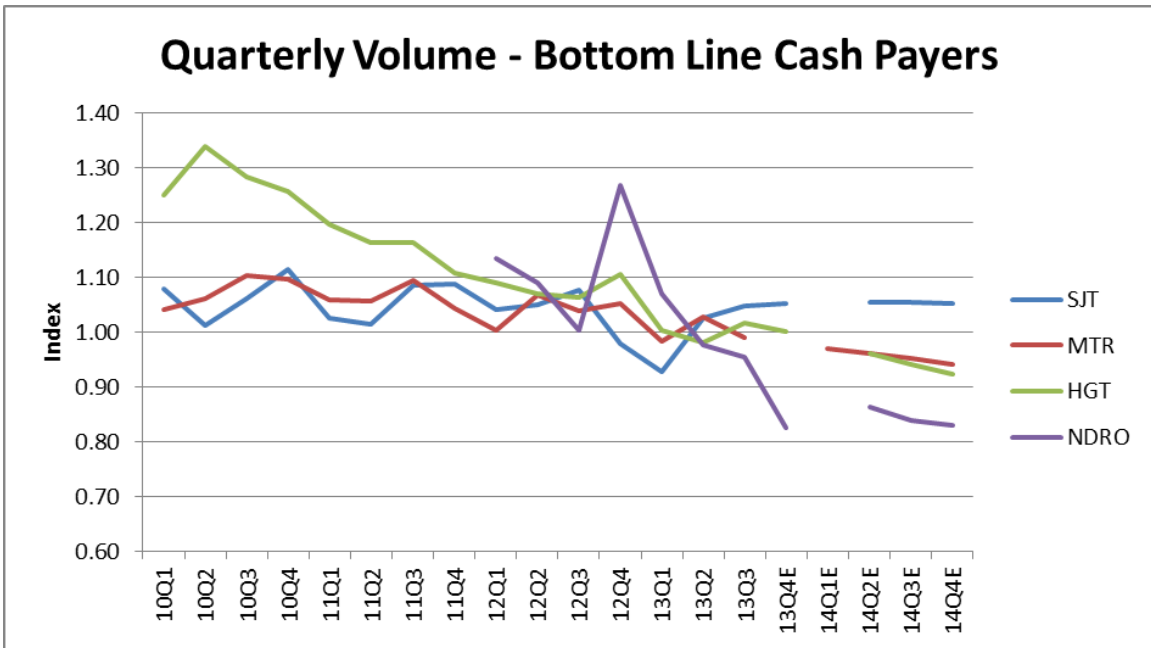
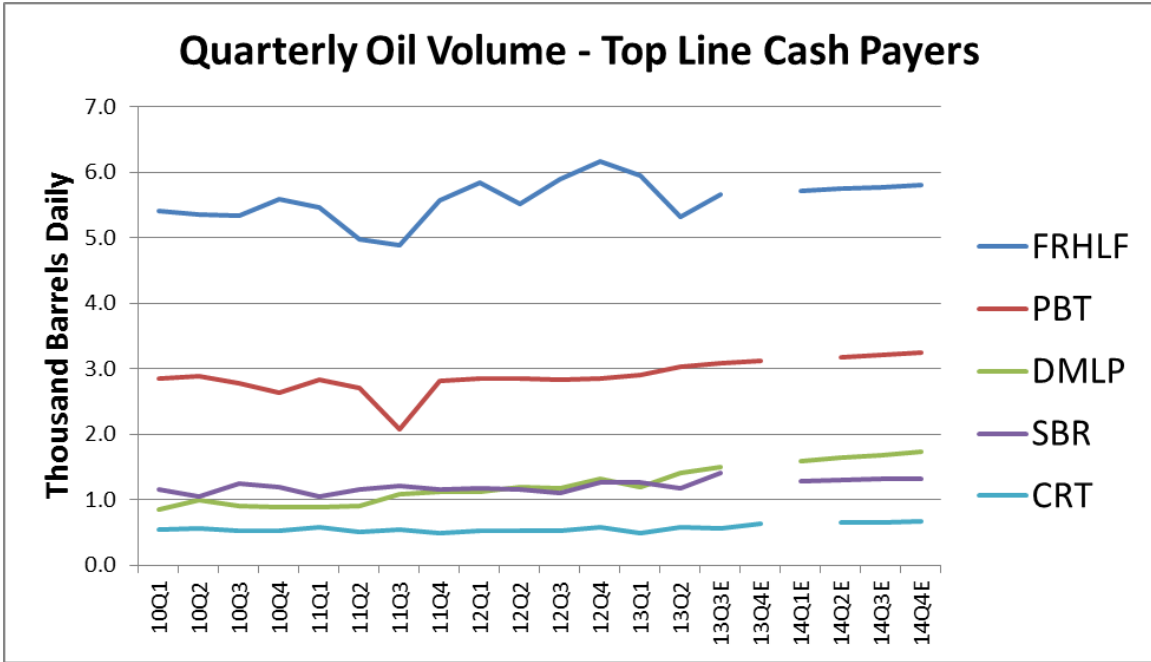
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.

Source: Bloomberg, Yahoo, McDep LLC



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<b>Dorchester Minerals, L.P.</b>					
<b>Functional Cash Flow and Present Value</b>					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
<u>Top Line - Royalty Interests</u>					
North American Natural Gas	18	6.8	15.6	280	
Oil	37	5.9	8.9	330	
<u>Bottom Line - Net Profits Interests</u>					
North American Natural Gas	13	6.8	10.1	130	
Oil	10	5.9	6.0	60	
<u>Total Top and Bottom</u>					
North American Natural Gas	31	6.8	13.2	410	51%
Oil	47	5.9	8.3	390	49%
	78	6.5	10.3	800	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					800
Shares (mm)					31
Net Present Value - Standard Estimate (US\$/sh)					26
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					29
Top Line Approximation at 1.5 times Cash Flow Multiple Depending on Reserve Life					

<b>San Juan Basin Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
North American Natural Gas	69	9.8	14.2	980	100%
	69	9.8	14.2	980	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					980
Shares (mm)					47
Net Present Value - Standard Estimate (US\$/sh)					21
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					19





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<b>Hugoton Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	38	12.9	11.5	430	90%
Oil	9	10.5	5.3	50	10%
	47	12.8	10.2	480	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					480
Units (mm)					40
Net Present Value - Standard Estimate (US\$/un)					12
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/un)					15

<b>Enduro Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	13	7.2	13.1	170	37%
Oil	43	6.0	6.8	290	63%
	56	6.4	8.3	460	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					460
Shares (mm)					33
Net Present Value - Standard Estimate (US\$/sh)					14
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					13

<b>Mesa Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	2.6	5.2	14.0	37	79%
Oil	1.6	5.3	6.1	10	21%
	4.3	5.2	11.0	47	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					47
Units (mm)					1.86
Net Present Value - Standard Estimate (US\$/sh)					25
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					21



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<b>Freehold Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
North American Natural Gas	17	5.4	16.3	270	18%
Oil	130	4.3	9.2	1,200	82%
	147	4.7	10.0	1,470	100%
Debt (US\$mm)					60
Net Present Value (US\$mm)					1,410
Shares (mm)					67
Net Present Value - Standard Estimate (US\$/sh)					21
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					25
Top Line Approximation at 2 times Cash Flow Multiple Depending on Reserve Life					
<u>Top Line - Royalty Interests</u>					
North American Natural Gas	15	5.4	17.3	260	18%
Oil	96	4.3	10.8	1,030	70%
	111			1,290	88%
<u>Bottom Line - Working Interests</u>					
North American Natural Gas	1	5.4	6.7	10	1%
Oil	35	4.3	4.9	170	12%
	36			180	12%

<b>Sabine Royalty Trust</b>					
<b>Net Present Value</b>					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
North American Natural Gas	26	6.7	18.5	480	52%
Oil	37	15.1	12.1	450	48%
	63	9.2	14.7	930	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					930
Shares (mm)					14.6
Net Present Value (US\$/sh)					64
Top Line Approximation at 1.5 times Cash Flow Multiple Depending on Reserve Life					64



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<b>Permian Basin Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
<u>Top Line - Royalty Interests</u>					
North American Natural Gas	5	8.1	19.5	100	12%
Oil	50	11.2	9.6	480	57%
	55			580	69%
<u>Bottom Line - Working Interests</u>					
North American Natural Gas	3	12.9	19.4	60	7%
Oil	19	15.6	10.3	200	24%
	22			260	31%
<u>Total Top and Bottom</u>					
North American Natural Gas	10	12.0	16.2	160	19%
Oil	68	13.0	10.0	680	81%
	78	12.7	10.8	840	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					840
Shares (mm)					46.6
Net Present Value (US\$/sh)					18
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					19
Top Line Approximation at 1.5 times Cash Flow Multiple Depending on Reserve Life					

<b>Cross Timbers Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
Top Line Natural Gas	10	15.3	17.3	177	70%
Top Line Oil	6	9.2	8.1	50	20%
Bottom Line Oil	4	9.2	6.1	25	10%
	20	12.5	12.3	252	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					252
Shares (mm)					6
Net Present Value (US\$/sh)					42
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					46
Top Line Approximation at 1.3 times Cash Flow Multiple Depending on Reserve Life					



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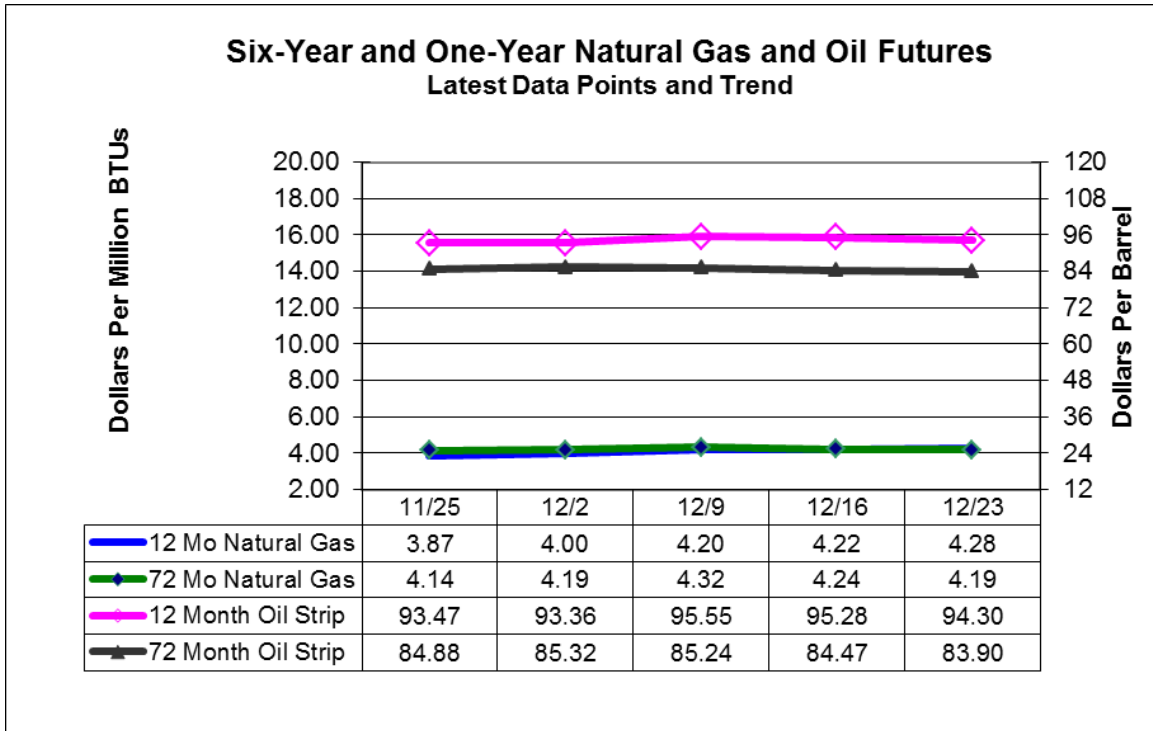
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Index of Recent Research			
<b>Stock Ideas</b>			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
17-Dec	MRO	Marathon Oil	New CEO Accelerates Shale Growth (Meter Reader)
3-Dec	LUKOY	Lukoil	Low McDep Ratio Emerging Market Stock (Meter Reader)
26-Nov	DVN	Devon Energy	Acquires \$6 Billion Eagle Ford Position (Meter Reader)
19-Nov	CLR	Continental Resources	High Density "Ears Back" Drilling Pace (Meter Reader)
15-Nov	BIREF	Birchcliff Energy	15% a Year Growth to 2018
12-Nov	XEC	Cimarex Energy	Raise NPV to \$125 on Permian Productivity (Meter Reader)
8-Nov	DMLP	Dorchester Minerals, L.P.	Oil up 6% a Quarter
5-Nov	COSWF	Canadian Oil Sands Ltd.	Time to Explore New Options (Meter Reader)
31-Oct	RRC	Range Resources	Core Owner in Largest Producing Field
29-Oct	WLL	Whiting Petroleum	Fracking Productivity Leaps 50% (Meter Reader)
25-Oct	ECA	Encana Corporation	San Juan Oil Upgraded to Commercial from Emerging
4-Oct	NDRO	Enduro Royalty Trust	Worth Another Look after Stock Price Decline
27-Sep	WPX	WPX Energy	San Juan Basin Innovator (Income and Small Cap Weekly)
24-Sep	XOM	Exxon Mobil	Fracking Firms Long-Term Value (Meter Reader)
17-Sep	COP	ConocoPhillips	Fracking Upside in Eagle Ford, Bakken and Permian (Meter Reader)
13-Sep	CRT	Cross Timbers Royalty Trust	Fracking Upside in Permian and Scoop (Income and Small Cap Weekly)
10-Sep	OXY	Occidental Petroleum	Permian Late Bloomer (Meter Reader)
6-Aug	RDSA	Royal Dutch Shell plc	Value Choice after Latest Results (Meter Reader)
23-Jul	WOPEY	Woodside Petroleum, Ltd.	Distributing LNG Cash (Meter Reader)
19-Jul	SJT	San Juan Basin Royalty Trust	Acreage 75% in Liquids-Rich Shale Zone (Income and Small Cap Weekly)
12-Jul	PBT	Permian Basin Royalty Trust	Stock Price Recovering from Short-Term Overreaction
5-Jul	LINE	Linn Energy	Stock Undervalued while SEC Probes (Income and Small Stock Weekly)
31-May	HGT	Hugoton Royalty Trust	Beating the Bear (Income and Small Cap Weekly)
14-May	EOG	EOG Resources	Raise NPV to \$180 on More Big Wells (Meter Reader)
30-Apr	TOT	Total	Recovery Potential (Meter Reader)
19-Apr	HK	Halcón Resources	Fourth Core Area - El Halcón ("The Hawk") (Inc. and Small Cap Wkly)
16-Apr	CVX	Chevron	Deflation Resistance (Meter Reader)
12-Apr	MTR	Mesa Royalty Trust	RTF Stealth Play on Long-Life Natural Gas (Income and Small Cap Wkly)
5-Apr	SBR	Sabine Royalty Trust	Accelerating Volume Growth (Income and Small Cap Weekly)
28-Mar	PEYUF	Peyto Exploration and Development	Raise NPV to \$32 for Fracking Winner (Income and Small Cap Weekly)
For historical research by stock, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Stock Ideas</a> , click on stock by name.			
<b>Meter Reader</b>			
17-Dec	MRO	Marathon Oil	New CEO Accelerates Shale Growth
10-Dec			Fracking Investment Strategy
3-Dec	LUKOY	Lukoil	Low McDep Ratio Emerging Market Stock
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5-Nov	COSWF	Canadian Oil Sands Ltd.	Time to Explore New Options
29-Oct	WLL	Whiting Petroleum	Fracking Productivity Leaps 50%
For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Meter Reader</a> .			
<b>Income and Small Cap Weekly</b> (merged into <b>Meter Reader</b> 10/1/13)			
<b>Industry Ideas</b>			
13-Nov		McDep Book Review	<i>The Frackers</i> by Gregory Zuckerman
22-Oct		RTF Cash Payers	Oil Rising



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