

Natural Gas Royalty Trusts

A Weekly Analysis

December 16, 2003

McDep Energy Income Producers

Summary and Recommendation

As we round out 2003 and soon begin 2004 we present coverage of ten stocks in our weekly analysis that we will continue to call *Natural Gas Royalty Trusts* (NGRT) even though not all are natural gas producers or royalty trusts. The same stocks will no longer appear in the regular tables of our main weekly publication, *Meter Reader*. Two of the stocks are current buy recommendations, **San Juan Basin Royalty Trust (SJT)** and **Canadian Oil Sands Trust (COSWF)**. Although the NGRT stocks have appreciated, their current valuation is still more attractive than that of the popular pipeline partnerships that remain covered in *Meter Reader*. In contrast, except for COS, the NGRT stocks seem valued at a premium to our operating company recommendations in *Meter Reader*. Yet the value of oil and gas reserves represented in NGRT stocks may have multi fold appreciation potential should the dollar weaken further and inflation expectations continue to accelerate.

When three royalty trusts disclose latest distributions on Friday, December 19, the results can be compared to the details in our estimates published earlier (see *NGRT*, *Trifecta*, November 20, 2003). That analysis projected December distributions of \$0.18 a unit for Cross Timbers Royalty Trust (CRT), \$0.14 for Hugoton Royalty Trust (HGT) and \$0.15 for SJT. A deviation of \$0.02 from our projections could be due to random factors.

Kurt H. Wulff, CFA

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

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 15-Dec 2003</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
Dorchester Minerals, L.P.	DMLP	19.74	27.0	530	13.00	-	1.52
Cross Timbers Royalty Trust	CRT	30.46	6.0	183	20.40	-	1.50
Hugoton Royalty Trust (46%)	HGT	22.34	18.4	410	15.80	-	1.41
Enerplus Resources Fund	ERF	28.56	88.5	2,530	20.00	0.17	1.35
Provident Energy Trust	PVX	8.76	70.6	620	6.00	0.30	1.32
Pengrowth Energy Trust	PGH	15.12	120.0	1,810	11.00	0.15	1.32
Sabine Royalty Trust	SBR	29.00	14.6	420	22.00	-	1.32
Permian Basin RT (41%)	PBT	8.40	19.1	160	6.50	-	1.30
San Juan Basin Royalty Trust	SJT B	21.41	46.6	1,000	18.00	-	1.19
Canadian Oil Sands Trust (US\$)	COSWF B	33.13	86.7	2,870	45.00	0.22	0.79
<i>Total or Median</i>				<i>10,500</i>		-	<i>1.32</i>

Buy/Sell rating after symbol: B - Buy, S - Sell

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

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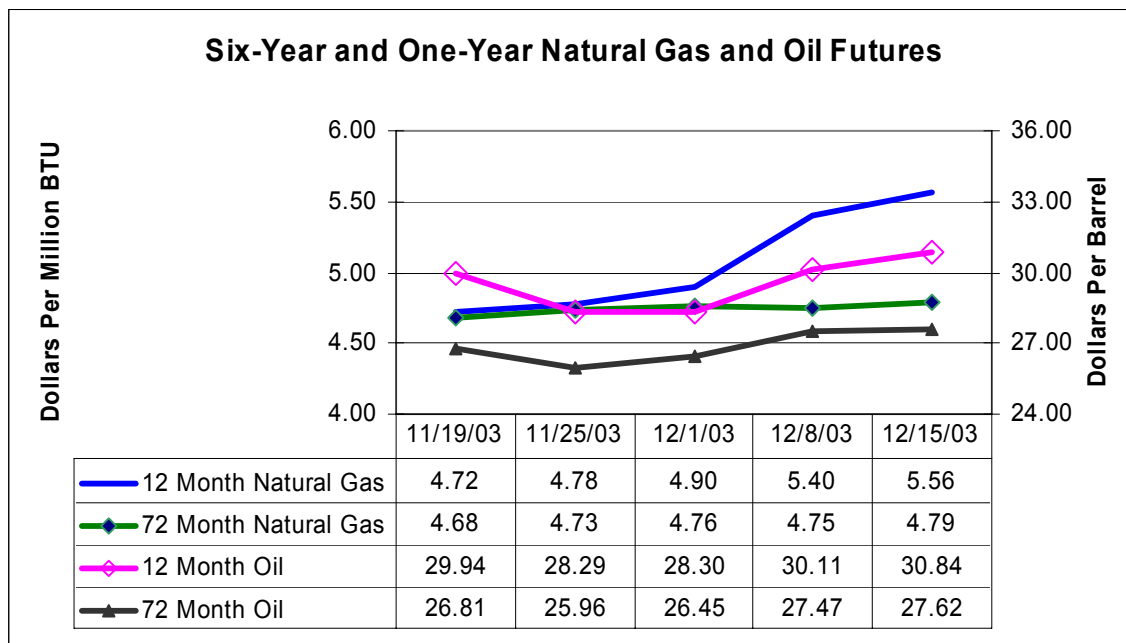
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Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 15-Dec 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Cross Timbers Royalty Trust	CRT	30.46	9.1	12.7	13	7.7	8.5
Dorchester Minerals, L.P.	DMLP	19.74	10.1	11.2	28	9.0	7.3
Sabine Royalty Trust	SBR	29.00	10.1	10.5	10	9.6	7.9
Permian Basin RT (41%)	PBT	8.40	7.2	10.2	12	8.9	7.9
Hugoton RoyaltyTrust (46%)	HGT	22.34	7.0	9.2	11	8.9	6.5
Canadian Oil Sands Trust (USS)	COSWF B	33.13	4.4	8.9	15	4.6	11.2
San Juan Basin Royalty Trust	SJT B	21.41	7.0	8.5	10	10.0	7.2
Pengrowth Energy Trust	PGH	15.12	5.3	7.7	15	12.8	5.8
Enerplus Resources Fund	ERF	28.56	5.4	7.5	13	11.3	5.5
Provident Energy Trust	PVX	8.76	4.1	6.3	51	12.7	4.8
	<i>Median</i>		<i>7.0</i>	<i>9.1</i>	<i>13</i>	<i>9.3</i>	<i>7.3</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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