



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

Transfer Buy to SJT from HGT on Volume Trend

Summary and Recommendation

We reinstate a buy on bottom line cash payer **San Juan Basin Royalty Trust (SJT)** at the same time we remove our buy on **Hugoton Royalty Trust (HGT)** on the basis of diverging operating trends. SJT natural gas production may be declining about 2% a year while HGT volume may be declining perhaps 8% a year (see chart Volume on page 2). That difference has not been noticeable in distributions which track each other closely for the two trusts (see chart Distribution on page 2). The explanation appears to lie in the higher amount of reinvestment in new production by SJT (see chart Development Spending on page 2). Reinvestment is beneficial long-term because it increases reserves and future production. Yet, income investors often overlook that and instead pay more attention to the impact of reinvestment in reducing current income. As a result, it looks like the two stocks are priced to yield the same at 6.2% for SJT and 6.1% for HGT, while the McDep Ratio is lower for SJT at 0.92 compared to HGT at 1.02 (see Table ISC-1 on page 3). High-quality, meaningful income and no debt are reassuring in nervous markets (see Table ISC-2 on page 4). A shorter reported reserve life is a tax advantage for SJT at the same time we believe the underlying potential is better than indicated by reserve life (see Table ISC-3 on page 5). Though HGT enjoys a momentum advantage with stock price above its 200-day average, the lower ratio for SJT indicates a widening of a price difference that contributes to our change in recommendation (see Table ISC-4 on page 6). Finally, estimated distribution for the next twelve months is attractive despite depressed futures prices for natural gas (see tables Next Twelve Months Operating and Financial Estimates on pages 7-8).

Stepping Back from the Brink

In the face of recent tumultuous markets, we reaffirm our intention to keep on our program for our personal portfolio to rebuild gradually the equity allocation that has automatically declined with market action. It appears to be a fertile time to harvest tax losses to get some benefit from the decline and reinvest in similar stocks at especially attractive prices. In any case, we believe the stocks we buy today will prove to be solid investments in a few years as we either change our political leadership or those in power change to become more effective leaders. Future global growth is not lost, just delayed. Lower stock prices compensate for the delay. Investors under no financial, institutional or behavioral pressure to sell have stronger opportunities than in normal times.

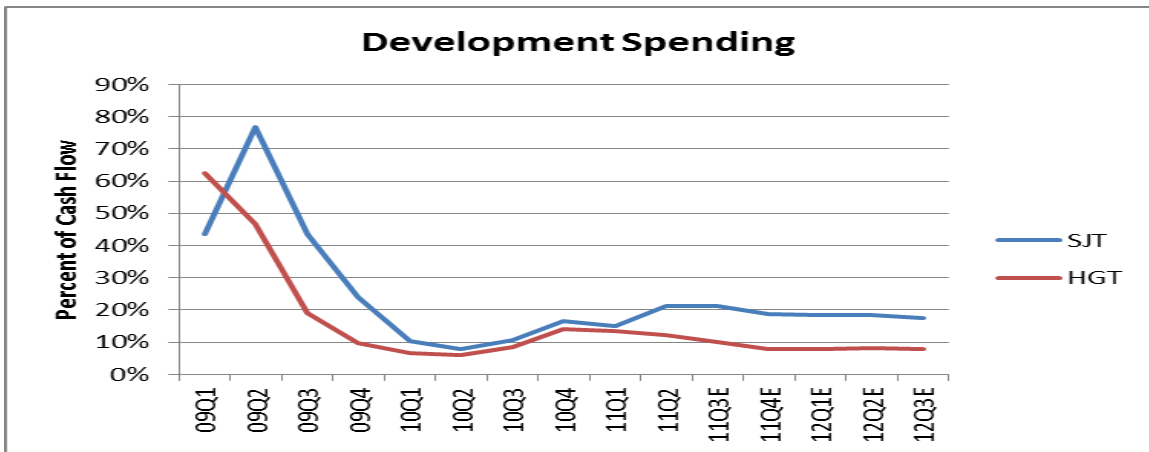
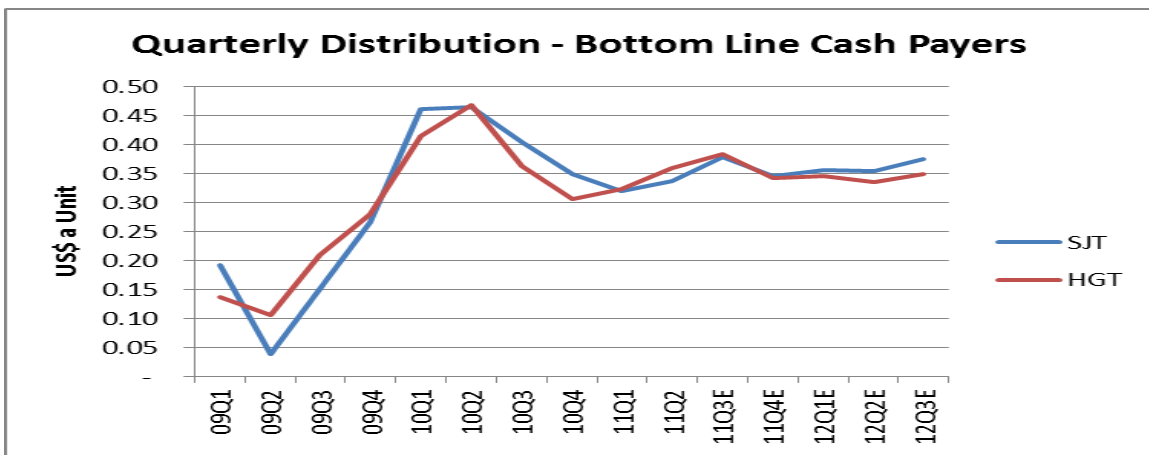
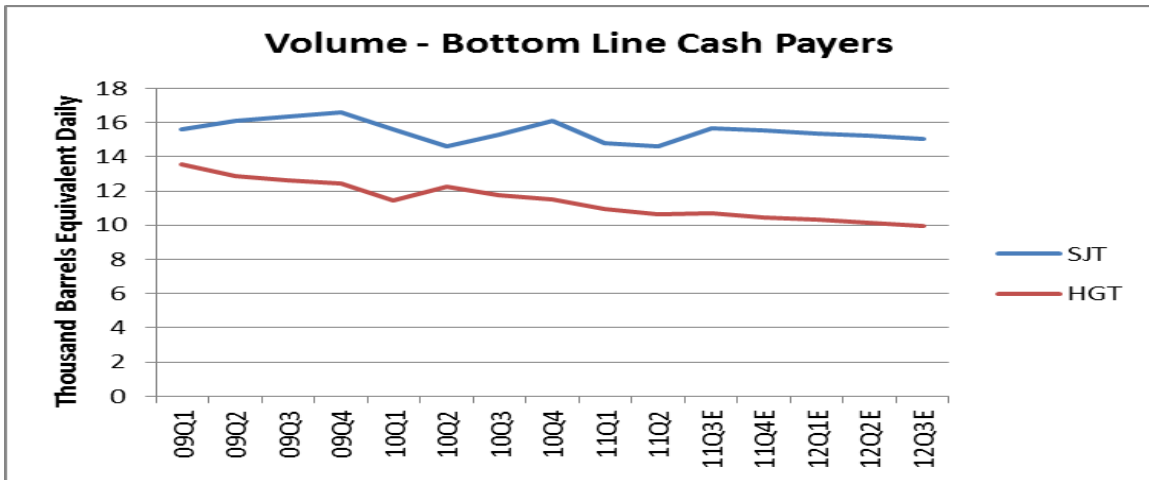
Kurt H. Wulff, CFA



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011





Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

Table ISC-1											
McDep Income and Small Cap Energy Portfolio											
Debt, Segments, Cash Flow, Income and McDep Ratio											
			Price								
Symbol/Rating		(US\$/sh)	EV/	Enterprise	PV(%)		EV/	Dist.	Dist.		
B = Buy	22-Sep	Market	Value	Nat	Oil	Ebitda	NTM	Yield	McDep		
CB (see below)	2011	Cap	(\$mm)	Gas		NTM	(\$/un)	(%)	Ratio		
Small Cap Independent Producers											
Range Resources	RRC	B	66.10	1.19	12,490	69	31	15.8	0.16	0.2	0.95
Peyto Exploration and Developmen	PEYUF		19.38	1.19	3,080	76	24	9.1	0.74	3.8	0.83
Birchcliff Energy Ltd.	BIREF	CB	11.30	1.26	1,870	56	44	11.6	-	-	0.75
Berry Petroleum Company	BRY		39.22	1.69	3,640	23	77	7.1	0.30	0.8	0.68
Cimarex Energy Company	XEC	CB	58.65	1.15	5,780	46	54	4.6	0.40	0.7	0.52
Denbury Resources Inc.	DNR		11.80	1.49	7,130	5	95	5.8	-	-	0.52
Whiting Petroleum Corporation	WLL	CB	37.41	1.36	6,050	11	89	4.0	-	-	0.49
<i>Total or Median</i>					40,000			7.1			0.68
Top Line Cash Payers											
Cross Timbers Royalty Trust	CRT		44.26	1.00	270	87	13		2.98	6.7	0.99
Permian Basin RT	PBT		21.17	1.00	990	42	58		1.46	6.9	0.96
Sabine Royalty Trust	SBR		62.85	1.00	920	51	49		4.18	6.6	0.90
Dorchester Minerals, L.P.	DMLP	CB	23.17	1.00	710	61	39		1.70	7.3	0.77
Freehold Royalties Ltd.	FRHLF		16.01	1.07	1,010	18	82		1.72	10.7	0.74
<i>Total or Median</i>					3,900					6.9	0.90
Bottom Line Cash Payers											
Linn Energy, LLC	LINE		36.53	1.48	9,530	31	69	15.5	2.76	7.6	1.05
Hugoton RoyaltyTrust	HGT		22.38	1.00	900	88	13	14.8	1.37	6.1	1.02
Vanguard Natural Resources, LLC	VNR		26.08	1.48	1,980	23	77	10.6	2.30	8.8	0.98
San Juan Basin Royalty Trust	SJT	CB	22.97	1.00	1,070	100	-	12.8	1.43	6.2	0.92
Legacy Reserves L.P.	LGCY		26.21	1.50	1,710	21	79	9.2	2.16	8.2	0.91
Mesa RoyaltyTrust	MTR		44.50	1.00	83	75	25	12.2	3.09	6.9	0.84
Enerplus Corporation	ERF	CB	24.54	1.25	5,500	30	70	7.3	2.21	9.0	0.71
<i>Total or Median</i>					20,800			12.2		7.6	0.92
Composite											
<i>Enterprise Value Weighting</i>					64,700	39	61				0.73
<i>Equal Weighting</i>						48	52				0.82
<i>Equal Weighted Buys</i>						47	53				0.75

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

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

Present Value (PV) presumes long-term prices of \$100 a barrel for oil and \$8 a million btu for natural gas.

Dist. = Income distribution. NTM = Next Twelve Months Ended September 30, 2012. Enterprise Value = Market Cap and Debt.



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

Table ISC-2								
McDep Income and Small Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price (\$/sh)		Market	Net		
	Symbol/ Rating		22-Sep 2011	Shares (mm)	Cap (\$mm)	Present Value (\$/un)	Debt/ Present Value	McDep Ratio
Small Cap Independent Producers								
Range Resources	RRC	B	66.10	159.0	10,510	70.00	0.15	0.95
Peyto Exploration and Development Cor	PEYUF		19.38	133.1	2,580	24.00	0.14	0.83
Birchcliff Energy Ltd.	BIREF	CB	11.30	131.0	1,480	16.00	0.16	0.75
Berry Petroleum Company	BRY		39.22	54.7	2,150	70.00	0.28	0.68
Cimarex Energy Company	XEC	CB	58.65	86.1	5,050	120.00	0.07	0.52
Denbury Resources Inc.	DNR		11.80	404.0	4,770	28.00	0.17	0.52
Whiting Petroleum Corporation	WLL	CB	37.41	119.0	4,450	90.00	0.13	0.49
<i>Total or Median</i>					30,990		0.15	0.68
Top Line Cash Payers								
Cross Timbers Royalty Trust	CRT		44.26	6.0	270	45.00	-	0.99
Permian Basin RT	PBT		21.17	46.6	990	22.00	-	0.96
Sabine Royalty Trust	SBR		62.85	14.6	920	70.00	-	0.90
Dorchester Minerals, L.P.	DMLP	CB	23.17	30.7	710	30.00	-	0.77
Freehold Royalties Ltd.	FRHLF		16.01	59.1	950	22.00	0.05	0.74
<i>Total or Median</i>					3,840			0.90
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		36.53	176.0	6,430	34.00	0.34	1.05
Hugoton RoyaltyTrust	HGT		22.38	40.0	900	22.00	-	1.02
Vanguard Natural Resources, LLC	VNR		26.08	51.1	1,330	27.00	0.32	0.98
San Juan Basin Royalty Trust	SJT	CB	22.97	46.6	1,070	25.00	-	0.92
Legacy Reserves L.P.	LGCY		26.21	43.6	1,140	30.00	0.30	0.91
Mesa RoyaltyTrust	MTR		44.50	1.9	83	53.00	-	0.84
Enerplus Corporation	ERF	CB	24.54	179.6	4,410	37.00	0.14	0.71
<i>Total or Median</i>					15,360			0.92
B=Buy; CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
Present Value presumes long-term prices of \$100 a barrel for oil and \$8 a million btu for natural gas.								



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

Table ISC-3								
McDep Income and Small Cap Energy Portfolio								
Value Multiples - Rank by EV/Ebitda								
			Price (\$/sh)	Revenue	Dist/ Equity	Adjstd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda
	Symbol/ Rating		22-Sep 2011	Royalty (%)	Ebitda	NTM	NTM	NTM
Small Cap Independent Producers								
Range Resources	RRC	B	66.10		-	14.4	16.6	15.8
Birchcliff Energy Ltd.	BIREF	CB	11.30		-	19.7	15.4	11.6
Peyto Exploration and Development Corp	PEYUF		19.38		0.33	13.6	10.9	9.1
Berry Petroleum Company	BRY		39.22		-	11.9	10.3	7.1
Denbury Resources Inc.	DNR		11.80		-	13.4	11.2	5.8
Cimarex Energy Company	XEC	CB	58.65		-	6.8	8.9	4.6
Whiting Petroleum Corporation	WLL	CB	37.41		-	8.5	8.1	4.0
	<i>Median</i>					13.4	10.9	7.1
Top Line Cash Payers								
Sabine Royalty Trust	SBR		62.85	100	1.00	7.2	16.7	15.0
Cross Timbers Royalty Trust	CRT		44.26	80	0.97	13.9	14.6	14.4
Permian Basin RT	PBT		21.17	32	0.98	16.5	14.9	14.3
Dorchester Minerals, L.P.	DMLP	CB	23.17	77	0.84	6.6	14.9	11.5
Freehold Royalties Ltd.	FRHLF		16.01	71	0.97	6.6	12.4	9.2
	<i>Median</i>					7.2	14.9	14.3
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		36.53		1.20	17.1	14.7	15.5
Hugoton RoyaltyTrust	HGT		22.38		0.91	13.9	14.6	14.8
San Juan Basin Royalty Trust	SJT	CB	22.97		0.80	8.6	13.9	12.8
Mesa RoyaltyTrust	MTR		44.50		0.85	14.5	14.5	12.2
Vanguard Natural Resources, LLC	VNR		26.08		0.92	8.8	10.9	10.6
Legacy Reserves L.P.	LGCY		26.21		0.73	10.2	10.1	9.2
Enerplus Corporation	ERF	CB	24.54		0.61	8.3	10.3	7.3
	<i>Median</i>					10.2	13.9	12.2
B=Buy; CB=Contrarian Buy, Stock Price apparently 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 September 30, 2012; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								
Top Line Cash Payers defined as those having Revenue Royalty (see fifth column from right).								



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

Table ISC-4									
Oil and Gas Income and Small Cap Stocks									
Rank by Enterprise Value to 200 Day Average									
			Price (\$/sh)	Enterprise Value/					
	Symbol/ Rating		22-Sep 2011	52Wk High	52Wk Low	50 Day Avg.	200 Day Avg.	McDep Ratio	
Small Cap Independent Producers									
	Range Resources	RRC	B	66.10	0.88	1.66	1.06	1.19	0.95
	Peyto Exploration and Development C	PEYUF		19.38	0.80	1.31	0.88	0.94	0.83
	Birchcliff Energy Ltd.	BIREF	CB	11.30	0.79	1.34	0.87	0.93	0.75
	Berry Petroleum Company	BRY		39.22	0.75	1.17	0.86	0.88	0.68
	Whiting Petroleum Corporation	WLL	CB	37.41	0.57	1.02	0.80	0.70	0.49
	Denbury Resources Inc.	DNR		11.80	0.55	1.03	0.79	0.68	0.52
	Cimarex Energy Company	XEC	CB	58.65	0.53	1.02	0.82	0.66	0.52
	<i>Median</i>				<i>0.75</i>	<i>1.17</i>	<i>0.86</i>	<i>0.88</i>	<i>0.68</i>
Top Line Cash Payers									
	Cross Timbers Royalty Trust	CRT		44.26	0.91	1.27	0.99	1.01	0.99
	Sabine Royalty Trust	SBR		62.85	0.89	1.32	1.01	1.00	0.90
	Permian Basin RT	PBT		21.17	0.89	1.11	0.96	0.98	0.96
	Dorchester Minerals, L.P.	DMLP	CB	23.17	0.77	1.11	0.92	0.86	0.77
	Freehold Royalties Ltd.	FRHLF		16.01	0.67	1.01	0.84	0.77	0.74
	<i>Median</i>				<i>0.89</i>	<i>1.11</i>	<i>0.96</i>	<i>0.98</i>	<i>0.90</i>
Bottom Line Cash Payers									
	Hugoton RoyaltyTrust	HGT		22.38	0.91	1.16	1.00	1.01	1.02
	Linn Energy, LLC	LINE		36.53	0.92	1.14	0.98	0.97	1.05
	Mesa RoyaltyTrust	MTR		44.50	0.87	1.12	0.98	0.96	0.84
	San Juan Basin Royalty Trust	SJT	CB	22.97	0.82	1.13	0.96	0.94	0.92
	Legacy Reserves L.P.	LGCY		26.21	0.84	1.12	0.96	0.93	0.91
	Vanguard Natural Resources, LLC	VNR		26.08	0.84	1.09	0.94	0.92	0.98
	Enerplus Corporation	ERF	CB	24.54	0.78	1.04	0.88	0.83	0.71
	<i>Median</i>				<i>0.84</i>	<i>1.12</i>	<i>0.96</i>	<i>0.94</i>	<i>0.92</i>

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



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

San Juan Basin Royalty Trust													
Next Twelve Months Operating and Financial Estimates													
	Q3		Q2		Q3E		Q4E		Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/10	6/30/11	9/30/11	12/31/11	2011E	3/31/12	6/30/12	9/30/12	9/30/12				9/30/12
Highlights													
Revenue (\$mm) (75%)	30.4	29.0	32.7	29.8	118.9	30.5	30.4	31.4					122.1
Cash flow (\$mm) (75%)	21.3	19.8	22.9	20.3	81.2	20.8	20.7	21.7					83.6
Per unit	0.46	0.42	0.49	0.44	1.74	0.45	0.44	0.47					1.79
Distributable Income (\$mm)	18.8	15.7	17.7	16.1	64.3	16.6	16.5	17.5					66.7
Per unit	0.40	0.34	0.38	0.34	1.38	0.36	0.35	0.38					1.43
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6					46.6
Volume													
Natural gas (mmbtu)	9.2	8.4	9.3	9.2	35.9	9.2	8.8	9.0					36.2
Heat Content(btu/cf)	1,103	1,093	1,090	1,090	1,094	1,094	1,094	1,094					1,093
Natural gas (bcf)	8.4	7.7	8.6	8.5	32.9	8.4	8.0	8.2					33.1
Natural Gas (mmcf)	90.8	86.8	93.1	92.1	90.0	91.2	90.3	89.4					90.8
Days	92	89	92	92	365	92	89	92					365
Oil (mb)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0					0.1
Oil (mbd)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2					0.2
Days	92	89	92	92	365	92	89	92					365
Total gas & oil (bcf)	8.5	7.8	8.7	8.6	33.2	8.5	8.1	8.3					33.5
Price													
Natural gas (\$/mmbtu) (Henry Hub lagged two months)													
Henry Hub (\$/mmbtu)	4.38	4.12	4.36	4.02	4.10	4.14	4.30	4.35					4.20
Differential (%)	2	(7)	(4)	(4)	(4)	(4)	(4)	(4)					(4)
Net to SJT (\$/mmbtu)	4.28	4.41	4.53	4.17	4.27	4.30	4.47	4.52					4.36
Natural gas (\$/mcf)	4.72	4.82	4.93	4.55	4.67	4.70	4.89	4.95					4.77
Oil (\$/bbl) (WTI Cushing lagged two months)													
WTI Cushing	75.14	100.91	98.33	86.42	93.33	86.12	86.81	87.55					86.72
SJT	63.48	91.18	88.85	78.09	82.87	76.46	77.08	77.74					77.35
Total gas & oil (\$/mcf)	4.80	4.94	5.04	4.64	4.77	4.79	4.98	5.04					4.86
Revenue (\$mm)													
Natural Gas	39.4	37.2	42.3	38.6	153.6	39.5	39.3	40.7					158.0
Oil	1.1	1.4	1.4	1.2	5.0	1.2	1.2	1.2					4.8
Total	40.6	38.6	43.6	39.8	158.5	40.6	40.5	41.9					162.8
Cost (\$mm)													
Severance tax	4.0	3.7	4.1	3.8	15.2	3.9	3.9	4.0					15.6
Operating	8.1	8.5	8.9	8.9	35.1	8.9	8.9	8.9					35.7
Total	12.1	12.2	13.1	12.7	50.3	12.8	12.8	13.0					51.3
Cash flow (\$mm)													
Development	3.1	5.6	6.5	5.1	20.9	5.1	5.1	5.1					20.4
Net proceeds (\$mm)	25.3	20.8	24.0	22.0	87.3	22.7	22.5	23.8					91.1
Royalty income (\$mm)													
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%					75%
Administration	0.2	0.5	0.4	0.4	1.8	0.4	0.4	0.4					1.6
One-time		(0.7)			(0.7)								-
Distributable income (\$mm)													
Severance tax/revenue	9.9%	9.6%	9.5%	9.5%	9.6%	9.6%	9.6%	9.6%					9.6%
Operating cost (\$/mcf)	0.96	1.09	1.03	1.04	1.06	1.05	1.10	1.07					1.07
Development/Cash flow	11%	21%	21%	19%	19%	18%	18%	18%					18%



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011

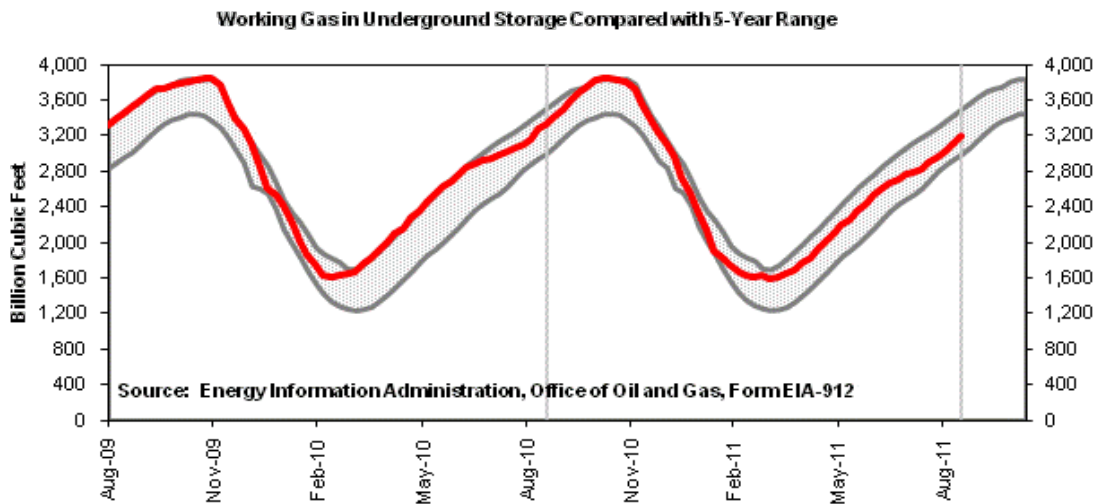
Hugoton Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	<i>Q3</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next Twelve Months</i>
	<i>9/30/10</i>	<i>6/30/11</i>	<i>9/30/11</i>	<i>12/31/11</i>	<i>2011E</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/11</i>	<i>6/30/12</i>
Highlights									
Revenue (\$mm) (80%)	25.3	25.5	26.8	24.0	100.9	24.5	24.0	24.6	97.1
Cash flow (\$mm) (80%)	16.0	16.7	17.6	15.1	64.6	15.2	14.8	15.3	60.5
Per unit	0.40	0.42	0.44	0.38	1.61	0.38	0.37	0.38	1.51
Distributable Income (\$mm)	14.5	14.4	15.3	13.7	56.3	13.8	13.4	13.9	54.9
Per unit	0.36	0.36	0.38	0.34	1.41	0.35	0.34	0.35	1.37
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume									
Natural Gas (bcf)	6.1	5.3	5.5	5.4	21.9	5.3	5.0	5.1	20.8
Natural Gas (mmcf)	66.0	59.6	60.0	58.8	59.9	57.6	56.4	55.3	57.0
Oil (mb)	69	64	65	64	261	68	65	65	262
Oil (mbd)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total (bcf)	6.5	5.7	5.9	5.8	23.4	5.7	5.4	5.5	22.4
Price									
Natural Gas (HH lagged two months)									
Henry Hub (\$/mmbtu)	4.38	4.12	4.36	4.02	4.10	4.14	4.30	4.35	4.20
Differential (%)	(0)	(18)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
HGT (\$/mcf)	4.39	4.86	4.96	4.58	4.70	4.71	4.90	4.96	4.78
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	75.14	100.91	98.33	86.42	93.33	86.12	86.81	87.55	86.72
HGT	71.43	96.92	94.44	83.01	89.88	82.94	83.60	84.32	83.46
Total (\$/mcf)	4.87	5.62	5.67	5.19	5.38	5.37	5.55	5.61	5.42
Revenue (\$mm)									
Natural Gas	26.7	25.7	27.4	24.7	102.7	25.0	24.6	25.2	99.6
Oil	4.9	6.2	6.1	5.3	23.4	5.6	5.4	5.5	21.8
Total	31.6	31.9	33.5	30.0	126.1	30.6	30.0	30.7	121.4
Cost (\$mm)									
Tax, transport & other	3.4	3.4	3.7	3.3	13.7	3.4	3.3	3.4	13.4
Production	5.4	4.9	5.2	5.2	20.8	5.5	5.5	5.5	21.7
Overhead	2.8	2.7	2.7	2.7	10.8	2.7	2.7	2.7	10.8
Total	11.5	11.1	11.6	11.2	45.4	11.6	11.5	11.6	45.8
Cash flow (\$mm)									
Development	1.7	2.6	2.2	1.5	8.8	1.5	1.5	1.5	6.0
Excess costs					-				
Net proceeds (\$mm)									
	18.3	18.3	19.7	17.3	71.9	17.6	17.0	17.7	69.6
Royalty income (\$mm)									
	14.7	14.7	15.8	13.9	57.6	14.0	13.6	14.1	55.7
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.1	0.3	0.5	0.2	1.2	0.2	0.2	0.2	0.8
Distributable income (\$mm)									
	14.5	14.4	15.3	13.7	56.3	13.8	13.4	13.9	54.9
Tax and other/revenue	10.8%	10.8%	11.0%	11.0%	10.9%	11.0%	11.0%	11.0%	11.0%
Production cost (\$/mcf)	0.83	0.86	0.88	0.89	0.89	0.96	1.02	1.00	0.97
Overhead cost (\$/mcf)	0.43	0.48	0.46	0.47	0.46	0.47	0.50	0.49	0.48
Development/Cash flow	0.08	0.12	0.10	0.08	0.11	0.08	0.08	0.08	0.08



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 23, 2011



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 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. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.