



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

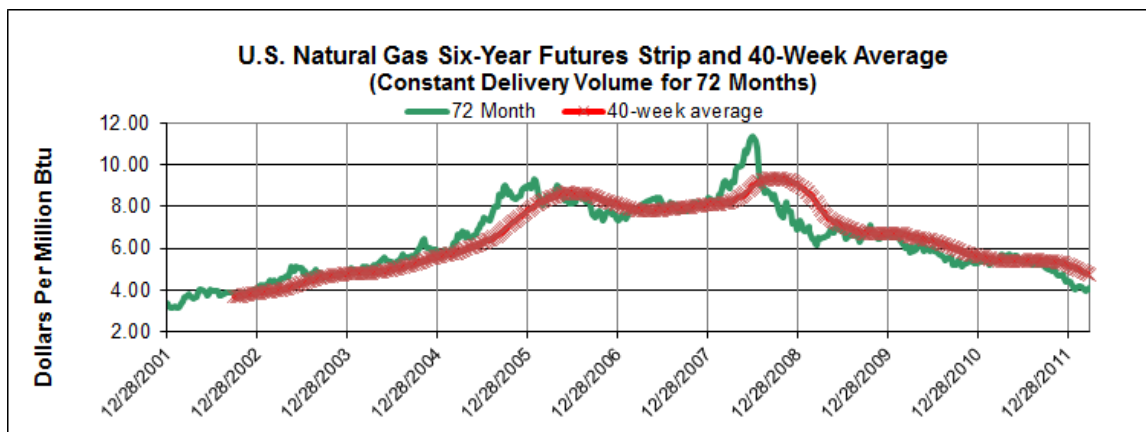
March 23, 2012

Gut Check on Natural Gas

Summary and Recommendation

Investors can participate in depressed-price natural gas by owning the stocks of the five most natural gas-concentrated producers in our income and small cap coverage. The latest settlement price for natural gas for the next six years is \$4.05 a million btu and falling (see chart [U.S. Natural Gas Futures](#) below). **San Juan Basin Royalty Trust (SJT)** is concentrated 100% on natural gas by value, **Hugoton Royalty Trust (HGT)**, 87%; **Peyto Exploration and Development (PEYUF)**, 76%; **Mesa Royalty Trust (MTR)**, 75% and **Cross Timbers Royalty Trust**, 70% (see [Table ISC-1](#)). Expected annual distribution yields remain high ranging from 4.3% for PEYUF to perhaps 8.2% for MTR as stock price adjusts to commodity price. PEYUF has the lowest McDep Ratio at 0.75. SJT is our official buy recommendation. Built to withstand commodity price surprise, balance sheets are unusually strong as SJT, CRT, HGT and MTR have zero debt while PEYUF has low debt (see [Table ISC-2](#)). High cash flow multiple (EV/Ebitda) is supported by long reserve life reported by CRT, PEYUF and HGT (see [Table ISC-3](#)). SJT and MTR report long-term volume trends consistent with long reserve life that belies reported shorter life by the restrictive rules applied by their independent engineers. Strong oil price helps cushion low natural gas price either in production reported as oil and for the two purest, SJT and HGT, liquids in the natural gas stream that boosts reported natural gas price above the benchmark (see tables [NTM Operating and Financial Estimates](#)). Experience tells us to keep the faith in strong players in challenging markets and to be wary of signs of weakness such as too much financial leverage or evidence of unsound management. The five stocks are each strongly positioned and soundly managed to the best of our knowledge.

Kurt H. Wulff, CFA





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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-Mar	Market	Value	Nat	Oil	Ebitda	NTM	Yield	McDep		
CB (see below)	2012	Cap	(\$mm)	Gas		NTM	(\$/un)	(%)	Ratio		
Small Cap Independent Producers											
PDC Energy	PETD	36.88	1.43	1,250	55	45	7.0	-	-	0.95	
Range Resources	RRC CB	58.90	1.27	11,920	64	36	13.7	0.16	0.3	0.87	
Berry Petroleum Company	BRY	48.29	1.56	4,160	12	88	5.5	0.32	0.7	0.78	
Peyto Exploration and Developmen	PEYUF	17.05	1.21	2,760	76	24	8.5	0.73	4.3	0.75	
Denbury Resources Inc.	DNR	18.21	1.39	9,930	4	96	5.5	-	-	0.72	
Cimarex Energy Company	XEC B	75.78	1.14	7,440	43	57	5.6	0.36	0.5	0.72	
Whiting Petroleum Corporation	WLL B	54.62	1.29	8,360	9	91	4.5	-	-	0.68	
Birchcliff Energy Ltd.	BIREF CB	9.00	1.41	1,680	58	42	10.1	-	-	0.65	
<i>Total or Median</i>				47,500			6.3			0.73	
Top Line Cash Payers											
Permian Basin RT	PBT	22.60	1.00	1,050	37	63		1.54	6.8	1.13	
Cross Timbers Royalty Trust	CRT	44.93	1.00	270	70	30		2.78	6.2	1.02	
Freehold Royalties Ltd.	FRHLF	20.11	1.04	1,350	16	84		1.69	8.4	0.96	
Dorchester Minerals, L.P.	DMLP B	25.46	1.00	780	57	43		2.16	8.5	0.94	
Sabine Royalty Trust	SBR	59.61	1.00	870	55	45		4.07	6.8	0.92	
<i>Total or Median</i>				4,300					6.8	0.96	
Bottom Line Cash Payers											
Linn Energy, LLC	LINE	37.75	1.77	11,680	40	60	9.9	2.76	7.3	1.13	
Vanguard Natural Resources, LLC	VNR	28.46	1.45	2,140	20	80	9.4	2.35	8.3	1.09	
Enduro Royalty Trust (40%)	NDRO	21.47	1.00	280	45	55	7.3	1.86	8.6	1.02	
Legacy Reserves L.P.	LGCY	29.04	1.35	1,860	18	82	8.2	2.20	7.6	0.98	
San Juan Basin Royalty Trust	SJT CB	19.35	1.00	900	100	-	14.9	0.91	4.7	0.92	
Hugoton RoyaltyTrust	HGT	15.03	1.00	600	87	13	16.8	0.75	5.0	0.88	
Mesa RoyaltyTrust	MTR	42.45	1.00	79	75	25	10.9	3.47	8.2	0.88	
Enerplus Corporation	ERF CB	22.81	1.32	5,900	23	77	6.4	2.18	9.5	0.73	
<i>Total or Median</i>				23,400			9.6		7.9	0.95	
Composite											
<i>Enterprise Value Weighting</i>				75,300	35	65					0.82
<i>Equal Weighting</i>					46	54					0.89
<i>Equal Weighted Buys</i>					41	59					0.78

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 \$6 a million btu for natural gas.

Dist. = Income distribution. NTM = Next Twelve Months Ended March 31, 2013. Enterprise Value = Market Cap and Debt.



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Table ISC-2								
McDep Income and Small Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price (\$/sh)		Market	Net		
	Symbol/ Rating		22-Mar 2012	Shares (mm)	Cap (\$mm)	Present Value (\$/un)	Debt/ Present Value	
							McDep Ratio	
Small Cap Independent Producers								
PDC Energy	PETD		36.88	23.8	880	40.00	0.28	0.95
Range Resources	RRC	CB	58.90	160.0	9,420	70.00	0.18	0.87
Berry Petroleum Company	BRY		48.29	55.0	2,660	70.00	0.28	0.78
Peyto Exploration and Development Cor	PEYUF		17.05	133.9	2,280	24.00	0.13	0.75
Denbury Resources Inc.	DNR		18.21	393.0	7,160	28.00	0.20	0.72
Cimarex Energy Company	XEC	B	75.78	86.2	6,530	110.00	0.09	0.72
Whiting Petroleum Corporation	WLL	B	54.62	119.0	6,500	88.00	0.15	0.68
Birchcliff Energy Ltd.	BIREF	CB	9.00	132.0	1,190	16.00	0.19	0.65
<i>Total or Median</i>					36,620		0.18	0.73
Top Line Cash Payers								
Permian Basin RT	PBT		22.60	46.6	1,050	20.00	-	1.13
Cross Timbers Royalty Trust	CRT		44.93	6.0	270	44.00	-	1.02
Freehold Royalties Ltd.	FRHLF		20.11	64.8	1,300	21.00	0.03	0.96
Dorchester Minerals, L.P.	DMLP	B	25.46	30.7	780	27.00	-	0.94
Sabine Royalty Trust	SBR		59.61	14.6	870	65.00	-	0.92
<i>Total or Median</i>					4,270			0.96
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		37.75	175.0	6,610	30.00	0.49	1.13
Vanguard Natural Resources, LLC	VNR		28.46	52.0	1,480	25.00	0.34	1.09
Enduro Royalty Trust (40%)	NDRO		21.47	13.2	280	21.00	-	1.02
Legacy Reserves L.P.	LGCY		29.04	47.5	1,380	30.00	0.25	0.98
San Juan Basin Royalty Trust	SJT	CB	19.35	46.6	900	21.00	-	0.92
Hugoton Royalty Trust	HGT		15.03	40.0	600	17.00	-	0.88
Mesa Royalty Trust	MTR		42.45	1.9	79	48.00	-	0.88
Enerplus Corporation	ERF	CB	22.81	196.0	4,470	34.00	0.18	0.73
<i>Total or Median</i>					15,800			0.95
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 \$6 a million btu for natural gas.								



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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-Mar 2012	Royalty (%)	Ebitda	NTM	NTM	NTM
Small Cap Independent Producers								
Range Resources	RRC	CB	58.90		-	15.8	15.8	13.7
Birchcliff Energy Ltd.	BIREF	CB	9.00		-	23.7	15.6	10.1
Peyto Exploration and Development Corp	PEYUF		17.05		0.34	14.9	11.3	8.5
PDC Energy	PETD		36.88		-	8.2	7.4	7.0
Cimarex Energy Company	XEC	B	75.78		-	8.2	7.8	5.6
Berry Petroleum Company	BRY		48.29		-	11.8	7.1	5.5
Denbury Resources Inc.	DNR		18.21		-	14.1	7.6	5.5
Whiting Petroleum Corporation	WLL	B	54.62		-	9.8	6.6	4.5
	<i>Median</i>					13.0	7.7	6.3
Top Line Cash Payers								
Cross Timbers Royalty Trust	CRT		44.93	78	0.97	16.3	15.3	15.6
Sabine Royalty Trust	SBR		59.61	100	1.00	8.2	16.0	14.7
Permian Basin RT	PBT		22.60	32	0.92	9.7	12.0	13.5
Dorchester Minerals, L.P.	DMLP	B	25.46	77	1.00	6.1	12.5	11.8
Freehold Royalties Ltd.	FRHLF		20.11	71	0.71	6.8	8.7	8.4
	<i>Median</i>					8.2	12.5	13.5
Bottom Line Cash Payers								
Hugoton Royalty Trust	HGT		15.03		0.84	13.6	19.1	16.8
San Juan Basin Royalty Trust	SJT	CB	19.35		0.70	8.8	16.1	14.9
Mesa Royalty Trust	MTR		42.45		0.89	7.7	12.3	10.9
Linn Energy, LLC	LINE		37.75		0.81	14.7	8.8	9.9
Vanguard Natural Resources, LLC	VNR		28.46		0.81	14.0	8.6	9.4
Legacy Reserves L.P.	LGCY		29.04		0.62	11.9	8.4	8.2
Enduro Royalty Trust (40%)	NDRO		21.47		0.63	5.3	7.2	7.3
Enerplus Corporation	ERF	CB	22.81		0.56	8.2	8.8	6.4
	<i>Median</i>					10.3	8.8	9.6
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 March 31, 2013; 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).								



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Cross Timbers Royalty Trust									
Next Twelve Months Operating and Financial Performance									
	Q1	Q4	Year	Q1E	Q2E	Q3E	Year	Q1E	Next Twelve Months
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/11	2012E	3/31/13	3/31/13
Volume									
Natural Gas (bcf)	0.47	0.49	1.87	0.40	0.47	0.47	1.81	0.46	1.87
Natural Gas (mmcf)	5.1	5.3	5.1	4.4	5.2	5.1	5.0	5.0	5.1
Days	92	92	365	92	91	91	366	92	366
Oil (mb)	53	46	196	49	47	48	192	47	190
Oil (mbd)	0.58	0.50	0.54	0.53	0.53	0.52	0.52	0.51	0.52
Days	92	92	365	92	90	92	366	92	366
Total (bcf)	0.79	0.76	3.05	0.70	0.76	0.76	2.97	0.75	3.02
Price									
Natural Gas (HH lagged three months)									
Henry Hub (\$/mmbtu)	3.80	4.19	4.11	3.55	2.73	2.46	2.86	3.08	2.74
Differential (%)	(76)	(82)	(79)	(108)	(108)	(108)	(107)	(108)	(108)
CRT (\$/mcf)	6.69	7.64	7.36	7.40	5.69	5.12	5.91	6.41	5.72
Oil (\$/bbl) (WTI lagged two months)									
WTI Cushing	87.66	86.13	93.25	98.69	105.82	108.95	105.79	109.72	108.54
CRT	79.18	82.23	86.87	93.47	100.22	103.19	100.15	103.92	102.80
Total (\$/mcf)	9.32	9.84	10.11	10.84	9.83	9.72	10.10	10.54	10.03
Revenue (\$mm)									
Natural Gas	3.13	3.71	13.79	2.99	2.69	2.40	10.73	2.98	10.72
Oil	4.20	3.78	17.03	4.58	4.76	4.96	19.23	4.89	19.54
Total	7.33	7.49	30.81	7.57	7.45	7.35	29.96	7.87	30.26
Cost (\$mm)									
Tax, transport & other	0.95	1.10	4.25	1.06	1.04	1.03	4.19	1.10	4.24
Production	1.12	1.32	4.57	1.32	1.32	1.32	5.30	1.32	5.30
Total	2.07	2.42	8.82	2.38	2.37	2.35	9.49	2.43	9.53
Cash flow (\$mm)									
Development	0.20	0.21	0.63	0.20	0.20	0.20	0.80	0.20	0.80
Excess or other			-				-		
Net proceeds (\$mm)	5.06	4.86	21.36	4.98	4.88	4.80	19.67	5.24	19.93
Royalty income (\$mm)	4.35	4.25	18.42	4.36	4.20	4.13	16.99	4.51	17.14
Royalty/Net proceeds	86%	87%	86%	87%	86%	86%	86%	86%	86%
Administration	0.13	0.11	0.47	0.11	0.11	0.11	0.44	0.11	0.44
Distributable income (\$mm)	4.22	4.14	17.95	4.25	4.09	4.02	16.55	4.40	16.70
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Per unit	0.70	0.69	2.99	0.71	0.68	0.67	2.76	0.73	2.78



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Hugoton Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Year</i>	<i>Q1E</i>	<i>Next Twelve Months</i>
	<i>3/31/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/12</i>	<i>2012E</i>	<i>3/31/13</i>	<i>3/31/13</i>
Highlights									
Revenue (\$mm) (80%)	24.5	23.6	100.0	20.9	16.3	16.9	71.7	20.0	70.8
Cash flow (\$mm) (80%)	15.3	14.4	63.7	11.7	7.6	8.1	36.1	11.3	35.7
Per unit	0.38	0.36	1.59	0.29	0.19	0.20	0.90	0.28	0.89
Distributable Income (\$mm)	12.9	13.1	55.8	9.8	6.2	6.7	30.0	9.9	30.1
Per unit	0.32	0.33	1.39	0.25	0.16	0.17	0.75	0.25	0.75
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume									
Natural Gas (bcf)	5.6	5.2	21.7	5.2	5.0	5.0	20.0	4.9	19.7
Natural Gas (mmcf)	61.3	57.0	59.4	56.4	55.3	54.2	54.7	53.1	53.9
Days	92	92	365	92	90	92	366	92	366
Oil (mb)	68	58	249	57	54	55	219	52	215
Oil (mbd)	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Total (bcf)	6.0	5.6	23.2	5.5	5.3	5.3	21.3	5.2	21.0
Price									
Natural Gas (HH lagged two months)									
Henry Hub (\$/mmbtu)	3.93	3.99	4.10	3.32	2.49	2.56	2.78	3.31	2.78
Differential (%)	(12)	(18)	(15)	(20)	(20)	(20)	(21)	(20)	(20)
HGT (\$/mcf)	4.41	4.70	4.73	4.00	2.99	3.09	3.36	3.99	3.34
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	87.66	86.13	93.25	98.69	105.82	108.95	105.79	109.72	108.54
HGT	85.34	83.12	90.07	95.32	102.21	105.23	102.09	105.88	104.81
Total (\$/mcf)	5.07	5.27	5.39	4.73	3.85	3.98	4.20	4.81	4.21
Revenue (\$mm)									
Natural Gas	24.9	24.7	102.6	20.8	14.9	15.4	67.3	19.5	66.0
Oil	5.8	4.8	22.4	5.4	5.5	5.7	22.4	5.6	22.5
Total	30.7	29.5	125.0	26.2	20.4	21.1	89.6	25.0	88.5
Cost (\$mm)									
Tax, transport & other	3.3	3.3	13.6	2.9	2.2	2.3	9.9	2.8	9.7
Production	5.6	5.4	21.1	6.0	6.0	6.0	23.8	5.5	23.4
Overhead	2.7	2.7	10.8	2.7	2.7	2.7	10.8	2.7	10.8
Total	11.6	11.4	45.5	11.5	10.9	11.0	44.5	10.9	43.9
Cash flow (\$mm)									
Development	2.6	1.5	8.8	1.5	1.5	1.5	6.0	1.5	6.0
Excess costs			-				-		
Net proceeds (\$mm)	16.5	16.5	70.8	13.2	8.0	8.7	39.2	12.6	38.6
Royalty income (\$mm)	13.2	13.2	56.6	10.5	6.4	6.9	31.3	10.1	30.9
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.3	0.1	0.8	0.7	0.2	0.2	1.3	0.2	0.8
Distributable income (\$mm)	12.9	13.1	55.8	9.8	6.2	6.7	30.0	9.9	30.1



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Mesa Royalty Trust									
Next Twelve Months Operating and Financial Performance									
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Year</i>	<i>Q1E</i>	<i>Next Twelve Months</i>
	<i>3/31/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/12</i>	<i>2012E</i>	<i>3/31/13</i>	<i>3/31/13</i>
Volume (90% of working interest)									
Natural Gas (bcf)	0.35	0.33	1.36	0.33	0.32	0.32	1.29	0.32	1.27
Natural Gas (mmcf)	3.8	3.6	3.7	3.6	3.5	3.5	3.5	3.4	3.5
Days	92	92	365	92	90	92	366	92	366
Oil (mmb)	0.03	0.03	0.11	0.03	0.03	0.03	0.11	0.03	0.11
Oil (mbd)	0.29	0.30	0.30	0.30	0.30	0.29	0.29	0.29	0.29
Total (bcfe)	0.51	0.50	2.01	0.49	0.48	0.48	1.93	0.47	1.91
Total (mmcf)	5.5	5.4	5.5	5.4	5.3	5.3	5.3	5.1	5.2
Price (Henry Hub and WTI Cushing lagged two months)									
Henry Hub (\$/mmbtu)	3.93	3.99	4.10	3.32	2.49	2.56	2.78	3.31	2.78
Differential (%)	17	16	16	16	16	16	16	16	16
Trust (\$/mcf)	3.27	3.35	3.45	2.79	2.09	2.16	2.34	2.79	2.34
WTI Cushing (\$/bbl)	87.66	86.13	93.25	98.69	105.82	108.95	105.79	109.72	108.54
Differential	52.64	40.04	52.84	45.88	49.19	50.65	49.20	51.00	50.46
Trust (\$/bbl)	35.01	46.09	40.41	52.81	56.63	58.30	56.59	58.71	58.09
Total (\$/mcf)	4.08	4.80	4.51	4.80	4.55	4.68	4.71	5.13	4.79
Revenue (\$mm)									
Natural Gas	1.13	1.11	4.69	0.92	0.66	0.69	3.01	0.88	2.98
Oil	0.93	1.28	4.39	1.45	1.51	1.57	6.09	1.55	6.19
Total	2.06	2.39	9.08	2.37	2.17	2.26	9.10	2.43	9.16
Expense									
	0.46	0.61	1.87	0.49	0.45	0.47	1.89	0.50	1.90
Ebitda									
	1.60	1.78	7.21	1.88	1.72	1.79	7.21	1.92	7.26
Development (90%)	0.10	0.14	0.49	0.15	0.15	0.15	0.60	0.15	0.60
Royalty Income									
Hugoton	0.61	0.72	2.69						-
San Juan	0.89	0.92	4.03						-
Total Royalty Income	1.50	1.64	6.72	1.73	1.57	1.64	6.61	1.77	6.66
Administrative	0.36	0.29	1.21	0.05	0.05	0.05	0.20	0.05	0.20
Distributable Income (\$mm)									
	1.14	1.35	5.51	1.68	1.52	1.59	6.41	1.72	6.46
Per Unit (\$)	0.61	0.73	2.96	0.64	0.82	0.85	3.19	0.93	3.47
Units (millions)									
	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86
Ebitda Margin									
	78%	75%	79%	79%	79%	79%	79%	79%	79%



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Peyto Exploration and Development Corp.									
Next Twelve Months Operating and Financial Estimates									
(Canadian dollars)									
									<i>Next</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Year</i>	<i>Q1E</i>	<i>Twelve</i>
	<i>3/31/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/12</i>	<i>2012E</i>	<i>3/31/13</i>	<i>Months</i>
									<i>3/31/13</i>
Volume									
Natural gas (bcf)	15.0	19.6	69.3	20.4	21.4	22.7	88.2	24.5	92.3
Natural Gas (mmcf/d)	167	213	190	224	235	247	241	272	253
Days	90	92	365	91	91	92	366	90	365
Oil (mmb)	0.3	0.4	1.4	0.4	0.4	0.4	1.6	0.5	1.7
Oil (mbd)	3.75	3.95	3.9	4.15	4.35	4.57	4.5	5.04	4.7
Total gas & oil (bcf)	17.0	21.8	77.7	22.6	23.7	25.2	98.0	27.2	102.6
Total gas & oil (mbd)	31.5	39.5	35.5	41.4	43.5	45.7	44.6	50.3	46.9
Price									
Natural gas (\$/mcf)									
Henry Hub (US\$/mmbtu)	4.11	3.55	4.04	2.73	2.46	2.71	2.74	3.52	2.94
Currency (US\$/C\$)	1.01	0.98	1.01	1.00	1.00	1.00	1.00	1.00	1.00
Henry Hub (C\$/mmbtu)	4.05	3.63	3.99	2.73	2.45	2.71	2.74	3.52	2.94
Company (C\$/mcf)	4.05	3.70	3.93	2.73	2.45	2.71	2.75	3.52	2.96
Oil (\$/bbl)									
WTI Cushing (US\$)	94.10	94.06	95.12	103.25	108.51	109.56	107.77	109.41	109.31
WTI Cushing (C\$/bbl)	92.75	96.20	93.92	103.16	108.42	109.48	107.68	109.32	109.22
Company (C\$/bbl)	76.19	88.04	81.67	89.71	94.28	95.20	93.75	95.18	95.02
Total gas & oil (\$/mcf)	5.08	4.80	4.46	3.95	3.78	4.03	3.43	4.75	3.61
Revenue (\$mm)									
Natural Gas	60.8	72.5	272	55.5	52.4	61.5	243	86.0	273
Oil	25.7	32.0	115	33.9	37.4	40.0	153	43.2	163
Royalties	(9.9)	(9.9)	(41)	(13.4)	(13.5)	(15.2)	(59)	(19.4)	(65)
Total	76.5	94.6	346	76.0	76.3	86.3	337	109.8	371
Expense	8.8	13.1	42	9.1	9.2	10.4	40	13.2	45
Ebitda (\$mm)	67.7	81.5	304	66.8	67.2	75.9	296	96.6	326
Deprec., Deplet., & Amort.	29.3	39.6	131	39.6	39.6	39.6	158	39.6	158
Hedging and other	(8.3)	2.7	(16)	(13.5)	(14.4)	(13.6)	(54)	(11.0)	(51)
Ebit	46.7	39.2	190	40.7	41.9	49.9	192	68.1	219
Interest	4.6	7.6	22	7.6	7.6	7.6	30	7.6	30
Ebt	42.1	31.6	168	33.1	34.3	42.3	161	60.5	189
Income Tax	10.3	6.2	40	8.0	8.2	10.2	39	14.5	45
Net Income (\$mm)	31.8	25.4	128	25.2	26.1	32.1	123	46.0	143
Shares (millions)	132.7	133.9	133	133.9	133.9	133.9	134	133.9	134
Per share (\$)	0.24	0.19	0.96	0.19	0.19	0.24	0.92	0.34	1.07
Ebitda Margin - O&G	89%	86%	88%	88%	88%	88%	88%	88%	88%
Tax Rate	24%	20%	24%	24%	24%	24%	24%	24%	24%
Dividend (\$mm)	24	24	96	24	24	24	96	24	96
Per share (\$)	0.18	0.18	0.72	0.18	0.18	0.18	0.72	0.18	0.72



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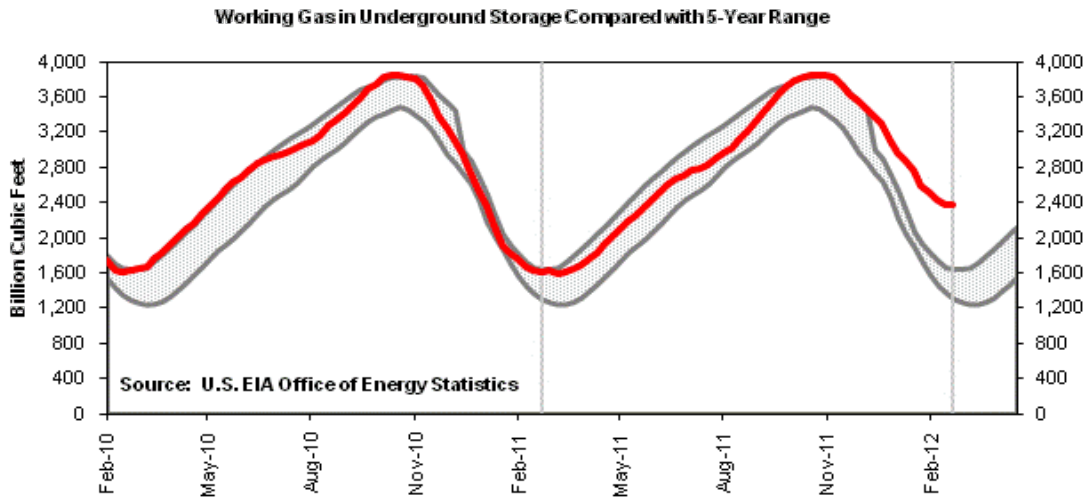
San Juan Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
	Q1		Year	Q1E		Q2E	Q3E	Year	Q1E	Next Twelve Months
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	3/31/13	
Highlights										
Revenue (\$mm) (75%)	27.4	32.2	121.1	27.8	20.4	21.8	93.3	27.8	93.4	
Cash flow (\$mm) (75%)	18.1	23.0	83.8	19.2	12.5	13.7	60.4	19.4	60.7	
Per unit	0.39	0.49	1.80	0.41	0.27	0.29	1.30	0.42	1.30	
Distributable Income (\$mm)	14.9	18.9	67.2	14.6	7.6	8.9	41.4	15.4	42.2	
Per unit	0.32	0.41	1.44	0.31	0.16	0.19	0.89	0.33	0.91	
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	
Volume										
Natural gas (mmbtu)	8.9	9.4	36.1	8.9	8.6	8.9	35.2	8.9	35.2	
Heat Content(btu/cf)	1,103	1,096	1,095	1,082	1,082	1,082	1,082	1,082	1,082	
Natural gas (bcf)	8.1	8.6	33.0	8.2	7.9	8.2	32.6	8.2	32.6	
Natural Gas (mmcf)	88.0	93.2	90.3	89.3	89.3	89.3	89.3	89.3	89.3	
Days	92	92	365	92	89	92	365	92	365	
Oil (mb)	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1	
Oil (mbd)	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Days	92	92	365	92	89	92	365	92	365	
Total gas & oil (bcf)	8.2	8.7	33.3	8.3	8.0	8.3	32.9	8.3	33.0	
Price										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	3.93	3.99	4.10	3.32	2.49	2.56	2.78	3.31	2.78	
Differential (%)	(1)	(11)	(6)	(21)	(21)	(21)	(21)	(21)	(21)	
Net to SJT (\$/mmbtu)	3.98	4.44	4.34	4.02	3.01	3.10	3.37	4.01	3.37	
Natural gas (\$/mcf)	4.39	4.87	4.76	4.35	3.25	3.35	3.65	4.33	3.64	
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	87.66	86.13	93.25	98.69	105.82	108.95	105.79	109.72	108.54	
SJT	71.86	75.34	81.08	85.80	92.00	94.73	92.02	95.44	94.39	
Total gas & oil (\$/mcf)	4.47	4.95	4.85	4.46	3.39	3.50	3.78	4.46	3.78	
Revenue (\$mm)										
Natural Gas	35.6	41.7	156.8	35.7	25.8	27.5	118.8	35.6	118.7	
Oil	1.0	1.2	4.8	1.3	1.4	1.5	5.7	1.5	5.8	
Total	36.5	42.9	161.5	37.0	27.2	29.0	124.4	37.1	124.5	
Cost (\$mm)										
Severance tax	3.6	4.1	15.5	3.2	2.3	2.5	10.7	3.2	10.7	
Operating	8.7	8.1	34.2	8.3	8.3	8.3	33.2	8.0	32.9	
Total	12.3	12.2	49.8	11.5	10.6	10.8	43.9	11.2	43.6	
Cash flow (\$mm)										
Development	3.7	5.3	21.0	5.9	5.9	5.9	23.6	4.8	22.5	
Net proceeds (\$mm)										
Royalty/Net proceeds	20.5	25.5	90.7	19.6	10.7	12.3	57.0	21.1	58.4	
Royalty income (\$mm)										
Royalty/Net proceeds	15.4	19.1	68.0	14.7	8.0	9.3	42.7	15.8	43.8	
Administration	0.5	0.2	1.5	0.1	0.4	0.4	1.3	0.4	1.6	
One-time			(0.7)				-		-	
Distributable income (\$mm)										
	14.9	18.9	67.2	14.6	7.6	8.9	41.4	15.4	42.2	



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