



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

San Juan Basin Royalty Trust (SJT) Horizontal Mancos Well Apparently Successful

<i>Symbol</i>	SJT	<i>Ebitda Next Twelve Months ending 12/31/13 (US\$mm)</i>	66
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	97
<i>Price (US\$/sh)</i>	15.40	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/31/13	<i>Adjusted Reserves/Production NTM</i>	9.1
<i>Shares (mm)</i>	47	<i>EV/Ebitda</i>	10.8
<i>Market Capitalization (US\$mm)</i>	720	<i>PV/Ebitda</i>	14.7
<i>Debt (US\$mm)</i>	0	<i>Undeveloped Reserves (%)</i>	4
<i>Enterprise Value (EV) (US\$mm)</i>	720	<i>Natural Gas and Oil Ebitda (US\$/mcf)</i>	2.76
<i>Present Value (PV) (US\$mm)</i>	980	<i>Present Value Proven Reserves(US\$/boe)</i>	26.46
<i>Net Present Value (US\$/unit)</i>	21	<i>Oil and Gas Ebitda Margin (%)</i>	65
<i>Debt/Present Value</i>	0.00	<i>Earnings Next Twelve Months (US\$/un)</i>	0.99
<i>McDep Ratio - EV/PV</i>	0.73	<i>Price/Earnings Next Twelve Months</i>	16
<i>Distribution Yield (%/year)</i>	6.4	<i>Distribution Next Twelve Months (US\$/sh)</i>	0.99
Note: Estimated cash flow and earnings tied to one-year futures prices for natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.			
For historical analysis of SJT since 2000 see www.mcdep.com/4sjt.htm			

Summary and Recommendation

The first horizontal well drilled and fracked in the Mancos Shale underlying the 119,000 net producing acres of Buy-recommended **San Juan Basin Royalty Trust (SJT)** apparently flowed at a high rate of 9.6 million cubic feet in what we presume was an initial 24-hour test. Both the operator, **ConocoPhillips (COP)**, and the trustee of SJT called attention to the well, Yert 1-H, on January 25 in a press release dealing mostly with capital expenditure plans. Though neither the operator nor the trustee commented on any results of the well, we understand from the government filing that the flow also included an undisclosed amount of liquids in the gas stream. The trust's gas wells on average include liquids that boost heating value to 9% above the million btu per thousand cubic feet standard. Some of the trust's wells produce oil in addition.

The Yert 1-H is probably the most important well drilled on SJT acreage since the first commercial coal seam gas well was completed some 25 years ago. It opens for high flow rate extraction, a fourth major formation that may hold as much gas for future production as has already been produced from the Fruitland, Dakota and Mesa Verde formations in 90 years. Because the U.S. has enough natural gas supply for now, the pace of development is constrained to fit the existing transportation infrastructure. Already a primary supplier to California, the San Juan Basin could add long-term markets to displace coal in the Southwest, export LNG to Asia through the terminal in Baja California and perhaps export to Mexico. We are excited that the development of the Mancos may give patient investors a shot at seeing SJT exceed its old stock price high of \$51 in several years.

Kurt H. Wulff, CFA



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

San Juan Basin Royalty Trust									
Monthly Declarations									
	Nov-11	Dec-11	Jan-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Distribution (\$/unit)									
Declared	0.14	0.15	0.12	0.04	0.01	0.05	0.00	0.03	0.05
<i>Projected</i>									
Volume									
Natural gas (mmbtu)	2.99	3.44	2.91	2.80	3.45	2.48	2.93	3.14	2.86
Heat Content(btu/cf)	1,093	1,092	1,072	1,099	1,077	1,127	1,097	1,098	1,098
Natural gas (bcf)	2.74	3.15	2.72	2.55	3.20	2.20	2.67	2.86	2.60
Natural Gas (mmcf)	91	102	91	85	103	71	89	92	87
Days	30	31	30	30	31	31	30	31	30
Price									
Natural gas industry quotes lagged two months (\$/mmbtu)									
Henry Hub Index/Futures	3.85	3.76	3.52	2.42	2.77	3.01	2.63	3.03	3.47
San Juan Monthly Index	3.74	3.52	3.38	2.38	2.52	2.79	2.48	2.79	3.31
San Juan Index/Henry Hub	0.97	0.94	0.96	0.98	0.91	0.93	0.94	0.92	0.95
SJT/San Juan Index	1.18	1.20	1.24	1.03	0.81	1.32	1.07	1.07	1.01
SJT (\$/mmbtu)	4.43	4.24	4.18	2.46	2.05	3.67	2.66	2.98	3.34
SJT (\$/mcf)	4.84	4.63	4.48	2.70	2.21	4.14	2.92	3.27	3.67
Revenue (\$mm)									
Natural Gas	13.2	14.6	12.2	6.9	7.1	9.1	7.8	9.4	9.5
Other	0.3	0.3	0.8	0.3	0.0	0.3	0.2	0.1	0.3
Cost (\$mm)									
Severance tax	1.3	1.4	1.2	0.7	0.7	1.0	0.9	1.0	1.0
Operating	2.6	2.6	2.8	3.2	3.7	3.5	4.0	3.1	2.8
Total	3.8	4.0	4.0	3.9	4.4	4.4	4.9	4.1	3.8
Cash flow (\$mm)	9.7	10.8	9.0	3.3	2.7	5.0	3.1	5.3	6.0
Development	1.3	1.6	1.6	1.0	2.0	1.6	3.1	3.7	3.1
Net proceeds (\$mm)	8.4	9.3	7.4	2.2	0.7	3.4	0.1	1.7	2.9
Royalty income (\$mm)	6.3	6.9	5.5	1.7	0.5	2.5	0.0	1.3	2.2
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%
One time									
Distributable income (\$mm)	6.3	6.9	5.5	1.7	0.5	2.5	0.0	1.3	2.2
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Distribution (\$/unit)	0.14	0.15	0.12	0.04	0.01	0.05	0.00	0.03	0.05
<i>Latest Twelve Month Average</i>									
Heat Content(btu/cf)	1,097	1,095	1,092	1,091	1,091	1,092	1,093	1,093	1,095
Natural Gas (mmcf)	89	90	90	91	92	90	90	89	89
San Juan Index/Henry Hub	0.94	0.94	0.95	0.95	0.95	0.95	0.94	0.94	0.94
SJT/San Juan Index	1.12	1.13	1.13	1.21	1.19	1.21	1.20	1.19	1.17
Other revenue	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Operating	2.9	2.9	2.8	2.6	2.7	2.7	2.9	2.9	2.9
Development	1.7	1.8	1.8	1.6	1.6	1.5	1.7	1.8	2.0
Severance tax/revenue	10.0%	9.9%	9.9%	9.6%	9.6%	9.6%	9.7%	9.8%	9.9%
Ebitda Margin	68%	69%	69%	68%	65%	64%	61%	59%	58%



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

San Juan Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
	Q4		Q3		Q4E		Year		Next Twelve Months	
	12/31/11	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	12/31/13	12/31/13	
Highlights										
Revenue (\$mm) (75%)	32.2	16.4	20.6	85.5	26.2	23.7	26.0	26.7	102.6	
Cash flow (\$mm) (75%)	23.0	8.0	10.5	51.3	17.0	15.0	16.8	17.5	66.4	
Per unit	0.49	0.17	0.23	1.10	0.37	0.32	0.36	0.38	1.43	
Distributable Income (\$mm)	18.9	4.6	3.9	33.5	11.3	10.1	11.9	12.6	46.0	
Per unit	0.41	0.10	0.08	0.72	0.24	0.22	0.26	0.27	0.99	
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	
Volume										
Natural gas (mmbtu)	9.4	9.3	8.6	35.6	8.7	8.5	8.7	8.7	34.7	
Heat Content(btu/cf)	1,096	1,090	1,106	1,093	1,093	1,093	1,093	1,093	1,093	
Natural gas (bcf)	8.6	8.5	7.7	32.6	8.0	7.7	8.0	8.0	31.8	
Natural Gas (mmcf)	93.2	92.4	84.1	89.0	87.0	87.0	87.0	87.0	87.0	
Days	92	92	92	366	92	89	92	92	365	
Oil (mb)	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	
Oil (mbd)	0.2	0.2	0.2	0.1	0.2	0.1	0.2	0.2	0.1	
Days	92	92	92	366	92	89	92	92	365	
Total gas & oil (bcf)	8.7	8.6	7.8	32.9	8.1	7.8	8.1	8.1	32.1	
Price										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	3.99	2.41	2.89	2.76	3.51	3.31	3.47	3.57	3.47	
Differential (%)	(11)	7	(6)	(11)	(10)	(10)	(10)	(10)	(10)	
Net to SJT (\$/mmbtu)	4.44	2.24	3.07	3.08	3.86	3.64	3.82	3.93	3.82	
Natural gas (\$/mcf)	4.87	2.44	3.40	3.36	4.22	3.98	4.18	4.30	4.17	
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	86.13	88.19	92.76	95.89	89.88	96.57	97.52	97.35	95.33	
SJT	75.34	76.52	80.49	82.68	77.49	83.26	84.08	83.93	82.12	
Total gas & oil (\$/mcf)	4.95	2.54	3.51	3.47	4.31	4.06	4.28	4.41	4.26	
Revenue (\$mm)										
Natural Gas	41.7	20.7	26.3	109.6	33.8	30.8	33.4	34.4	132.4	
Oil	1.2	1.1	1.2	4.4	1.1	0.8	1.2	1.3	4.3	
Total	42.9	21.8	27.5	114.0	34.9	31.6	34.6	35.7	136.8	
Cost (\$mm)										
Severance tax	4.1	2.2	2.8	10.8	3.3	3.0	3.3	3.4	12.9	
Operating	8.1	9.0	10.6	34.8	8.9	8.6	8.9	8.9	35.3	
Total	12.2	11.2	13.5	45.6	12.2	11.6	12.2	12.3	48.2	
Cash flow (\$mm)	30.7	10.6	14.0	68.4	22.7	20.1	22.4	23.4	88.6	
Development	5.3	4.1	8.3	22.2	7.0	6.0	6.0	6.0	25.0	
Net proceeds (\$mm)	25.5	6.6	5.7	46.2	15.7	14.1	16.4	17.4	63.6	
Royalty income (\$mm)										
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	
Administration	0.2	0.3	0.4	1.0	0.4	0.4	0.4	0.4	1.6	
One-time				0.2					-	
Distributable income (\$mm)	18.9	4.6	3.9	33.5	11.3	10.1	11.9	12.6	46.0	
Severance tax/revenue	9.5%	9.9%	10.3%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	
Operating cost (\$/mcf)	0.93	1.05	1.36	1.06	1.10	1.10	1.10	1.10	1.10	
Development/Cash flow	17%	38%	59%	32%	31%	30%	27%	26%	28%	



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

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	31-Jan	Market	Value	Nat	Oil	Ebitda	NTM	Yield	McDep		
CB (see below)	2013	Cap	(\$mm)	Gas		NTM	(\$/un)	(%)	Ratio		
Small Cap Independent Producers											
Range Resources	RRC	B	67.17	1.32	14,180	72	28	17.1	0.16	0.2	0.97
PDC Energy	PDCE		37.03	1.70	1,910	44	56	11.4	-	-	0.96
Peyto Exploration and Developmen	PEYUF		23.08	1.22	4,050	76	24	10.5	0.72	3.1	0.88
Continental Resources (32%)	CLR	B	83.12	1.20	5,830	24	76	7.6	-	-	0.86
Halcón Resources	HK		7.64	1.57	4,060	15	85	5.7	-	-	0.84
Denbury Resources Inc.	DNR		18.63	1.44	10,500	4	96	6.3	-	-	0.74
Birchcliff Energy Ltd.	BIREF	B	7.32	1.47	1,600	63	37	9.2	-	-	0.70
Berry Petroleum Company	BRY		36.82	1.87	3,800	12	88	5.1	-	-	0.68
Cimarex Energy Company	XEC	B	63.86	1.25	6,940	41	59	5.3	0.48	0.8	0.63
Whiting Petroleum Corporation	WLL	B	47.58	1.38	7,790	9	91	4.6	-	-	0.62
<i>Total or Median</i>				<i>1.41</i>	<i>60,700</i>	<i>33</i>	<i>67</i>	<i>7.0</i>			<i>0.79</i>
Leveraged Cash Payers											
Linn Energy, LLC	LINE		38.89	1.64	14,850	43	57	12.6	2.90	7.5	1.16
Vanguard Natural Resources, LLC	VNR		27.85	1.62	2,390	33	67	11.4	2.40	8.6	1.07
Legacy Reserves L.P.	LGCY		25.15	1.49	1,780	25	75	8.8	2.26	9.0	0.89
Enerplus Corporation	ERF	CB	13.45	1.67	4,400	31	69	6.0	1.07	8.0	0.75
<i>Total or Median</i>				<i>1.63</i>	<i>23,400</i>	<i>32</i>	<i>68</i>	<i>10.1</i>		<i>8.3</i>	<i>0.98</i>
RTF Cash Payers											
Freehold Royalties Ltd.	FRHLF		23.16	TL	1,590	16	84	11.0	1.67	7.2	1.10
Dorchester Minerals, L.P.	DMLP	B	22.26	TL	680	61	39	11.9	1.81	8.1	0.82
Enduro Royalty Trust (40%)	NDRO		17.30	BL	230	48	52	8.2	1.87	10.8	0.82
San Juan Basin Royalty Trust	SJT	B	15.40	BL	720	100	-	10.8	0.99	6.4	0.73
Sabine Royalty Trust	SBR		47.00	TL	690	51	49	11.9	3.94	8.4	0.72
Cross Timbers Royalty Trust	CRT		30.86	TL	190	70	30	9.7	3.08	10.0	0.70
Permian Basin RT	PBT		13.70	TL	640	33	67	8.7	0.86	6.3	0.69
Hugoton RoyaltyTrust	HGT		8.35	BL	330	88	13	7.3	0.56	6.7	0.60
Mesa RoyaltyTrust	MTR		24.50	BL	46	75	25	9.7	2.04	8.3	0.62
<i>Total or Median</i>					<i>5,100</i>	<i>61</i>	<i>39</i>	<i>9.7</i>		<i>8.1</i>	<i>0.72</i>
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 December 31, 2013. Enterprise Value = Market Cap and Debt.											
TL = Top Line income sources, BL = Bottom Line income sources											



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

Table ISC-2								
McDep Income and Small Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price (\$/sh)		Market	Net		
	Symbol/ Rating		31-Jan 2013	Shares (mm)	Cap (\$mm)	Present Value (\$/un)	Debt/ Present Value	McDep Ratio
Small Cap Independent Producers								
Range Resources	RRC	B	67.17	160.0	10,750	70.00	0.23	0.97
PDC Energy	PDCE		37.03	30.2	1,120	40.00	0.39	0.96
Peyto Exploration and Development Cor	PEYUF		23.08	144.0	3,320	27.00	0.16	0.88
Continental Resources (32%)	CLR	B	83.12	58.6	4,870	100.00	0.14	0.86
Halcón Resources	HK		7.64	339.0	2,590	10.00	0.30	0.84
Denbury Resources Inc.	DNR		18.63	391.0	7,280	28.00	0.23	0.74
Birchcliff Energy Ltd.	BIREF	B	7.32	149.0	1,090	12.00	0.22	0.70
Berry Petroleum Company	BRY		36.82	55.3	2,040	70.00	0.31	0.68
Cimarex Energy Company	XEC	B	63.86	86.9	5,550	110.00	0.13	0.63
Whiting Petroleum Corporation	WLL	B	47.58	119.0	5,660	88.00	0.17	0.62
<i>Total or Median</i>					44,270		0.23	0.79
Leveraged Cash Payers								
Linn Energy, LLC	LINE		38.89	233.0	9,060	30.00	0.45	1.16
Vanguard Natural Resources, LLC	VNR		27.85	53.1	1,480	25.00	0.41	1.07
Legacy Reserves L.P.	LGCY		25.15	47.5	1,200	30.00	0.29	0.89
Enerplus Corporation	ERF	CB	13.45	196.0	2,640	21.00	0.30	0.75
<i>Total or Median</i>					14,380		0.35	0.98
RTF Cash Payers								
Freehold Royalties Ltd.	FRHLF		23.16	65.7	1,520	21.00	0.04	1.10
Dorchester Minerals, L.P.	DMLP	B	22.26	30.7	680	27.00	-	0.82
Enduro Royalty Trust (40%)	NDRO		17.30	13.2	230	21.00	-	0.82
San Juan Basin Royalty Trust	SJT	B	15.40	46.6	720	21.00	-	0.73
Sabine Royalty Trust	SBR		47.00	14.6	690	65.00	-	0.72
Cross Timbers Royalty Trust	CRT		30.86	6.0	190	44.00	-	0.70
Permian Basin RT	PBT		13.70	46.6	640	20.00	-	0.69
Mesa RoyaltyTrust	MTR		24.50	1.9	46	40.00	-	0.62
Hugoton RoyaltyTrust	HGT		8.35	40.0	330	14.00	-	0.60
<i>Total or Median</i>					5,050			0.72
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.								



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

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		31-Jan 2013	Royalty (%)	Ebitda	NTM	NTM	NTM
Small Cap Independent Producers								
Range Resources	RRC	B	67.17		-	15.0	17.7	17.1
PDC Energy	PDCE		37.03		-	15.0	11.9	11.4
Peyto Exploration and Development Corp	PEYUF		23.08		0.32	9.2	12.0	10.5
Birchcliff Energy Ltd.	BIREF	B	7.32		-	19.4	13.2	9.2
Continental Resources (32%)	CLR	B	83.12		-	11.8	8.9	7.6
Denbury Resources Inc.	DNR		18.63		-	13.0	8.5	6.3
Halcón Resources	HK		7.64		-	5.5	6.9	5.7
Cimarex Energy Company	XEC	B	63.86		-	7.4	8.3	5.3
Berry Petroleum Company	BRY		36.82		-	11.3	7.6	5.1
Whiting Petroleum Corporation	WLL	B	47.58		-	9.1	7.5	4.6
	<i>Median</i>					11.5	8.7	7.0
Leveraged Cash Payers								
Linn Energy, LLC	LINE		38.89		1.05	14.0	10.8	12.6
Vanguard Natural Resources, LLC	VNR		27.85		1.03	13.2	10.7	11.4
Legacy Reserves L.P.	LGCY		25.15		0.75	11.0	10.0	8.8
Enerplus Corporation	ERF	CB	13.45		0.41	6.3	8.0	6.0
	<i>Median</i>					12.1	10.3	10.1
RTF Cash Payers								
Dorchester Minerals, L.P.	DMLP	B	22.26	77	0.97	6.7	14.5	11.9
Sabine Royalty Trust	SBR		47.00	100	1.00	8.1	16.5	11.9
Freehold Royalties Ltd.	FRHLF		23.16	80	0.80	5.1	10.0	11.0
San Juan Basin Royalty Trust	SJT	B	15.40		0.69	9.1	14.7	10.8
Cross Timbers Royalty Trust	CRT		30.86	78	0.97	14.2	13.8	9.7
Mesa RoyaltyTrust	MTR		24.50		0.80	7.7	15.6	9.7
Permian Basin RT	PBT		13.70	52	0.55	9.9	12.7	8.7
Enduro Royalty Trust (40%)	NDRO		17.30		0.89	6.4	9.9	8.2
Hugoton RoyaltyTrust	HGT		8.35		0.48	12.9	12.2	7.3
	<i>Median</i>					8.1	13.8	9.7
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 December 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).								



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

Table ISC-4									
McDep Income and Small Cap Energy Portfolio									
Total Return and Enterprise Value Momentum									
			Price (\$/sh)	Equity Total	Enterprise Value/				
	Symbol/		31-Jan	Return	52Wk	52Wk	50 Day	200 Day	McDep
	Rating		2013	YTD (%)	High	Low	Avg.	Avg.	Ratio
Small Cap Independent Producers									
PDC Energy	PDCE		37.03	12	0.95	1.39	1.04	1.13	0.96
Denbury Resources Inc.	DNR		18.63	15	0.91	1.26	1.09	1.11	0.74
Continental Resources (32%)	CLR	B	83.12	13	0.88	1.29	1.08	1.10	0.86
Peyto Exploration and Development C	PEYUF		23.08	(0)	0.89	1.43	0.98	1.07	0.88
Cimarex Energy Company	XEC	B	63.86	11	0.77	1.28	1.05	1.07	0.63
Whiting Petroleum Corporation	WLL	B	47.58	10	0.80	1.22	1.05	1.04	0.62
Birchcliff Energy Ltd.	BIREF	B	7.32	(2)	0.61	1.28	0.98	1.04	0.70
Range Resources	RRC	B	67.17	7	0.93	1.19	1.02	1.03	0.97
Berry Petroleum Company	BRY		36.82	10	0.77	1.11	1.05	0.99	0.68
Halcón Resources	HK		7.64	10	0.68		1.05	0.97	0.84
	<i>Median</i>			<i>10</i>	<i>0.84</i>	<i>1.28</i>	<i>1.05</i>	<i>1.05</i>	<i>0.79</i>
Leveraged Cash Payers									
Vanguard Natural Resources, LLC	VNR		27.85	8	0.95	1.13	1.01	1.01	1.07
Linn Energy, LLC	LINE		38.89	10	0.95	1.08	1.02	1.00	1.16
Legacy Reserves L.P.	LGCY		25.15	8	0.88	1.08	1.02	0.97	0.89
Enduro Royalty Trust (40%)	NDRO		17.30	4	0.78	1.15	1.02	0.96	0.82
Enerplus Corporation	ERF	CB	13.45	4	0.67	1.10	1.02	0.95	0.75
	<i>Median</i>			<i>8</i>	<i>0.88</i>	<i>1.10</i>	<i>1.02</i>	<i>0.97</i>	<i>0.89</i>
RTF Cash Payers									
Freehold Royalties Ltd.	FRHLF		23.16	5	0.95	1.36	1.04	1.16	1.10
San Juan Basin Royalty Trust	SJT	B	15.40	15	0.75	1.28	1.11	1.05	0.73
Hugoton RoyaltyTrust	HGT		8.35	15	0.53	1.46	1.06	1.04	0.60
Dorchester Minerals, L.P.	DMLP	B	22.26	12	0.84	1.12	1.05	1.01	0.82
Sabine Royalty Trust	SBR		47.00	18	0.71	1.21	1.05	0.93	0.72
Cross Timbers Royalty Trust	CRT		30.86	14	0.63	1.31	1.12	0.93	0.70
Mesa RoyaltyTrust	MTR		24.50	27	0.57	1.32	1.14	0.92	0.62
Permian Basin RT	PBT		13.70	12	0.59	1.14	1.04	0.84	0.69
	<i>Median</i>			<i>14</i>	<i>0.67</i>	<i>1.29</i>	<i>1.06</i>	<i>0.97</i>	<i>0.71</i>

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

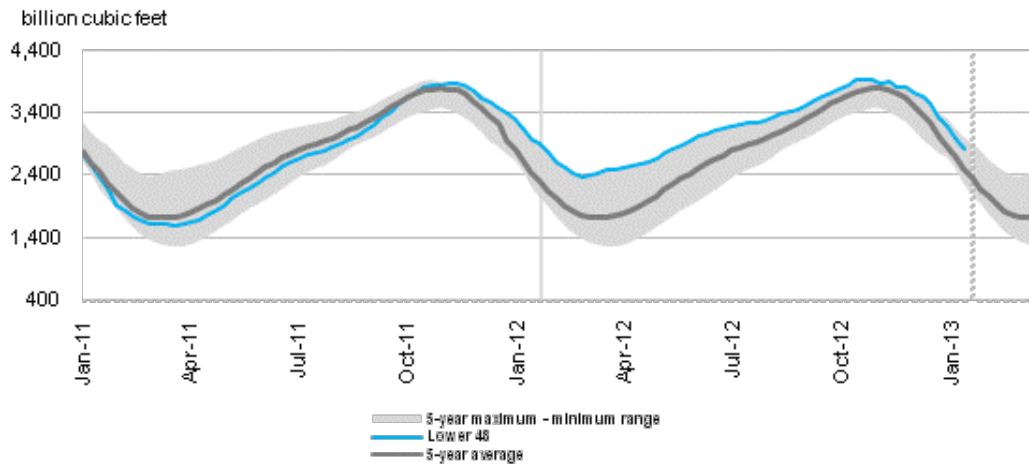


Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 1, 2013

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

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.