



Independent Stock Idea

January 17, 2013

rating: contrarian buy, s&p 500: 1481

San Juan Basin Royalty Trust (SJT) 7.7% Holder Disclosed

<i>Symbol</i>	SJT	<i>Ebitda Next Twelve Months ending 12/31/13 (US\$mm)</i>	70
<i>Rating</i>	Contrarian Buy	<i>North American Natural Gas/Ebitda (%)</i>	97
<i>Price (US\$/sh)</i>	14.77	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/17/13	<i>Adjusted Reserves/Production NTM</i>	9.1
<i>Shares (mm)</i>	47	<i>EV/Ebitda</i>	9.9
<i>Market Capitalization (US\$mm)</i>	690	<i>PV/Ebitda</i>	14.0
<i>Debt (US\$mm)</i>	0	<i>Undeveloped Reserves (%)</i>	4
<i>Enterprise Value (EV) (US\$mm)</i>	690	<i>Natural Gas and Oil Ebitda (US\$/mcf)</i>	2.90
<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>	67
<i>Debt/Present Value</i>	0.00	<i>Earnings Next Twelve Months (US\$/un)</i>	1.14
<i>McDep Ratio - EV/PV</i>	0.70	<i>Price/Earnings Next Twelve Months</i>	13
<i>Distribution Yield (%/year)</i>	7.7	<i>Distribution Next Twelve Months (US\$/sh)</i>	1.14
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

Mr. Seymour Schulich filed a Schedule 13G with the Securities and Exchange Commission on January 17 to report ownership of 7.7% of the units of Contrarian Buy **San Juan Basin Royalty Trust (SJT)**. The statement is required by U.S. securities law when ownership reaches 5%, a threshold Mr. Schulich reached on January 13, according to the filing. The well-known Canadian investor and philanthropist is a long-time friend of McDep.

Separately, we call attention to the San Juan Basin Energy Conference in Farmington, New Mexico on March 18-19. The meeting is sponsored by New Mexico academic, government and business groups who aim to bring “together the Mancos Shale prospects from the operators and specialists for the first time” (see <http://www.sanjuanbasinenergy.org/>).

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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.