



Independent Stock Idea

April 17, 2017

San Juan Basin Royalty Trust (SJT) New Operator to Enhance Value

| | | | |
|--|---------|--|-------|
| <i>Symbol</i> | SJT | <i>Ebitda Next Twelve Months ending 3/31/18 (US\$mm)</i> | 34 |
| <i>Rating</i> | | <i>North American Natural Gas/Ebitda (%)</i> | 96 |
| <i>Price (US\$/unit)</i> | 7.35 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 100 |
| <i>Pricing Date</i> | 4/13/17 | <i>Adjusted Reserves/Production NTM</i> | 9.9 |
| <i>Shares (mm)</i> | 47 | <i>EV/Ebitda</i> | 10.2 |
| <i>Market Capitalization (US\$mm)</i> | 340 | <i>PV/Ebitda</i> | 11.1 |
| <i>Debt (US\$mm)</i> | 0 | <i>Undeveloped Reserves (%)</i> | 0 |
| <i>Enterprise Value (EV) (US\$mm)</i> | 340 | <i>Natural Gas and Oil Ebitda (US\$/mcf)</i> | 1.77 |
| <i>Present Value (PV) (US\$mm)</i> | 370 | <i>Present Value Proven Reserves(US\$/boe)</i> | 11.45 |
| <i>Net Present Value (US\$/unit)</i> | 8 | <i>Oil and Gas Ebitda Margin (%)</i> | 59 |
| <i>Debt/Present Value</i> | 0.00 | <i>Earnings Next Twelve Months (US\$/un)</i> | 0.71 |
| <i>McDep Ratio - EV/PV</i> | 0.92 | <i>Price/Earnings Next Twelve Months</i> | 10 |
| <i>Distribution Yield (%/year)</i> | 9.6 | <i>Distribution Next Twelve Months (US\$/sh)</i> | 0.71 |
| 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\$70 a barrel and natural gas, \$4.00 a million btu. | | | |
| For historical analysis of SJT since 2000 see www.mcdep.com/4sjt.htm | | | |

Summary and Recommendation

An expected new owner of San Juan Basin properties, private company Hilcorp, aims to invest heavily to increase reserves and production according to a press release issued on April 13. In partnership with private equity investor, Carlyle Group, Hilcorp has agreed to buy the San Juan Basin properties of **ConocoPhillips (COP)** for \$2.7 billion in cash and a contingency payment of \$300 million. **San Juan Basin Royalty Trust (SJT)** owns a net profits interest of about 10% in the COP properties (see table [COP San Juan Basin](#) on page 2). In other words, SJT unitholders would likely share proportionately in any enhanced value that Houston billionaire, Jeffrey Hildebrand, owner of Hilcorp, can create in the New Mexico properties. Among past achievements, Mr. Hildebrand's company in partnership with leveraged buyout operator KKR approximately tripled within a year their investment in the Eagle Ford shale with a \$3.5 billion sale in 2011 to **Marathon Oil (MRO)**. The promise for San Juan is that after some seventy years of production in one of the nation's largest natural gas fields, the Mancos Shale source rock for that production remains virtually untouched by new fracking technology. Meanwhile, under current operating conditions, we estimate a 9.7% distribution yield for SJT (see table [Operating and Financial Estimates](#) on page 3 and [Tables 1-4](#) on pages 4-7). That does not include a possible settlement of litigation by the trust seeking restoration of past underpayment by COP. The pending transaction may be a catalyst for settlement we guess might be order of magnitude \$0.50 a unit or more.

Kurt H. Wulff, CFA



Independent Stock Idea

April 17, 2017

| ConocoPhillips San Juan Basin Compared to San Juan Basin Royalty Trust | | |
|---|------------|------------|
| | <u>COP</u> | <u>SJT</u> |
| Value (\$mm) | 3000 | 340 |
| Production, 2016 (mboed) | 124 | 12 |
| Cash Flow, 2016 (\$mm) | 200 | 17 |
| Reserves (mmboe) | 600 | 40 |
| Value a Thousand Daily Barrels (\$/mboed) | 24 | 28 |
| Cash Flow a Barrel (\$/boe) | 4.40 | 3.90 |
| Reserves/Production (years) | 13 | 9 |
| Value a Barrel Reserves (\$/boe) | 5 | 9 |
| Value/Cash Multiple | 15 | 20 |
| <i>Note: COP value includes contingent payment from Hilcorp.</i> | | |
| <i>SJT Value at Market Cap.</i> | | |
| <i>SJT Production scaled up for natural gas liquids.</i> | | |
| <i>SJT Reserves restated to Working Interest basis.</i> | | |
| <i>Source: COP, Hilcorp, McDep</i> | | |



Independent Stock Idea

April 17, 2017

| San Juan Basin Royalty Trust | | | | | | | | | | |
|--|----------------|-----------------|--------------|----------------|----------------|----------------|-----------------|--------------|----------------|-----------------------------------|
| Next Twelve Months Operating and Financial Estimates | | | | | | | | | | |
| | | | | | | | | | | <i>Next Twelve Months</i> |
| | <i>Q1</i> | <i>Q4</i> | <i>Year</i> | <i>Q1E</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Q4E</i> | <i>Year</i> | <i>Q1E</i> | <i>Months</i> |
| | <i>3/31/16</i> | <i>12/31/16</i> | <i>2016</i> | <i>3/31/17</i> | <i>6/30/17</i> | <i>9/30/17</i> | <i>12/31/17</i> | <i>2017</i> | <i>3/31/18</i> | <i>3/31/18</i> |
| Volume | | | | | | | | | | |
| Natural gas (mmbtu) | 7.8 | 8.0 | 31.1 | 7.4 | 7.3 | 7.2 | 7.2 | 29.1 | 7.1 | 28.8 |
| Heat Content(btu/cf) | 1,103 | 1,112 | 1,109 | 1,118 | 1,118 | 1,118 | 1,118 | 1,118 | 1,118 | 1,118 |
| Natural gas (bcf) | 7.1 | 7.2 | 28.0 | 6.6 | 6.5 | 6.5 | 6.4 | 26.0 | 6.3 | 25.8 |
| Natural Gas (mmcf) | 77.0 | 78.1 | 76.5 | 71.8 | 71.1 | 70.4 | 69.7 | 70.7 | 69.0 | 70.0 |
| Days | 92 | 92 | 366 | 92 | 92 | 92 | 92 | 368 | 92 | 368 |
| Oil (mb) | 0.02 | 0.02 | 0.07 | 0.02 | 0.02 | 0.02 | 0.02 | 0.07 | 0.02 | 0.07 |
| Oil (mbd) | 0.18 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.19 | 0.20 |
| Total gas & oil (bcf) | 7.2 | 7.3 | 28.4 | 6.7 | 6.6 | 6.6 | 6.5 | 26.5 | 6.5 | 26.2 |
| Price | | | | | | | | | | |
| Natural gas (\$/mmbtu) (Henry Hub lagged two months) | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 2.22 | 2.82 | 2.32 | 3.31 | 3.06 | 3.30 | 3.41 | 3.27 | 3.57 | 3.34 |
| Differential (%) | 27 | 22 | 26 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Net to SJT (\$/mmbtu) | 1.63 | 2.20 | 1.71 | 2.62 | 2.42 | 2.61 | 2.69 | 2.58 | 2.83 | 2.63 |
| Natural gas (\$/mcf) | 1.80 | 2.44 | 1.89 | 2.93 | 2.70 | 2.92 | 3.01 | 2.89 | 3.16 | 2.94 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | |
| WTI Cushing | 37.35 | 46.60 | 41.85 | 50.13 | 51.91 | 53.57 | 54.37 | 52.50 | 54.74 | 53.65 |
| SJT | 27.54 | 34.47 | 30.01 | 35.95 | 37.22 | 38.41 | 38.99 | 37.63 | 39.24 | 38.46 |
| Total gas & oil (\$/mcf) | 1.83 | 2.49 | 1.94 | 2.98 | 2.76 | 2.97 | 3.07 | 2.94 | 3.21 | 3.00 |
| Revenue (\$mm) | | | | | | | | | | |
| Natural Gas | 12.7 | 17.5 | 53.0 | 19.3 | 17.7 | 18.9 | 19.3 | 75.2 | 20.0 | 75.9 |
| Oil | 0.5 | 0.6 | 2.2 | 0.7 | 0.7 | 0.7 | 0.7 | 2.7 | 0.7 | 2.8 |
| Total | 13.2 | 18.2 | 55.3 | 20.0 | 18.4 | 19.6 | 20.0 | 77.9 | 20.7 | 78.7 |
| Cost (\$mm) | | | | | | | | | | |
| Severance tax | 1.6 | 2.0 | 6.4 | 2.1 | 1.9 | 2.0 | 2.1 | 8.1 | 2.1 | 8.1 |
| Operating | 7.0 | 6.6 | 26.1 | 6.1 | 6.1 | 6.1 | 6.1 | 24.2 | 6.1 | 24.2 |
| Total | 8.6 | 8.6 | 32.5 | 8.1 | 8.0 | 8.1 | 8.1 | 32.3 | 8.2 | 32.4 |
| Cash flow (\$mm) | | | | | | | | | | |
| Development | 0.6 | 0.4 | 1.4 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 | 0.2 | 0.8 |
| Net proceeds (\$mm) | | | | | | | | | | |
| Royalty/Net proceeds | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% |
| Administration | 1.2 | (0.8) | 2.2 | 0.3 | 0.3 | 0.3 | 0.3 | 1.2 | 0.3 | 1.2 |
| Distributable income (\$mm) | | | | | | | | | | |
| Administration | 1.8 | 7.7 | 13.9 | 8.1 | 7.4 | 8.2 | 8.4 | 32.1 | 8.9 | 32.9 |
| Units (millions) | | | | | | | | | | |
| Per unit | 0.04 | 0.16 | 0.30 | 0.17 | 0.16 | 0.18 | 0.18 | 0.69 | 0.19 | 0.71 |



Independent Stock Idea

April 17, 2017

| Table 1 | | | | | | | | | | | |
|--------------------------|------------------------|----------------|--------------------|--------------------------|-------------------------------|----------------------|----------------------|----------------------|-----------------------------|------------------------------|---------------------------|
| McDep Energy Stocks | | | | | | | | | | | |
| Ranked by McDep Ratio | | | | | | | | | | | |
| | | | Price (US\$/sh) | Market Cap (US\$m) | Enterprise Value (\$mm) | EV/ Market Cap | EV/ Ebitda NTM | PV/ Ebitda NTM | Oil Prod'n/ PV (%) | Dist. Yield NTM (%) | McDep Ratio (EV/PV) |
| | Symbol/Rating | 13-Apr 2017 | | | | | | | | | |
| Global Integrated | | | | | | | | | | | |
| | XOM | | 81.69 | 341,000 | 433,000 | 1.27 | 9.4 | 11.1 | 50 | 3.7 | 0.85 |
| | CVX | | 106.10 | 201,000 | 270,000 | 1.35 | 8.5 | 10.2 | 64 | 4.1 | 0.83 |
| | RDS-A B | | 52.41 | 208,000 | 342,000 | 1.64 | 6.5 | 8.6 | 50 | 7.2 | 0.76 |
| | TOT B | | 50.53 | 123,000 | 184,000 | 1.49 | 5.9 | 9.0 | 53 | 5.2 | 0.66 |
| | <i>Total or Median</i> | | | <i>873,000</i> | <i>1,229,000</i> | <i>1.42</i> | <i>7.5</i> | <i>9.6</i> | <i>52</i> | <i>4.6</i> | <i>0.79</i> |
| Large Independent | | | | | | | | | | | |
| | PXD | | 182.06 | 31,000 | 32,900 | 1.06 | 13.2 | 11.0 | 88 | 0.0 | 1.20 |
| | EOG | | 95.64 | 54,200 | 61,300 | 1.13 | 10.8 | 11.7 | 86 | 0.7 | 1.11 |
| | DVN | | 40.65 | 21,400 | 29,700 | 1.39 | 11.8 | 10.6 | 63 | 0.6 | 0.93 |
| | OXY | | 64.09 | 49,000 | 61,700 | 1.26 | 10.0 | 11.3 | 85 | 4.7 | 0.88 |
| | MRO B | | 15.91 | 13,480 | 21,300 | 1.58 | 9.2 | 10.7 | 90 | 1.3 | 0.86 |
| | COP B | | 48.62 | 61,000 | 97,000 | 1.60 | 8.9 | 11.3 | 73 | 2.2 | 0.78 |
| | <i>Total or Median</i> | | | <i>230,100</i> | <i>304,000</i> | <i>1.32</i> | <i>10.4</i> | <i>11.1</i> | <i>86</i> | <i>1.0</i> | <i>0.90</i> |
| Small Independent | | | | | | | | | | | |
| | XEC | | 119.06 | 11,300 | 12,700 | 1.12 | 10.2 | 12.0 | 63 | 0.3 | 0.99 |
| | CLR B | | 44.97 | 5,300 | 7,400 | 1.39 | 10.3 | 10.4 | 74 | - | 0.85 |
| | CRC | | 13.32 | 600 | 6,800 | 12.07 | 8.0 | 12.8 | 88 | - | 0.81 |
| | WLL | | 8.56 | 3,100 | 6,600 | 2.17 | 6.5 | 9.8 | 93 | - | 0.66 |
| | RRC B | | 27.77 | 6,800 | 11,300 | 1.66 | 8.2 | 10.0 | 31 | 0.3 | 0.62 |
| | <i>Total or Median</i> | | | <i>27,000</i> | <i>45,000</i> | <i>1.66</i> | <i>8.2</i> | <i>10.4</i> | <i>74</i> | <i>-</i> | <i>0.81</i> |
| Income | | | | | | | | | | | |
| | SJT | | 7.35 | 340 | 340 | 1.00 | 13.8 | 22.7 | - | 9.6 | 0.92 |
| | PBT | | 9.81 | 460 | 460 | 1.00 | 8.2 | 14.6 | 78 | 6.3 | 0.89 |
| | DMLP | | 16.50 | 510 | 510 | 1.00 | 11.3 | 16.4 | 76 | 8.1 | 0.69 |
| | SBR B | | 36.50 | 530 | 530 | 1.00 | 10.2 | 11.1 | 59 | 7.2 | 0.61 |
| | CRT B | | 16.26 | 100 | 100 | 1.00 | 14.7 | 16.4 | 28 | 10.2 | 0.56 |
| | <i>Total or Median</i> | | | <i>1,900</i> | <i>1,900</i> | <i>1.00</i> | <i>11.3</i> | <i>16.4</i> | <i>59</i> | <i>8.1</i> | <i>0.69</i> |
| Canada | | | | | | | | | | | |
| | ECA | | 11.60 | 11,300 | 17,900 | 1.59 | 10.3 | 9.4 | 56 | 0.5 | 1.10 |
| | IMO | | 30.04 | 7,700 | 9,700 | 1.27 | 8.1 | 9.8 | 63 | 1.5 | 0.83 |
| | SU B | | 30.53 | 50,900 | 68,100 | 1.34 | 7.4 | 9.9 | 86 | 3.1 | 0.75 |
| | BIREF B | | 5.61 | 1,500 | 2,100 | 1.38 | 7.1 | 11.1 | 33 | 1.0 | 0.64 |
| | CVE | | 10.70 | 8,900 | 13,000 | 1.46 | 5.9 | 9.4 | 81 | 1.4 | 0.63 |
| | <i>Total or Median</i> | | | <i>80,000</i> | <i>111,000</i> | <i>1.38</i> | <i>7.4</i> | <i>9.8</i> | <i>63</i> | <i>1.4</i> | <i>0.75</i> |

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation, amort.
 Estimated Ebitda (cash flow) tied to NTM futures prices for oil and natural gas. NTM = Next Twelve Months ending 3/31/18.
 Estimated Present Value (PV) presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses. For historical research see www.mcdep.com



Independent Stock Idea

April 17, 2017

| | | | Price (US\$/sh) | Oil Equiv. Price (\$/boe) | Operating Expense Fixed Var. (\$/boe) (%) | Ebitda NTM (\$/boe) | Ebitda NTM (\$mm) | Oper Lev Ebitda chg/ Price chg | McDep Ratio | |
|--|---------|---------|--------------------|------------------------------------|--|---------------------------|-------------------------|--------------------------------------|----------------|-------------|
| Symbol/Rating | 13-Apr | Volume | Price | Price | Fixed Var. | NTM | NTM | Ebitda chg/ Price chg | McDep Ratio | |
| B = Buy | 2017 | (mmboe) | (US\$/sh) | (\$/boe) | (\$/boe) (%) | (\$/boe) | (\$mm) | Ebitda chg/ Price chg | McDep Ratio | |
| Global Integrated (excl. Downstream) | | | | | | | | | | |
| Exxon Mobil Corporation | XOM | | 81.69 | 1,508 | 39.29 | 7 35 | 18.50 | 27,896 | 1.38 | 0.85 |
| Chevron Corporation | CVX | | 106.10 | 892 | 39.68 | 8 22 | 22.90 | 20,426 | 1.35 | 0.83 |
| Royal Dutch Shell | RDS-A B | | 52.41 | 1,360 | 37.15 | 2 24 | 26.10 | 35,504 | 1.08 | 0.76 |
| Total S.A. | TOT B | | 50.53 | 901 | 39.11 | 0 39 | 23.90 | 21,530 | 1.00 | 0.66 |
| <i>Total or Median</i> | | | | | | | | | <i>1.21</i> | <i>0.79</i> |
| Large Independent | | | | | | | | | | |
| Pioneer Natural Resources | PXD | | 182.06 | 99 | 38.61 | 9 11 | 25.30 | 2,497 | 1.36 | 1.20 |
| EOG Resources, Inc. | EOG | | 95.64 | 217 | 36.08 | 10 6 | 24.00 | 5,198 | 1.42 | 1.11 |
| Devon Energy Corporation | DVN | | 40.65 | 164 | 26.53 | 9 3 | 16.80 | 2,749 | 1.54 | 0.93 |
| Occidental Petroleum Corp. | OXY | | 64.09 | 277 | 36.57 | 8 17 | 22.40 | 6,196 | 1.36 | 0.88 |
| Marathon Oil Corporation | MRO B | | 15.91 | 146 | 31.61 | 13 9 | 15.80 | 2,303 | 1.82 | 0.86 |
| ConocoPhillips | COP B | | 48.62 | 566 | 33.15 | 6 24 | 19.30 | 10,919 | 1.31 | 0.78 |
| <i>Total or Median</i> | | | | | | | | | <i>1.39</i> | <i>0.90</i> |
| Small Independent | | | | | | | | | | |
| Cimarex Energy Company | XEC | | 119.06 | 67 | 28.41 | 6 15 | 18.20 | 1,223 | 1.33 | 0.99 |
| Continental Resources (32%) | CLR B | | 44.97 | 27 | 34.22 | 3 13 | 26.60 | 726 | 1.11 | 0.85 |
| California Resources | CRC | | 13.32 | 46 | 41.39 | 15 20 | 18.00 | 826 | 1.83 | 0.81 |
| Whiting Petroleum Corporation | WLL | | 8.56 | 48 | 35.98 | 9 16 | 21.40 | 1,027 | 1.42 | 0.66 |
| Range Resources | RRC B | | 27.77 | 127 | 19.17 | 8 0 | 11.10 | 1,415 | 1.72 | 0.62 |
| <i>Total or Median</i> | | | | | | | | | <i>1.42</i> | <i>0.81</i> |
| Income | | | | | | | | | | |
| San Juan Basin Royalty Trust | SJT | | 7.35 | 3 | 18.01 | 5 13 | 10.60 | 34 | 1.47 | 0.92 |
| Permian Basin RT | PBT | | 9.81 | 2 | 33.09 | 10 10 | 19.78 | 31 | 1.51 | 0.89 |
| Dorchester Minerals, L.P. | DMLP | | 16.50 | 2 | 32.44 | 7 10 | 22.27 | 45 | 1.31 | 0.69 |
| Sabine Royalty Trust | SBR B | | 36.50 | 1 | 30.75 | 2 9 | 25.87 | 39 | 1.08 | 0.61 |
| Cross Timbers Royalty Trust | CRT B | | 16.26 | 0 | 37.06 | 8 10 | 25.42 | 12 | 1.31 | 0.56 |
| <i>Total or Median</i> | | | | | | | | | <i>1.31</i> | <i>0.69</i> |
| Canada (excl. Downstream) | | | | | | | | | | |
| EnCana Corporation | ECA | | 11.60 | 119 | 27.65 | 11 7 | 14.65 | 1,747 | 1.75 | 1.10 |
| Imperial Oil Limited (30%) | IMO | | 30.04 | 67 | 35.91 | 14 11 | 17.90 | 1,193 | 1.78 | 0.83 |
| Suncor Energy | SU B | | 30.53 | 350 | 48.62 | 18 9 | 26.11 | 9,139 | 1.69 | 0.75 |
| Birchcliff Energy Ltd. | BIREF B | | 5.61 | 22 | 20.14 | 1 29 | 13.30 | 293 | 1.08 | 0.64 |
| Cenovus Energy Inc. | CVE | | 10.70 | 114 | 31.17 | 11 2 | 19.40 | 2,214 | 1.57 | 0.63 |
| <i>Total or Median</i> | | | | | | | | | <i>1.69</i> | <i>0.75</i> |
| For historical research see www.mcdep.com | | | | | | | | | | |



Independent Stock Idea

April 17, 2017

| Table 3 | | | | | | | | | | | |
|--|-------|----------------|--------------------|----------------|----------------|------------|-----|------------------------|----------------------------|-----------------------------------|--------------------------------------|
| McDep Energy Stocks | | | | | | | | | | | |
| Net Present Value Per Share | | | | | | | | | | | |
| Ranked by Reserve Life (Adjustd Resrvs/Prod NTM) | | | | | | | | | | | |
| | | | Price (US\$/sh) | | | Dividend | | Down- stream/ PV | Proven Undev. Resrvs | Adjustd Resrvs/ Prod NTM | Net Present Value (US\$/sh) |
| Symbol/Rating | | 13-Apr 2017 | Shares (mm) | Debt (\$mm) | NTM (\$/sh) | P/E NTM | (%) | (%) | | | |
| B = Buy | | | | | | | | | | | |
| Global Integrated | | | | | | | | | | | |
| Exxon Mobil Corporation | XOM | | 81.69 | 4,176 | 91,439 | 3.00 | 21 | 28 | 31 | 11.2 | 100.00 |
| Total S.A. | TOT | B | 50.53 | 2,433 | 60,788 | 2.63 | 11 | 23 | 42 | 9.6 | 90.00 |
| Chevron Corporation | CVX | | 106.10 | 1,890 | 69,941 | 4.32 | 24 | 19 | 32 | 9.2 | 135.00 |
| Royal Dutch Shell | RDS-A | B | 52.41 | 3,965 | 133,961 | 3.76 | 15 | 24 | 25 | 8.4 | 80.00 |
| <i>Median</i> | | | | | | | | | | 9.4 | |
| Large Independent | | | | | | | | | | | |
| Marathon Oil Corporation | MRO | B | 15.91 | 847 | 7,811 | 0.20 | | - | 24 | 12.2 | 20.00 |
| ConocoPhillips | COP | B | 48.62 | 1,246 | 36,350 | 1.06 | | - | 25 | 9.2 | 70.00 |
| Devon Energy Corporation | DVN | | 40.65 | 527 | 8,317 | 0.24 | 80 | 9 | 20 | 9.2 | 45.00 |
| Occidental Petroleum Corp. | OXY | | 64.09 | 764 | 12,700 | 3.04 | 47 | 9 | 23 | 8.9 | 75.00 |
| EOG Resources, Inc. | EOG | | 95.64 | 567 | 7,107 | 0.67 | 99 | - | 30 | 7.5 | 85.00 |
| Pioneer Natural Resources | PXD | | 182.06 | 170 | 1,900 | 0.08 | 53 | - | 7 | 7.1 | 150.00 |
| <i>Median</i> | | | | | | | | | | 9.0 | |
| Small Independent | | | | | | | | | | | |
| Range Resources | RRC | B | 27.77 | 244 | 4,483 | 0.08 | 18 | - | 44 | 12.3 | 56.00 |
| Continental Resources (32%) | CLR | B | 44.97 | 118 | 2,097 | - | | - | 59 | 11.4 | 56.00 |
| California Resources | CRC | | 13.32 | 42 | 6,200 | - | | - | 29 | 10.6 | 50.00 |
| Whiting Petroleum Corporation | WLL | | 8.56 | 358 | 3,579 | - | | - | 53 | 9.5 | 18.00 |
| Cimarex Energy Company | XEC | | 119.06 | 95 | 1,321 | 0.32 | 27 | - | 21 | 6.4 | 120.00 |
| <i>Median</i> | | | | | | | | | | 10.6 | |
| Income | | | | | | | | | | | |
| Sabine Royalty Trust | SBR | B | 36.50 | 15 | - | 2.64 | 14 | - | 4 | 11.2 | 60.00 |
| San Juan Basin Royalty Trust | SJT | | 7.35 | 47 | - | 0.71 | 10 | - | - | 9.9 | 8.00 |
| Permian Basin RT | PBT | | 9.81 | 47 | - | 0.62 | 16 | - | 13 | 9.4 | 11.00 |
| Cross Timbers Royalty Trust | CRT | B | 16.26 | 6 | - | 1.65 | 10 | - | - | 7.5 | 29.00 |
| Dorchester Minerals, L.P. | DMLP | | 16.50 | 31 | - | 1.34 | 15 | - | - | 6.9 | 24.00 |
| <i>Median</i> | | | | | | | | | | 9.4 | |
| Canada | | | | | | | | | | | |
| Cenovus Energy Inc. | CVE | | 10.70 | 833 | 4,061 | 0.15 | | 9 | 76 | 15.7 | 20.00 |
| Suncor Energy | SU | B | 30.53 | 1,666 | 17,199 | 0.96 | 19 | 14 | 44 | 14.2 | 44.00 |
| Birchcliff Energy Ltd. | BIREF | B | 5.61 | 269 | 574 | 0.06 | 19 | - | 69 | 13.1 | 10.00 |
| Imperial Oil Limited (30%) | IMO | | 30.04 | 255 | 2,041 | 0.45 | 13 | 36 | 23 | 10.1 | 38.00 |
| EnCana Corporation | ECA | | 11.60 | 973 | 6,629 | 0.06 | | - | 43 | 5.2 | 10.00 |
| <i>Median</i> | | | | | | | | | | 13.1 | |

P/E = Stock Price to Earnings. For historical research see www.mcdep.com.



Independent Stock Idea

April 17, 2017

| Table 4 | | | | | | | | | | |
|---|---------------------|---|------------------|------------------|------------------------|-------------------------|----------------------------------|---|------|----------------|
| McDep Energy Stocks | | | | | | | | | | |
| Total Return Year-to-Date 2017 | | | | | | | | | | |
| Ranked by Unlevered Total Return | | | | | | | | | | |
| | | | Price (\$/sh) | Price (\$/sh) | Price Change (%) | Cash Distrib. (%) | Equity Total Return (%) | Unlevered Total Return (\$/sh) (%) | | McDep Ratio |
| | Symbol/Rati | | 13-Apr 2017 | 30-Dec 2016 | | | | | | |
| Global Integrated | | | | | | | | | | |
| Total S.A. | TOT | B | 50.53 | 50.97 | (1) | 1 | 0 | 25 | 0 | 0.66 |
| Royal Dutch Shell | RDS-A | B | 52.41 | 54.38 | (4) | 2 | (2) | 34 | (1) | 0.76 |
| Chevron Corporation | CVX | | 106.10 | 117.70 | (10) | 1 | (9) | 37 | (7) | 0.83 |
| Exxon Mobil Corporation | XOM | | 81.69 | 90.26 | (9) | 1 | (9) | 22 | (7) | 0.85 |
| | <i>Median</i> | | | | (7) | | (5) | | (4) | 0.79 |
| Large Independent | | | | | | | | | | |
| Pioneer Natural Resources | PXD | | 182.06 | 180.00 | 1 | 0 | 1 | 11 | 1 | 1.20 |
| ConocoPhillips | COP | B | 48.62 | 50.14 | (3) | 1 | (3) | 29 | (2) | 0.78 |
| EOG Resources, Inc. | EOG | | 95.64 | 101.10 | (5) | 0.2 | (5) | 13 | (5) | 1.11 |
| Marathon Oil Corporation | MRO | B | 15.91 | 17.31 | (8) | 0 | (8) | 9 | (5) | 0.86 |
| Devon Energy Corporation | DVN | | 40.65 | 45.67 | (11) | 0 | (11) | 16 | (8) | 0.93 |
| Occidental Petroleum Corp. | OXY | | 64.09 | 71.23 | (10) | 1 | (9) | 17 | (7) | 0.88 |
| | <i>Median</i> | | | | (7) | | (7) | | (5) | 0.90 |
| Small Independent | | | | | | | | | | |
| California Resources | CRC | | 13.32 | 21.29 | (37) | - | (37) | 147 | (5) | 0.81 |
| Continental Resources (32%) | CLR | B | 44.97 | 51.54 | (13) | - | (13) | 18 | (9) | 0.85 |
| Cimarex Energy Company | XEC | | 119.06 | 135.90 | (12) | 0 | (12) | 14 | (11) | 0.99 |
| Range Resources | RRC | B | 27.77 | 34.36 | (19) | 0 | (19) | 18 | (12) | 0.62 |
| Whiting Petroleum Corporation | WLL | | 8.56 | 12.02 | (29) | - | (29) | 10 | (16) | 0.66 |
| | <i>Median</i> | | | | (19) | | (19) | | (11) | 0.81 |
| Income | | | | | | | | | | |
| Permian Basin RT | PBT | | 9.81 | 7.71 | 27 | 2.7 | 30 | - | 30 | 0.89 |
| San Juan Basin Royalty Trust | SJT | | 7.35 | 6.62 | 11 | 2.4 | 13 | - | 13 | 0.92 |
| Sabine Royalty Trust | SBR | B | 36.50 | 35.15 | 4 | 1.5 | 5 | - | 5 | 0.61 |
| Dorchester Minerals, L.P. | DMLP | | 16.50 | 17.55 | (6) | 1.4 | (5) | - | (5) | 0.69 |
| Cross Timbers Royalty Trust | CRT | B | 16.26 | 17.97 | (10) | 1.3 | (8) | - | (8) | 0.56 |
| | <i>Median</i> | | | | 4 | | 5 | | 5 | 0.69 |
| Canada | | | | | | | | | | |
| EnCana Corporation | ECA | | 11.60 | 11.74 | (1) | 0 | (1) | 7 | (1) | 1.10 |
| Suncor Energy | SU | B | 30.53 | 32.69 | (7) | 1 | (6) | 10 | (4) | 0.75 |
| Imperial Oil Limited (30%) | IMO | | 30.04 | 34.76 | (14) | 0 | (13) | 8 | (11) | 0.83 |
| Birchcliff Energy Ltd. | BIREF | B | 5.61 | 7.01 | (20) | 0 | (20) | 2 | (15) | 0.64 |
| Cenovus Energy Inc. | CVE | | 10.70 | 15.13 | (29) | 0 | (29) | 5 | (22) | 0.63 |
| | <i>Median</i> | | | | (14) | | (13) | | (11) | 0.75 |
| | <i>Grand Median</i> | | | | (9) | | (8) | | (5) | 0.83 |
| Natural Gas (\$/mmbtu) | | | 3.23 | 3.74 | (14) | | | | | |
| Oil - West Texas Intermediate (\$/bbl) | | | 53.03 | 53.72 | (1) | | | | | |
| Total Stock Market - U.S. | VTI | | 119.55 | 115.32 | 4 | | | | | |
| Developed Markets - ex US | VEA | | 38.89 | 36.54 | 6 | | | | | |
| Emerging Markets | VVO | | 39.75 | 35.78 | 11 | | | | | |

Source: McDep LLC, Yahoo, CME Group, Bloomberg

For historical research see www.mcdep.com



Independent Stock Idea

April 17, 2017

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.