

Cross Timbers Combines Features of Permian, San Juan and Sabine

Summary and Recommendation

Small cap **Cross Timbers Royalty Trust (CRT)** offers competitive appeal in a group that efficiently transmits resource worth to investors. The security combines West Texas oil exposure, as in **Permian Basin Royalty Trust (PBT)**; with natural gas exposure, as in **San Juan Basin Royalty Trust (SJT)**; and cost-free revenue participation as in **Sabine Royalty Trust (SBR)**. Our weekly analysis concentrates on CRT as one of the group of seven that offer a combined estimated Next Twelve Months Distribution Yield of 9.1% (see table). The estimate is updated for recent futures prices for natural gas and oil among other variables. Large cap investors who find the capitalization of the stocks in the group too small might contemplate whether there is a royalty trust form of ownership that might be suitable should a mature operating company fall short in stock market recognition or management performance.

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 11-Nov 2004</i>	<i>Units</i>	<i>Market Value (\$)</i>	<i>Next Twelve Months Distrib. (\$/un)</i>	<i>NTM Distrib. Yield (%/yr)</i>
Cross Timbers Royalty Trust	CRT	37.68	400	15,072	3.09	8.2
Dorchester Minerals, L.P.	DMLP	23.00	700	16,100	2.14	9.3
Hugoton Royalty Trust	HGT	27.05	500	13,525	2.62	9.7
Mesa RoyaltyTrust	MTR	68.50	200	13,700	5.34	7.8
Permian Basin Royalty Trust	PBT	13.10	1,200	15,720	1.09	8.3
Sabine Royalty Trust	SBR	37.10	400	14,840	3.49	9.4
San Juan Basin Royalty Trust	SJT	28.38	500	14,190	3.18	11.2
	<i>Total</i>			<i>103,147</i>		<i>9.1</i>
Futures Strip						
12 Month - Oil (\$/bbl)		46.27				
12 Month - Natural Gas (\$/mmbtu)		7.09				
72 Month - Oil (\$/bbl)		40.79				
72 Month - Natural Gas (\$/mmbtu)		5.99				

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

Rating: None
S&P 500: 1173

Cross Timbers Royalty Trust **Low Risk, Long Life**

<i>Symbol</i>	CRT	<i>Ebitda Next Twelve Months ending 12/31/05 (US\$mm)</i>	19
<i>Rating</i>	None	<i>North American Natural Gas/Ebitda (%)</i>	75
<i>Price (US\$/sh)</i>	37.68	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	11/11/04	<i>Adjusted Reserves/Production NTM</i>	13.4
<i>Shares (mm)</i>	6.00	<i>EV/Ebitda</i>	12.0
<i>Market Capitalization (US\$mm)</i>	226	<i>PV/Ebitda</i>	10.2
<i>Debt (US\$mm)</i>	0	<i>Undeveloped Reserves (%)</i>	2
<i>Enterprise Value (EV) (US\$mm)</i>	226	<i>Natural Gas and Oil Ebitda (US\$/mcfe)</i>	5.32
<i>Present Value (PV) (US\$mm)</i>	192	<i>Present Value Proven Reserves(US\$/boe)</i>	20.60
<i>Net Present Value (US\$/unit)</i>	32	<i>Present Value Proven Reserves(US\$/mcfe)</i>	3.40
<i>Debt/Present Value</i>	0.00	<i>Earnings Next Twelve Months (US\$/un)</i>	3.09
<i>McDep Ratio - EV/PV</i>	1.18	<i>Price/Earnings Next Twelve Months</i>	12
<i>Distribution Yield (%/year)</i>	8.2	<i>Distribution Next Twelve Months (US\$/sh)</i>	3.09

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.

Summary and Recommendation

Units of small cap **Cross Timbers Royalty Trust (CRT)** offer a high quality income stream mostly determined by natural gas and oil price, mostly free of operating cost and entirely free of debt. About 79% of the value of the trust is in natural gas production, primarily a net revenue interest in the San Juan Basin of New Mexico. On those long-life properties the trust always receives its share of revenue regardless of costs incurred in operations. Investors in CRT get the management and professional expertise of operators **Burlington Resources (BR)** and **BP (BP)** free. For income investors an estimated 8.2% distribution yield for 2005 is a special attraction.

The full analysis is scheduled to be posted on www.mcdep.com as a Single Trust Analysis on about December 12, 2004.

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.