

New High for Six-Year Oil

Summary and Recommendation

Average oil price for the next six years as quoted in the futures market hit a new high above \$44 a barrel while shorter term price has not hit a new high. A new high for the market value of roughly equal holdings in seven stocks matches the trend in six-year oil while six-year natural gas lags. We think there is money to be made for investors with a longer time horizon than short-term oil quotes and short-term natural gas quotes. Mostly concentrated on long-term natural gas, the U.S. Royalty Trusts in our coverage continue to offer a distribution yield for the next twelve months near 8% (see table [The Account](#)). Values are reasonable in the McDep framework that relates to present value calculated on a long-term real oil price of \$40 a barrel for Light, Sweet Crude (see table [Rank by McDep Ratio](#)).

Kurt H. Wulff, CFA

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 24-Feb 2005</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	44.88	400	17,952	2.89	6.4
Dorchester Minerals, L.P.	DMLP	22.50	700	15,750	2.01	8.9
Hugoton Royalty Trust	HGT	30.05	500	15,025	2.20	7.3
Mesa Royalty Trust	MTR	63.80	200	12,760	5.28	8.3
Permian Basin Royalty Trust	PBT	14.74	1,200	17,688	1.16	7.8
Sabine Royalty Trust	SBR	39.70	400	15,880	3.35	8.4
San Juan Basin Royalty Trust	SJT	35.71	500	17,855	2.67	7.5
	<i>Total</i>			<i>112,910</i>		<i>7.8</i>
Futures Strip						
	12 Month - Oil (\$/bbl)	50.43				
	12 Month - Natural Gas (\$/mmbtu)	6.96				
	72 Month - Oil (\$/bbl)	44.11				
	72 Month - Natural Gas (\$/mmbtu)	6.11				

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U.S. Natural Gas and Oil Royalty Trusts Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol</i>	<i>Price (\$/sh) 24-Feb 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>EV/ Ebitda</i>	<i>McDep Ratio</i>
Permian Basin RT (41%)	PBT	14.74	19.1	280	11.00	11.6	1.34
Cross Timbers Royalty Trust	CRT	44.88	6.0	270	36.00	15.3	1.25
Sabine Royalty Trust	SBR	39.70	14.6	580	33.00	11.9	1.20
San Juan Basin Royalty Trust	SJT	35.71	46.6	1,660	30.00	11.7	1.19
Hugoton RoyaltyTrust (46%)	HGT	30.05	18.4	550	27.00	10.7	1.11
Dorchester Minerals, L.P.	DMLP	22.50	27.0	610	21.00	11.2	1.07
Mesa RoyaltyTrust	MTR	63.80	1.9	120	60.00	11.8	1.06
<i>Total or Median</i>				<i>4,100</i>		<i>11.7</i>	<i>1.19</i>

Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
11-Feb	HGT	Hugoton Royalty Trust	Improving Volume Trend
3-Feb	SJT	San Juan Basin Royalty Trust	Real Value with Income
22-Nov	* MTR	Mesa Royalty Trust	Hugoton Predictability, San Juan Surprise
12-Nov	* CRT	Cross Timbers Royalty Trust	Low Risk, Long Life

U.S. Natural Gas Royalty Trusts - A Weekly Analysis

18-Feb		Founding Father Speaks
11-Feb	*	New High
4-Feb	*	Pioneer's Hugoton Deal
28-Jan	*	Present Value at \$40 Oil
21-Jan	*	Overlooked Asset Class
13-Jan	*	Green on the Screen
7-Jan	*	All Barrels Are Not the Same
31-Dec	*	Charitable Gifts

* Archived on www.mcdep.com

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