

Reserves Comparability

Summary and Recommendation

Refreshing our estimates of present value for seven income stocks we project future volumes that range up to twice reported reserves. The continued favorable performance of **San Juan Basin Royalty Trust (SJT)** prompts a modest increase in present value to \$32 a unit from \$30. For income streams derived from royalty as a percentage of revenue, we discount future cash flow at the rate of 5% per year after inflation rather than 7%. We assume a constant benchmark natural gas price of \$8 an mcf, a 20% premium to an assumed \$40 oil benchmark. Valuation at a median McDep Ratio of 1.13 is reasonable for stocks that are expected to distribute cash over the next twelve months of 9.2% of stock price (see tables The Account, Rank by McDep Ratio, and Rank by PV/Ebitda).

Kurt H. Wulff, CFA

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 7-Apr 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	40.50	400	16,200	3.25	8.0
Mesa RoyaltyTrust	MTR	67.28	200	13,456	5.77	8.6
Sabine Royalty Trust	SBR	39.85	400	15,940	3.52	8.8
San Juan Basin Royalty Trust	SJT	36.65	500	18,325	3.43	9.4
Hugoton Royalty Trust	HGT	29.35	500	14,675	2.82	9.6
Permian Basin Royalty Trust	PBT	13.70	1,200	16,440	1.35	9.9
Dorchester Minerals, L.P.	DMLP	23.25	700	16,275	2.38	10.2
	<i>Total</i>			<i>111,311</i>		<i>9.2</i>
Futures Strip						
12 Month - Oil (\$/bbl)		55.74				
12 Month - Natural Gas (\$/mmbtu)		7.94				
72 Month - Oil (\$/bbl)		51.62				
72 Month - Natural Gas (\$/mmbtu)		6.83				

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Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol</i>	<i>Price (\$/sh) 7-Apr 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>EV/ Ebitda NTM</i>	<i>McDep Ratio</i>
Sabine Royalty Trust	SBR	39.85	14.6	580	33.00	11.3	1.21
San Juan Basin Royalty Trust	SJT	36.65	46.6	1,710	32.00	9.6	1.15
Permian Basin RT (41%)	PBT	13.70	19.1	260	12.00	9.4	1.14
Cross Timbers Royalty Trust	CRT	40.50	6.0	240	36.00	12.3	1.13
Mesa RoyaltyTrust	MTR	67.28	1.9	130	60.00	10.1	1.12
Dorchester Minerals, L.P.	DMLP	23.25	27.0	630	21.00	9.4	1.11
Hugoton RoyaltyTrust (46%)	HGT	29.35	18.4	540	27.00	8.6	1.09
<i>Total or Median</i>				<i>4,100</i>		<i>9.6</i>	<i>1.13</i>

Rank by PV/Ebitda: Present Value to Earnings Before Interest, Tax, Deprec.

	<i>Symbol</i>	<i>Total Present Value (\$mm)</i>	<i>Unit Present Value (\$/mcfe)</i>	<i>Reserves (bcf)</i>	<i>Natural Gas/ Ebitda (%)</i>	<i>Adjusted Reserves/ Production NTM</i>	<i>Revenue Royalty (%)</i>	<i>PV/ Ebitda</i>
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT	216	3.20	68	73	20.0	85	10.9
Sabine Royalty Trust	SBR	481	3.90	123	59	11.9	100	9.4
Mesa RoyaltyTrust	MTR	112	2.42	46	76	20.0	-	9.1
Dorchester Minerals, L.P.	DMLP	568	3.56	160	80	13.0	54	8.5
San Juan Basin Royalty Trust	SJT	1,491	2.87	520	99	12.1	-	8.4
Permian Basin RT (41%)	PBT	229	2.30	100	40	16.4	30	8.2
Hugoton RoyaltyTrust (46%)	HGT	497	2.90	171	92	13.7	-	7.9
<i>Total or Median</i>		<i>3,594</i>		<i>1,187</i>	<i>76</i>	<i>13.7</i>		<i>8.5</i>

Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
24-Mar	MTR	Mesa Royalty Trust	Long Reserve Life Reported
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

8-Apr		Reserves Comparability
1-Apr		New High for Natural Gas
25-Mar	*	Continuing Uptrend
18-Mar	*	Value Implications
11-Mar	*	More Real Value

* Archived on www.mcdep.com

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