

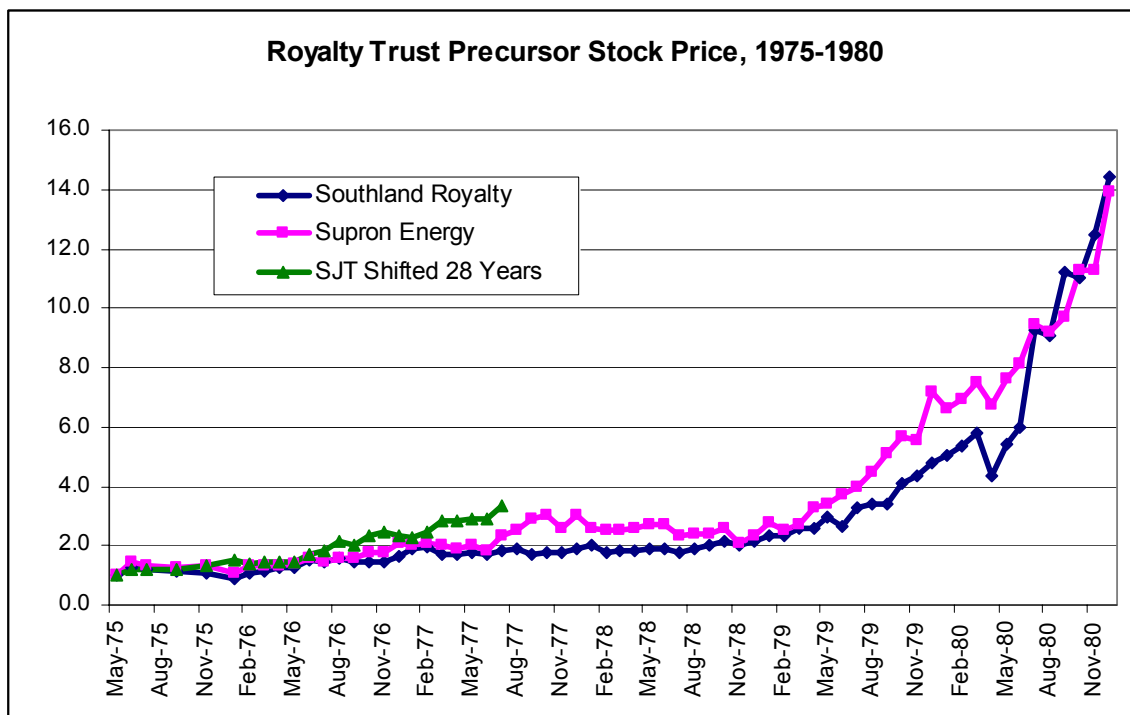
Déjà Vu 1977

Summary

Royalty trust predecessors in 1977 had seven-fold appreciation ahead of them in the next three and a half years. **San Juan Basin Royalty Trust (SJT)**, perhaps ahead of the trend 28 years ago, may have four-fold further appreciation by analogy. The energy stock price explosion of the late 1970s did not end until a year and a half after Mr. Volker was appointed chairman of the Federal Reserve and after the election of a new U.S. President. Whether or not multifold potential lies ahead now for resource value, seven natural gas income stocks offer average estimated distribution yield of 9.1% for the next twelve months and median unlevered cash flow multiple, EV/Ebitda, of 9.9 times.

Royalty Trust Precursors Southland Royalty and Supron Energy

For historical perspective we checked our old DLJ research for the stock price trends of two 1970s favorites. Southland Royalty owned the properties that became San Juan Basin Royalty Trust and **Permian Basin Royalty Trust (PBT)** in November 1980. Supron Energy was essentially a pure play on San Juan Basin natural gas. From May 1975 to December 1980 the stocks appreciated 14 times (see chart Royalty Trust Precursor Stock Price, 1975-1980).



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Superimposed on the chart we add the distribution-adjusted, indexed price of SJT from May 2003 to June 2005 by plotting it forward from May 1975. The 28 year time difference matches the period from the stock market low of 1974 to the stock market low of 2002.

SJT in mid 2005 looks like it is a few months further along than its precursors in mid 1977. That could be because SJT really is a royalty trust now that better reflects resource value than do operating companies.

Kurt H. Wulff

U.S. Natural Gas and Oil Royalty Trusts

The Account

		<i>Price</i>			<i>Next</i>	
	<i>Symbol</i>	<i>(\$/un)</i>	<i>Units</i>	<i>Market</i>	<i>Twelve</i>	<i>NTM</i>
		<i>23-Jun</i>		<i>Value</i>	<i>Months</i>	<i>Distrib.</i>
		<i>2005</i>		<i>(\$)</i>	<i>Distrib.</i>	<i>Yield</i>
					<i>(\$/un)</i>	<i>(%/yr)</i>
San Juan Basin Royalty Trust	SJT	42.23	500	21,115	3.54	8.4
Mesa RoyaltyTrust	MTR	64.84	200	12,968	5.73	8.8
Cross Timbers Royalty Trust	CRT	42.00	400	16,800	3.76	9.0
Dorchester Minerals, L.P.	DMLP	23.75	700	16,625	2.18	9.2
Sabine Royalty Trust	SBR	41.05	400	16,420	3.78	9.2
Permian Basin Royalty Trust	PBT	14.38	1,200	17,256	1.38	9.6
Hugoton Royalty Trust	HGT	30.10	500	15,050	3.03	10.1
	<i>Total</i>			<i>116,234</i>		<i>9.1</i>

Futures Strip

12 Month - Oil (\$/bbl)	60.25
12 Month - Natural Gas (\$/mmbtu)	8.06
72 Month - Oil (\$/bbl)	57.34
72 Month - Natural Gas (\$/mmbtu)	7.18

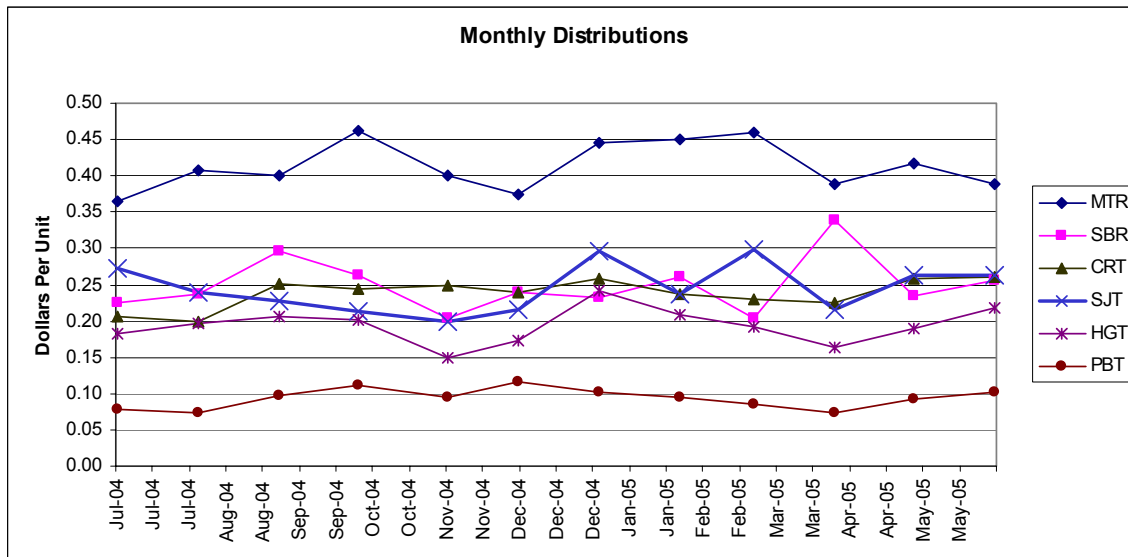
Rank by McDep Ratio: Market Cap and Debt to Present Value

		<i>Price</i>		<i>Market</i>	<i>Net</i>		
	<i>Symbol</i>	<i>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Present</i>	<i>EV/</i>	
		<i>23-Jun</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Ebitda</i>	<i>McDep</i>
		<i>2005</i>			<i>(\$/sh)</i>	<i>NTM</i>	<i>Ratio</i>
San Juan Basin Royalty Trust	SJT	42.23	46.6	1,970	32.00	10.9	1.32
Sabine Royalty Trust	SBR	41.05	14.6	600	33.00	10.9	1.24
Permian Basin RT (41%)	PBT	14.38	19.1	280	12.00	9.6	1.20
Cross Timbers Royalty Trust	CRT	42.00	6.0	250	36.00	11.0	1.17
Dorchester Minerals, L.P.	DMLP	23.75	28.2	670	21.00	9.7	1.13
Hugoton RoyaltyTrust (46%)	HGT	30.10	18.4	550	27.00	8.3	1.12
Mesa RoyaltyTrust	MTR	64.84	1.9	120	60.00	9.9	1.08
	<i>Total or Median</i>			<i>4,400</i>		<i>9.9</i>	<i>1.17</i>

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

	Symbol	Total Present Value (\$mm)	Unit Present Value (\$/mcf)	Reserves (bcf)	Natural Gas/Ebitda (%)	Adjusted Reserves/Production NTM	Revenue Royalty (%)	PV/Ebitda
Cross Timbers Royalty Trust	CRT	216	3.10	70	72	20.0	85	9.5
Mesa Royalty Trust	MTR	112	2.65	42	72	20.0	-	9.2
Sabine Royalty Trust	SBR	481	3.70	130	58	11.8	100	8.7
Dorchester Minerals, L.P.	DMLP	593	3.79	157	79	13.6	54	8.6
San Juan Basin Royalty Trust	SJT	1,491	2.88	518	99	12.1	-	8.2
Permian Basin RT (41%)	PBT	229	2.30	100	39	16.3	30	8.0
Hugoton Royalty Trust (46%)	HGT	497	2.90	171	92	13.8	-	7.5
<i>Total or Median</i>		3,620		1,188	72	13.8		8.6



Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

Date	Symbol	Stock	Theme
13-May	* DMLP	Dorchester Minerals, L.P.	Royalty Volume Increasing
28-Apr	* SJT	San Juan Basin Royalty Trust	Ten Bagger
24-Mar	* MTR	Mesa Royalty Trust	Long Reserve Life Reported
11-Feb	* HGT	Hugoton Royalty Trust	Improving Volume Trend

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

23-Jun		Déjà Vu 1977
16-Jun		Growth Fuel
9-Jun	*	Twilight in the Desert
3-Jun	*	Good Inflation
27-May	*	Understated Reserves

* Archived on www.mcdep.com

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