

Raise Present Value for \$50 Oil

Summary

We boost our estimates of present value to reflect long-term real price expectations of \$50 a barrel for oil and \$10 a million BTU for natural gas in line with the changes we applied to operating companies a few days ago (see *Meter Reader*, August 2, 2005). The new median McDep Ratio of 0.95 for the seven income stocks covered in this weekly analysis implies a discount to present value where the long-term real rate of return would be 7% per year, theoretically. Production trend is the main uncertainty for individual issues. Commodity price is an obvious risk and opportunity. Income is a particularly attractive feature with cash distribution estimated to be an average 8.9% of current price for the next twelve months. **San Juan Basin Royalty Trust (SJT)** and **Sabine Royalty Trust (SBR)** appear to be leading the way in stock price while **Mesa Royalty Trust (MTR)**, **Hugoton Royalty Trust (HGT)** and **Dorchester Minerals (DMLP)** may have catch-up potential.

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

	<i>Symbol</i>	<i>Price (\$/sh)</i> 4-Aug 2005	<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	47.21	14.6	690	40.00	12.1	1.18
San Juan Basin Royalty Trust	SJT	45.80	46.6	2,140	40.00	11.3	1.15
Permian Basin RT (41%)	PBT	15.05	19.1	290	15.00	9.9	1.00
Cross Timbers Royalty Trust	CRT	42.69	6.0	260	45.00	10.8	0.95
Dorchester Minerals, L.P.	DMLP	24.25	28.2	690	26.00	9.3	0.93
Hugoton RoyaltyTrust (46%)	HGT	31.75	18.4	580	34.00	8.4	0.93
Mesa RoyaltyTrust	MTR	67.00	1.9	130	75.00	10.0	0.89
<i>Total or Median</i>				<i>4,800</i>	<i>10.0</i>	<i>10.0</i>	<i>0.95</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 (\$/mcf)</i>	<i>Reserves (bcf)</i>	<i>Natural Gas/Ebitda (%)</i>	<i>Adjusted Reserves/Production NTM</i>	<i>Revenue Royalty (%)</i>	<i>PV/Ebitda</i>
Cross Timbers Royalty Trust	CRT	270	3.90	69	72	20.0	85	11.4
Mesa RoyaltyTrust	MTR	140	3.32	42	72	20.0	-	11.1
Sabine Royalty Trust	SBR	583	4.50	130	58	11.8	100	10.2
Dorchester Minerals, L.P.	DMLP	734	4.69	157	80	13.7	54	10.0
San Juan Basin Royalty Trust	SJT	1,864	3.59	519	99	12.0	-	9.9
Permian Basin RT (41%)	PBT	287	2.90	99	39	16.2	30	9.8
Hugoton RoyaltyTrust (46%)	HGT	626	3.70	169	92	13.8	-	9.0
<i>Total or Median</i>		<i>4,504</i>		<i>1,185</i>	<i>72</i>	<i>13.8</i>		<i>10.0</i>

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U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 4-Aug 2005</i>	<i>Units</i>	<i>Market Value (\$)</i>	<i>Next Twelve Months Distrib. (\$/un)</i>	<i>NTM Distrib. Yield (%/yr)</i>
San Juan Basin Royalty Trust	SJT	45.80	500	22,900	3.70	8.1
Sabine Royalty Trust	SBR	47.21	400	18,884	3.91	8.3
Mesa Royalty Trust	MTR	67.00	200	13,400	5.91	8.8
Cross Timbers Royalty Trust	CRT	42.69	400	17,075	3.90	9.1
Dorchester Minerals, L.P.	DMLP	24.25	700	16,975	2.24	9.2
Permian Basin Royalty Trust	PBT	15.05	1,200	18,060	1.42	9.4
Hugoton Royalty Trust	HGT	31.75	500	15,875	3.18	10.0
	<i>Total</i>			<i>123,169</i>		<i>8.9</i>
Futures Strip						
		12 Month - Oil (\$/bbl)		63.23		
		12 Month - Natural Gas (\$/mmbtu)		8.67		
		72 Month - Oil (\$/bbl)		61.07		
		72 Month - Natural Gas (\$/mmbtu)		7.60		

Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
20-Jul	MTR	Mesa Royalty Trust	Improved Distribution Declared
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

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

5-Aug		Raise Present Value for \$50 Oil
29-Jul		PBT Deal
22-Jul	*	Renminbi Revalued
15-Jul	*	Sakhalin Saga
8-Jul	*	IGCC
30-Jun	*	Natural Gas Vision

* Archived on www.mcdep.com

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