

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

February 3, 2004

SJT More Timely

Summary and Recommendation

Off some 15% in stock price in the past three weeks, recommended **San Juan Basin Royalty Trust (SJT)** appears timelier for new commitments. Recall that the natural gas income producer reached a McDep Ratio of 1.20 at year end. In the first week of 2004 we raised estimates of present value by about 20% that had the effect of bringing the McDep Ratio for SJT back toward 1.00. Stock price decline has brought the McDep Ratio to 0.86. We attribute the decline to the simple seasonal fact that the coldest winter days on average are now behind us. In contrast we see an upward trend in six-year oil futures that keeps the recent quote above the 40-week average. Expecting the dollar price of oil to double within a decade, we believe the dollar price of natural gas can more than double within a decade. While we wait, SJT distributes cash at the estimated rate of 10.1% for the next twelve months.

Kurt H. Wulff, CFA

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

			Price (\$/sh)		Market	Net	Debt/	
	Symbol/ Rating		2-Feb 2004	Shares (mm)	Cap (\$mm)	Present Value (\$/sh)	Present Value	McDep Ratio
Master Limited Partnerships and Canadian Royalty Trusts								
Kinder Morgan Energy Partners, L.P.	KMP	S	47.28	140.1	6,620	14.00	0.46	2.28
Kinder Morgan Management, LLC	KMR	S	42.63	47.8	2,040	14.00	0.46	2.10
Enerplus Resources Fund	ERF		27.88	88.5	2,470	25.00	0.14	1.10
Pengrowth Energy Trust	PGH		13.31	120.0	1,600	12.00	0.13	1.09
Provident Energy Trust	PVX		8.19	70.6	580	7.50	0.25	1.07
Dorchester Minerals, L.P.	DMLP		17.90	27.0	480	17.00	-	1.05
Canadian Oil Sands Trust (US\$)	COSWF	B	35.30	86.9	3,070	50.00	0.22	0.77
	<i>Total or Median</i>				<i>16,900</i>		<i>0.22</i>	<i>1.09</i>
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		30.14	14.6	440	26.00	-	1.16
Permian Basin RT (41%)	PBT		8.28	19.1	160	7.50	-	1.10
Cross Timbers Royalty Trust	CRT		26.29	6.0	158	25.00	-	1.05
Hugoton RoyaltyTrust (46%)	HGT		19.15	18.4	350	20.00	-	0.96
San Juan Basin Royalty Trust	SJT	B	18.94	46.6	880	22.00	-	0.86
	<i>Total or Median</i>				<i>2,000</i>		-	<i>1.05</i>

Buy/Sell rating after symbol: B - Buy, S - Sell

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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 act contrary to a buy or sell rating.

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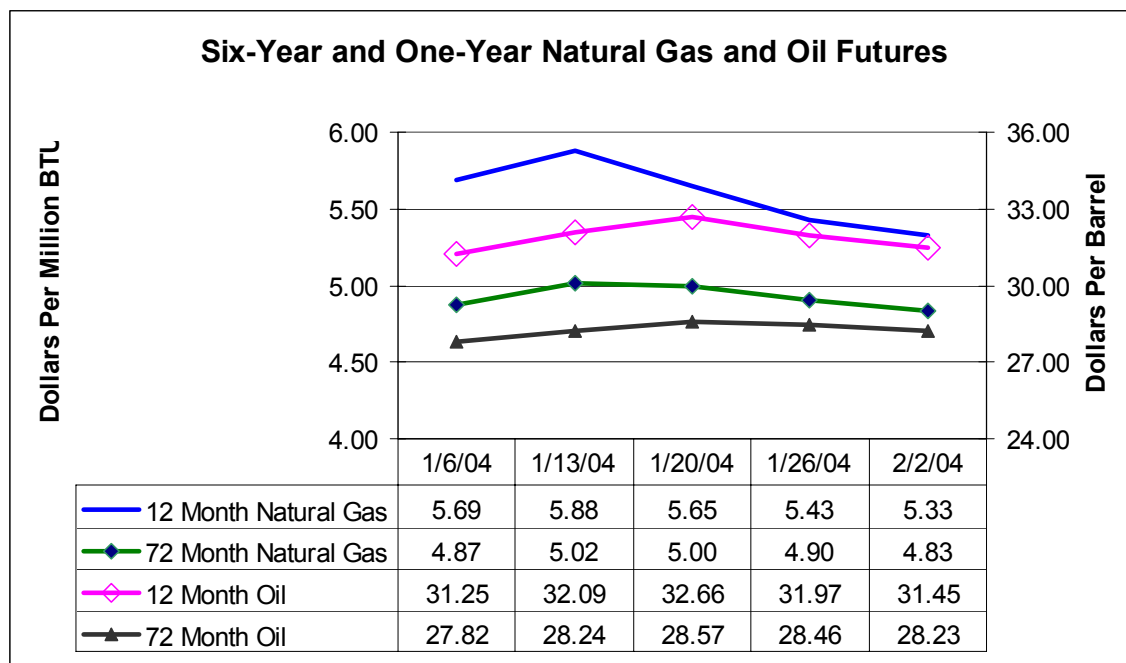
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Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 2-Feb 2004	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)	PV/ Ebitda NTM
Master Limited Partnerships and Canadian Royalty Trusts							
Kinder Morgan Energy Partners, L.P.	KMP S	47.28	3.3	19.6	25	5.6	8.6
Kinder Morgan Management, LLC	KMR S	42.63	3.0	18.0	22	6.2	8.6
Dorchester Minerals, L.P.	DMLP	17.90	9.1	10.0	25	10.0	9.5
Canadian Oil Sands Trust (US\$)	COSWF B	35.30	4.7	9.0	15	4.2	11.6
Enerplus Resources Fund	ERF	27.88	5.1	7.0	12	11.3	6.4
Pengrowth Energy Trust	PGH	13.31	4.6	6.4	11	14.2	5.9
Provident Energy Trust	PVX	8.19	3.8	5.7	27	13.2	5.3
	<i>Median</i>		4.6	9.0	22	10.0	8.6
U.S. Royalty Trusts							
Cross Timbers Royalty Trust	CRT	26.29	8.0	11.2	11	8.8	10.6
Sabine Royalty Trust	SBR	30.14	10.3	10.7	11	9.4	9.2
Permian Basin RT (41%)	PBT	8.28	6.9	9.7	11	9.1	8.8
Hugoton RoyaltyTrust (46%)	HGT	19.15	6.2	8.3	10	9.9	8.6
San Juan Basin Royalty Trust	SJT B	18.94	6.3	7.8	10	10.1	9.1
	<i>Median</i>		6.9	9.7	11	9.4	9.1

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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