

# McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

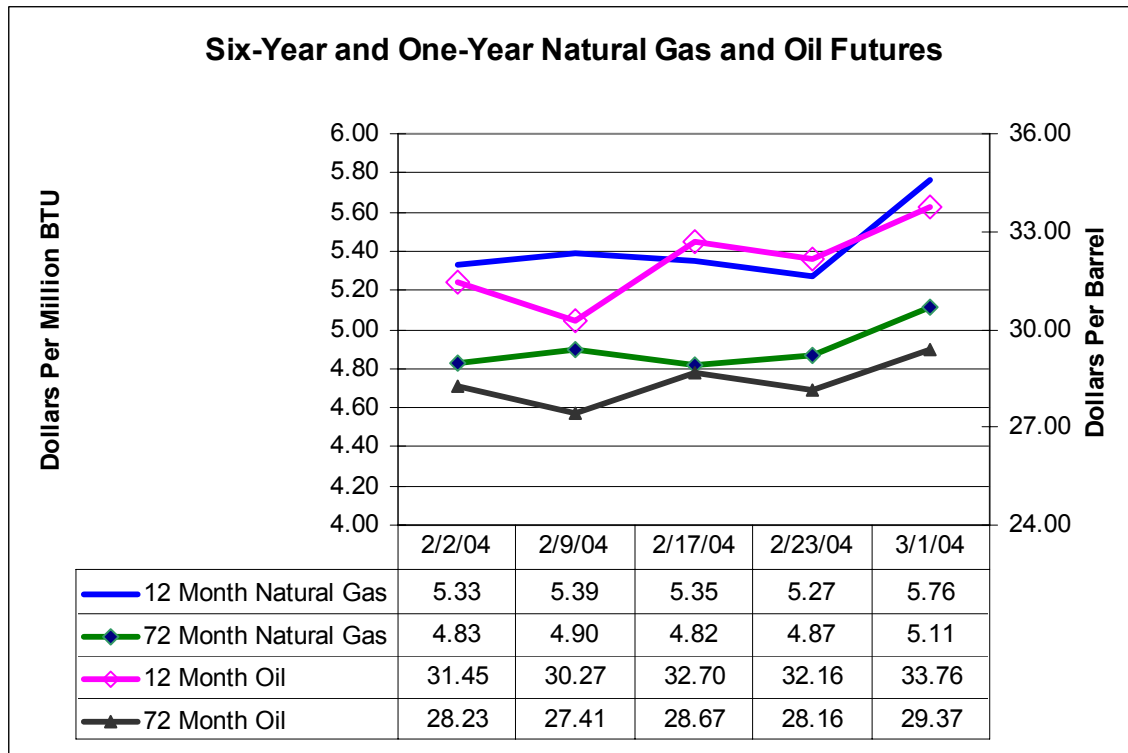
March 2, 2004

## Income with a Kicker

### Summary and Recommendation

A new high for six-year oil futures and a near new high for six-year natural gas futures point to higher future income from buy-recommended **Canadian Oil Sands Trust (COSWF)** and buy-recommended **San Juan Basin Royalty Trust (SJT)** (see Charts). Among other recent developments, COS has determined that 23.54% of 2003 income is not taxable currently for U.S. taxpayers. The remainder qualifies for the 15% tax rate on dividends. Also COS discloses that monthly volume for February exceeded slightly the expected annual average despite scheduled maintenance (see Chart). Our estimate of SJT's distribution for 2004 is over 10% again because the increase in one-year natural gas futures in the past week exceeds the increase in stock price. For most recent taxable purchasers, SJT distributions may not be taxable currently as a result of cost depletion.

Kurt H. Wulff, CFA

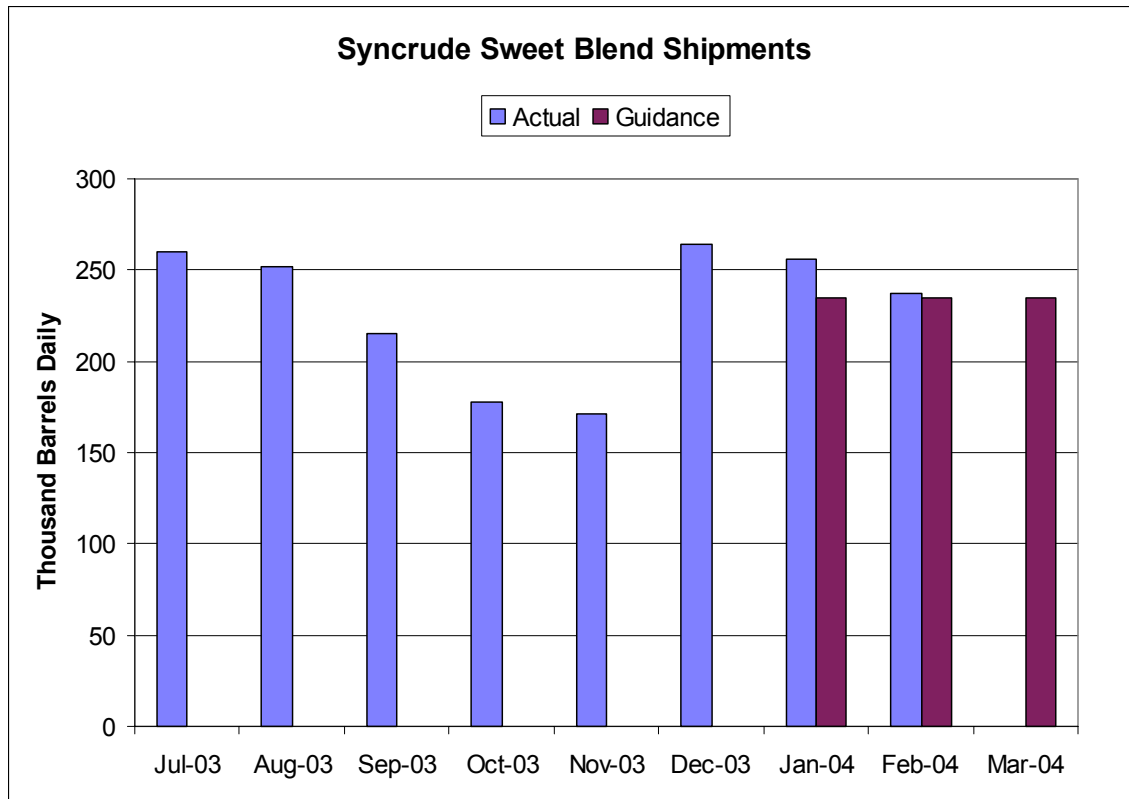
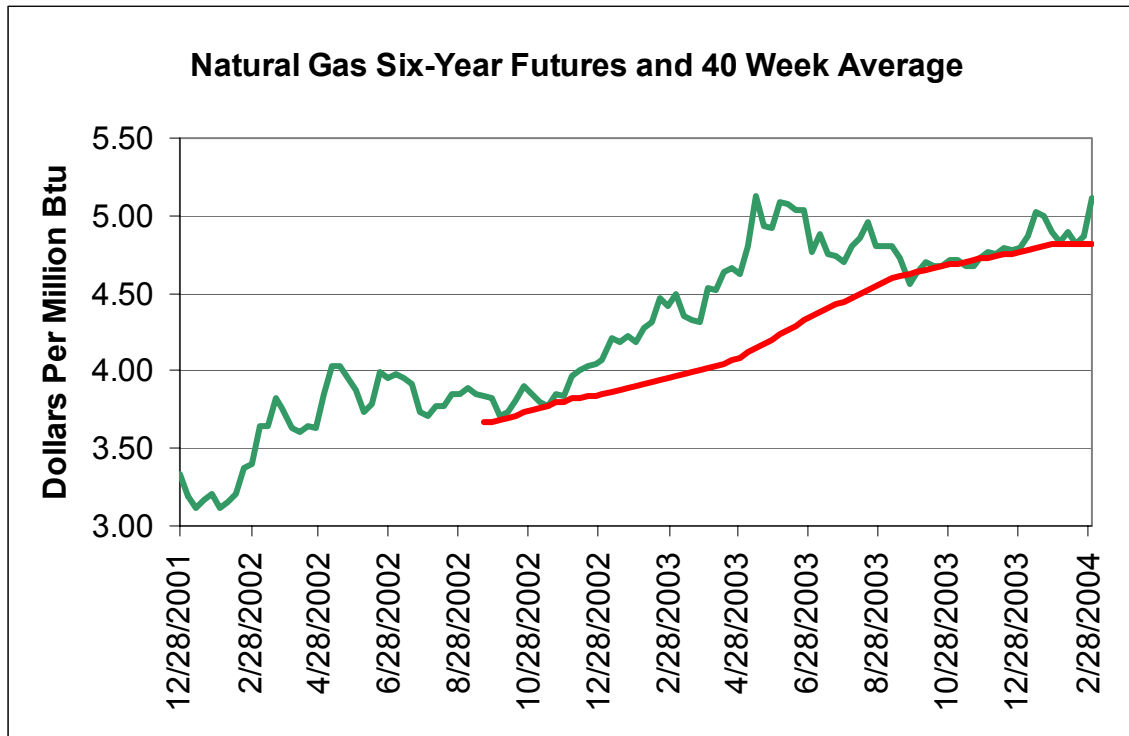


Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://www.mcdep.com). Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

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

	Symbol/ Rating		Price (\$/sh) 1-Mar 2004	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Master Limited Partnerships and Canadian Royalty Trusts</b>								
Kinder Morgan Energy Partners, L.P.	KMP	S	46.05	140.1	6,450	14.00	0.48	2.19
Kinder Morgan Management, LLC	KMR	S	43.39	48.6	2,110	14.00	0.48	2.09
Pengrowth Energy Trust	PGH		14.73	120.0	1,770	12.00	0.13	1.20
Enerplus Resources Fund	ERF		30.39	88.5	2,690	25.00	0.14	1.19
Dorchester Minerals, L.P.	DMLP		18.25	27.0	490	17.00	-	1.07
Provident Energy Trust	PVX		8.14	70.6	580	7.50	0.25	1.06
Canadian Oil Sands Trust (US\$)	COSWF	B	39.55	86.9	3,440	50.00	0.22	0.84
			<i>Total or Median</i>		17,500		0.22	1.19
<b>U.S. Royalty Trusts</b>								
Sabine Royalty Trust	SBR		30.70	14.6	450	26.00	-	1.18
Permian Basin RT (41%)	PBT		8.62	19.1	170	7.50	-	1.15
Cross Timbers Royalty Trust	CRT		27.00	6.0	162	25.00	-	1.08
Hugoton Royalty Trust (46%)	HGT		20.06	18.4	370	20.00	-	1.00
San Juan Basin Royalty Trust	SJT	B	19.89	46.6	930	22.00	-	0.90
			<i>Total or Median</i>		2,100		-	1.08

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

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

	Symbol/ Rating		Price (\$/sh) 1-Mar 2004	EV/ Sales NTM	EV/ Ebitda NTM	Divd or Distrib P/E NTM	NTM (%)	PV/ Ebitda NTM	
<b>Master Limited Partnerships and Canadian Royalty Trusts</b>									
Kinder Morgan Energy Partners, L.P.	KMP	S	46.05	3.3	19.5	23	5.9	8.9	
Kinder Morgan Management, LLC	KMR	S	43.39	3.1	18.6	22	6.3	8.9	
Dorchester Minerals, L.P.	DMLP		18.25	8.8	9.6	22	10.4	9.0	
Canadian Oil Sands Trust (US\$)	COSWF	B	39.55	4.7	8.5	14	3.8	10.2	
Enerplus Resources Fund	ERF		30.39	5.2	6.9	11	10.3	5.9	
Pengrowth Energy Trust	PGH		14.73	4.8	6.6	11	12.8	5.5	
Provident Energy Trust	PVX		8.14	3.6	5.3	19	13.2	5.0	
			<i>Median</i>		4.7	8.5	19	10.3	8.9
<b>U.S. Royalty Trusts</b>									
Cross Timbers Royalty Trust	CRT		27.00	7.8	10.9	11	9.0	10.1	
Sabine Royalty Trust	SBR		30.70	10.1	10.5	10	9.6	8.9	
Permian Basin RT (41%)	PBT		8.62	6.8	9.5	11	8.7	8.2	
Hugoton Royalty Trust (46%)	HGT		20.06	6.3	8.3	10	10.0	8.3	
San Juan Basin Royalty Trust	SJT	B	19.89	6.6	8.1	10	10.1	8.9	
			<i>Median</i>		6.8	9.5	10	9.6	8.9

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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