

McDep Energy Income Producers

A Weekly Analysis of Royalty Trusts and Master Limited Partnerships

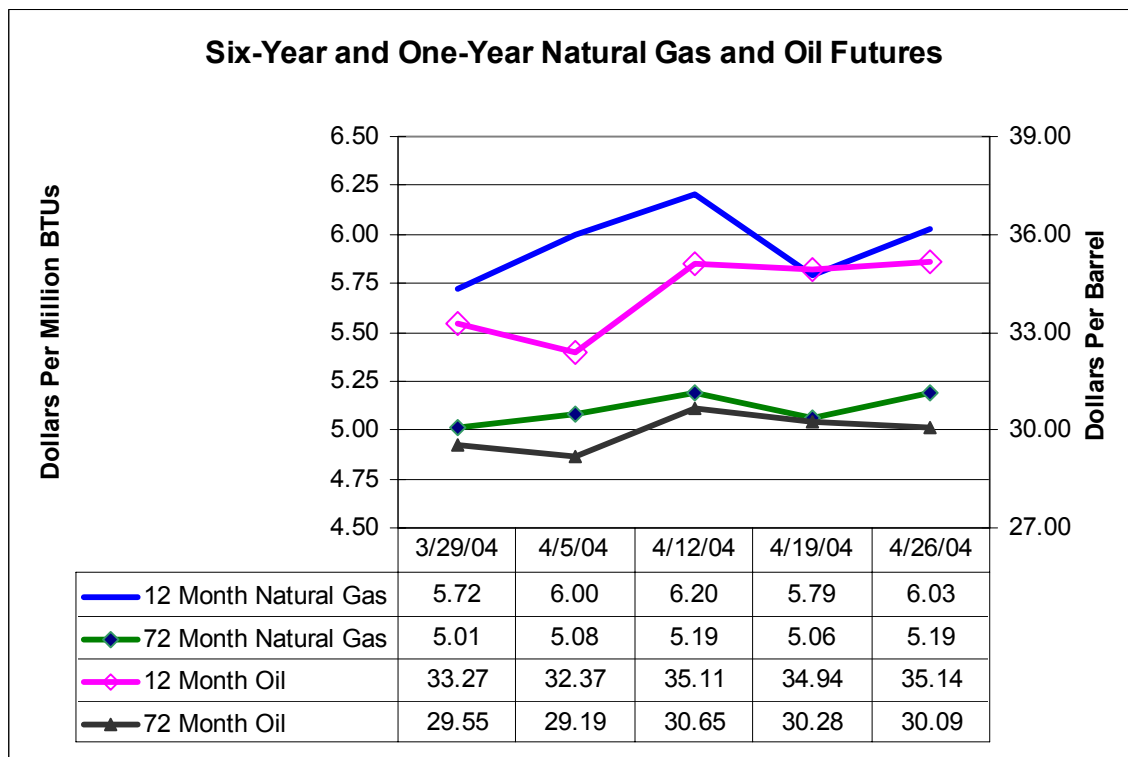
April 27, 2004

Casey McManemin

Summary and Recommendation

Dorchester Minerals, L.P. (DMLP) general partner, Casey McManemin, articulates a growth outlook for the only public oil and gas royalty production partnership following strong past performance of predecessor entities. Royalty production is growing despite a moderate overall reserve life index of 8.4 years that includes no undeveloped reserves. The closest model for mix of royalty properties may be **Sabine Royalty Trust (SBR)**, a strong historical performer, except that DMLP owns the whole “mineral” interest that also includes the working interest portion along with the royalty portion. Unlike sell-recommended **Kinder Morgan (KMP, KMR)**, DMLP has no debt and the general partner take is limited to 4% rather than escalating to 50%. In a Form 8-K filed with the Securities and Exchange Commission, investors can find the slides for DMLP’s first conference presentation.

Kurt H. Wulff, CFA



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

	Symbol/ Rating	Price (\$/sh) 26-Apr 2004	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Master Limited Partnerships and Canadian Royalty Trusts							
Kinder Morgan Energy Partners, L.P.	KMP s	43.11	140.1	6,040	14.00	0.48	2.08
Kinder Morgan Management, LLC	KMR s	39.90	48.6	1,940	14.00	0.48	1.96
Provident Energy Trust	PVX	8.59	85.0	730	6.20	0.35	1.25
NAV Energy Trust	NVG.UN	8.42	19.0	160	7.00	0.18	1.17
Dorchester Minerals, L.P.	DMLP	18.27	27.0	490	17.00	-	1.07
Pengrowth Energy Trust	PGH	13.50	122.0	1,650	14.00	0.14	0.97
Enerplus Resources Fund	ERF	25.99	90.4	2,350	28.00	0.13	0.94
Canadian Oil Sands Trust (US\$)	COSWF B	31.86	86.9	2,770	62.00	0.19	0.61
	<i>Total or Median</i>			13,400		0.18	1.17
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	32.55	14.6	480	27.00	-	1.21
Permian Basin RT (41%)	PBT	8.81	19.1	170	7.70	-	1.14
Hugoton RoyaltyTrust (46%)	HGT	22.08	18.4	410	22.00	-	1.00
San Juan Basin Royalty Trust	SJT B	21.57	46.6	1,010	22.00	-	0.98
Cross Timbers Royalty Trust	CRT	28.50	6.0	170	30.00	-	0.95
	<i>Total or Median</i>			2,200		-	1.00

Buy/Sell rating after symbol: B - Buy full unlevered position, s - short quarter unlevered position
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) 26-Apr 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	43.11	3.1	18.5	22	6.3	8.9
Kinder Morgan Management, LLC	KMR s	39.90	2.9	17.5	20	6.8	8.9
Dorchester Minerals, L.P.	DMLP	18.27	9.6	10.6	21	9.4	9.9
Canadian Oil Sands Trust (US\$)	COSWF B	31.86	3.9	7.1	12	4.7	11.8
Provident Energy Trust	PVX	8.59	5.0	7.1	19	12.5	5.7
Enerplus Resources Fund	ERF	25.99	4.6	6.6	13	12.1	7.1
Pengrowth Energy Trust	PGH	13.50	4.3	5.9	10	14.0	6.1
NAV Energy Trust	NVG.UN	8.42	2.9	4.9	16	16.0	4.2
	<i>Median</i>		4.3	7.1	19	9.4	8.9
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	32.55	11.1	11.5	12	8.7	9.6
Cross Timbers Royalty Trust	CRT	28.50	8.1	11.2	11	8.7	11.8
Permian Basin RT (41%)	PBT	8.81	6.6	9.0	10	8.5	7.9
Hugoton RoyaltyTrust (46%)	HGT	22.08	6.5	8.6	10	9.8	8.5
San Juan Basin Royalty Trust	SJT B	21.57	6.9	8.5	11	9.5	8.6
	<i>Median</i>		6.9	9.0	11	8.7	8.6

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2005; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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