

## Income Payers DMLP, CRT, PBT, SBR, SJT Distributions Rise on Roll Forward

Symbol/Rating	B = Buy	Price	Market	Net	Distribution NTM				
		(US\$/un) 27-May 2015	Cap (US\$mm)	Present Value (US\$/un)	Natural Gas (%)	Oil (%)	(US\$/unit)	Yield (%)	McDep Ratio
Dorchester Minerals, L.P.	DMLP	22.79	700	32.00	36	64	1.34	5.9	0.71
Sabine Royalty Trust	SBR	39.36	570	68.00	42	58	2.78	7.1	0.58
Permian Basin RT	PBT	8.35	390	16.00	23	77	0.58	6.9	0.52
San Juan Basin Royalty Trust	SJT	B 10.70	500	21.00	100	-	0.48	4.5	0.51
Cross Timbers Royalty Trust	CRT	B 17.60	110	42.00	54	46	1.18	6.7	0.42
<i>Total or Median</i>			2,300		42	58		6.7	0.52
Note: Estimated distributions tied to one-year futures prices for natural gas and oil.									
Reported results may vary widely from estimates. Estimated net present value per unit revised only infrequently.									
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.									
For historical analysis since 2000 see <a href="http://www.mcdep.com">www.mcdep.com</a>									

### Summary and Recommendation

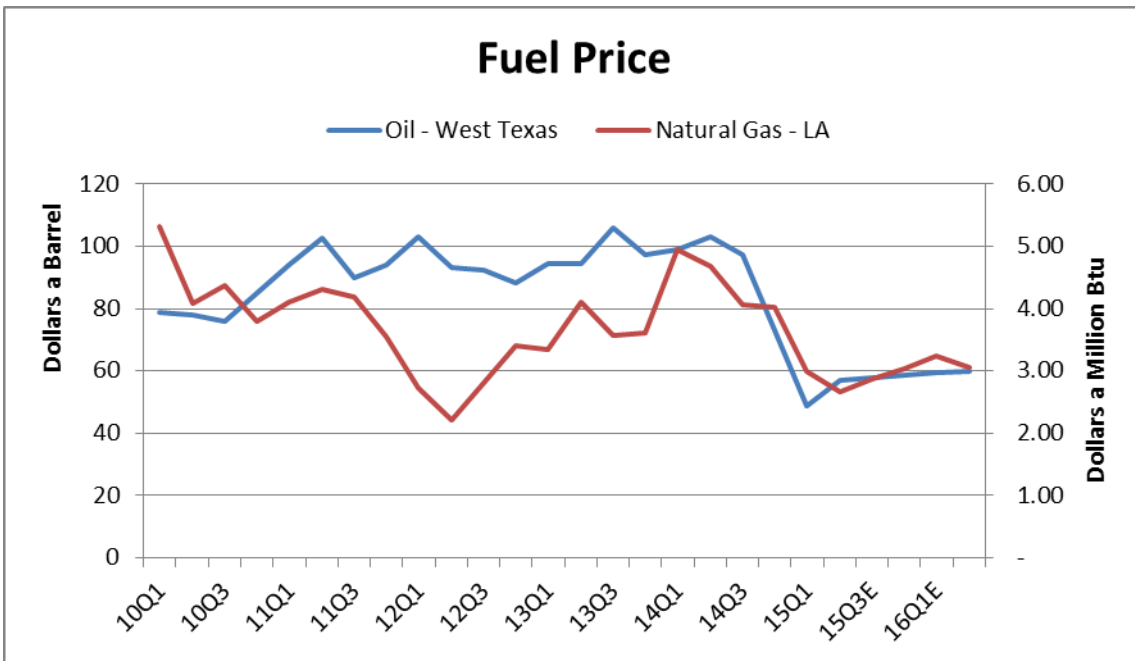
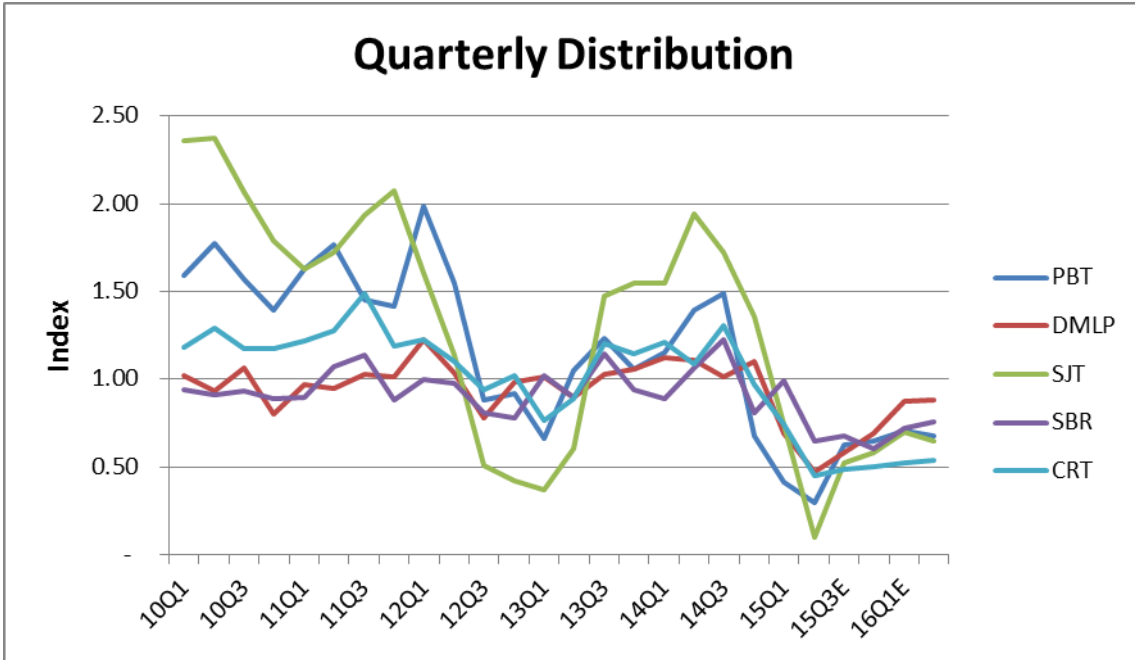
At the lowest median McDep Ratio of 0.52 and the highest median distribution yield of 6.7% among our five groups, Income stocks appear attractive for new commitments. **Dorchester Minerals (DMLP)** has standout oil volume growth in the Bakken and Permian Basin. Exclusively Top Line **Sabine Royalty Trust (SBR)** gets a free ride on operating costs and drilling investment on its properties paid by others. Exclusively Bottom Line and exclusively natural gas **San Juan Basin Royalty Trust (SJT)** has the most to gain from moderate improvement in natural gas price. **Permian Basin RT (PBT)** and **Cross Timbers RT (CRT)** are hybrids that combine Top Line advantages with Bottom Line upside. Stock prices for all five may advance as distributions rise with rolling forward the measurement period to the twelve months ended June 30, 2016 (see chart [Quarterly Distribution](#) on page 2). Because the timing of distributions lags real-time operations by about a calendar quarter, current oil and gas prices are a leading indicator of future distributions (see chart [Fuel Price](#) on page 2). Dollar-denominated price in turn may vary inversely with the uncertain course of the U.S. dollar in international exchange markets (see chart [The Dollar and Oil](#) on page 3). Oil production has generally been rising the past few years as Income Payers reinvest for their own account (Bottom Line) or benefit from new drilling by others on their properties (Top Line) (see chart [Oil Volume](#) on page 3). Natural gas volume from conventional sources normally declines gradually, but natural gas associated with oil production may be rising and offsetting some decline (see chart [Natural Gas Volume](#) on page 4). Spending on development, initiated when price was higher, may now be declining and leaving more cash to be distributed from net profits interest or Bottom Line arrangements (see chart [Development](#) on page 4). Models illustrate interaction of the important variables affecting the outlook for each of five stocks (see tables [Present Value](#) and [Operating and Financial Estimates](#) on pages 5-11). Valuation tables compare important parameters for all 24 stocks in our coverage (see [Tables 1-4](#) on pages 12-15).

Kurt H. Wulff, CFA



# Industry Idea

Analysis of Oil and Gas Stocks  
May 28, 2015

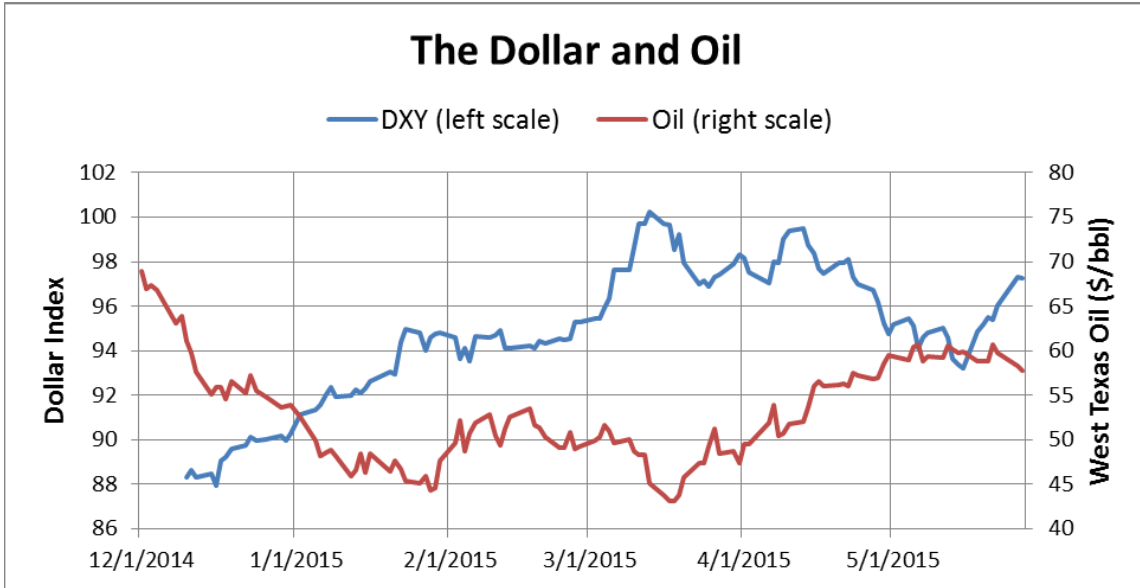


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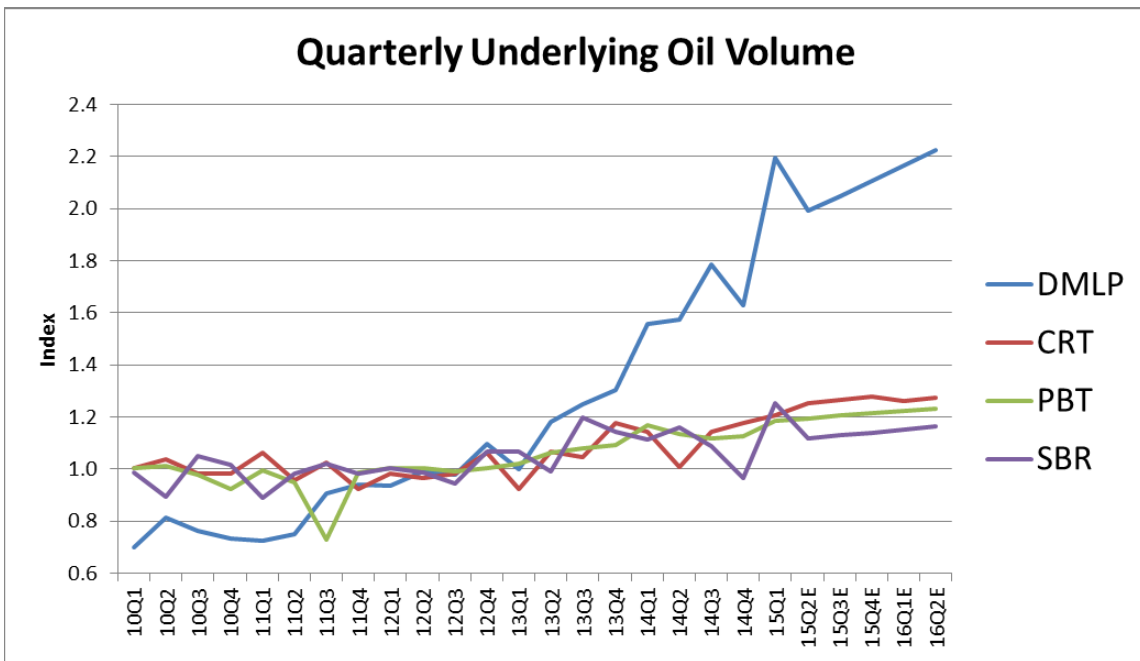


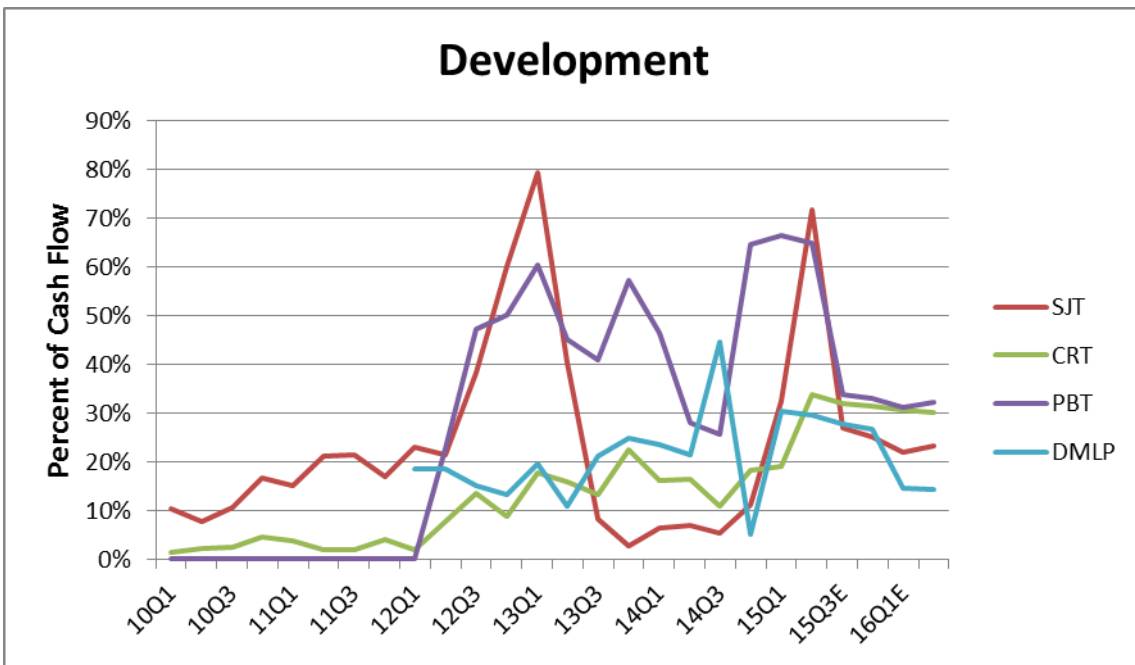
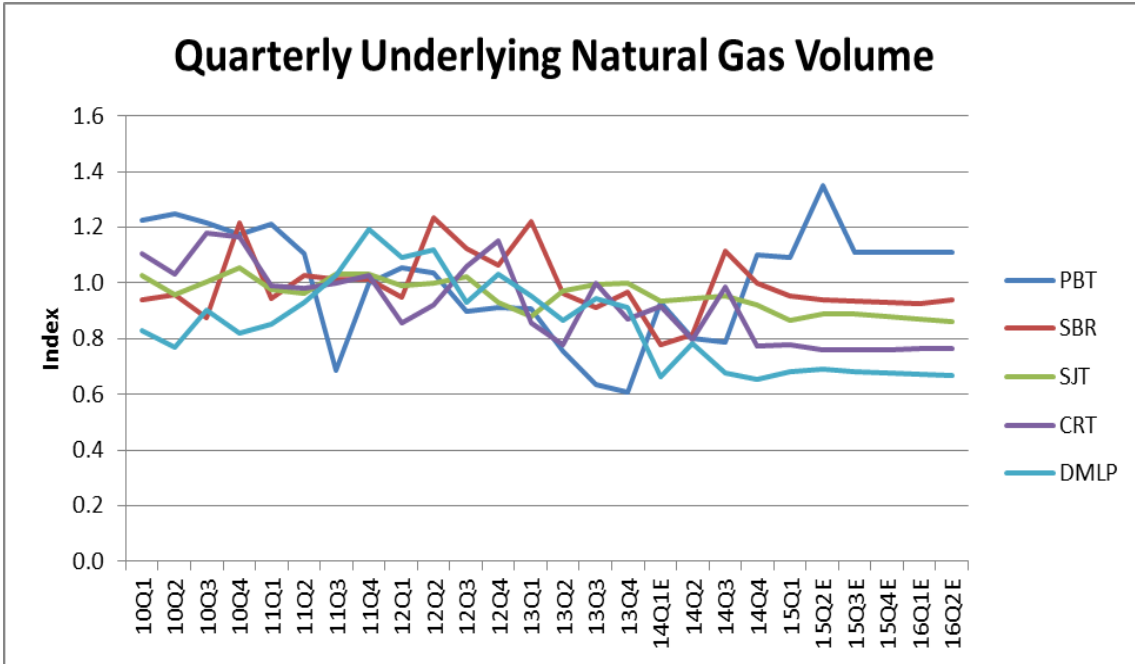
# Industry Idea

Analysis of Oil and Gas Stocks  
May 28, 2015



Source: Bloomberg, McDep LLC





Cross Timbers Royalty Trust					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
Top Line Natural Gas	3	15.7	39.2	137	54%
Top Line Oil	3	9.1	19.7	65	26%
Bottom Line Oil	3	12.2	15.1	50	20%
	10	12.5	24.9	252	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					252
Shares (mm)					6
Net Present Value (US\$/sh)					42
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					42
Top Line Approximation at 1.5 times Cash Flow Multiple Depending on Reserve Life					

Cross Timbers Royalty Trust										
Next Twelve Months Operating and Financial Performance										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next
	6/30/14	2014	3/31/15	6/30/15	9/30/15	12/31/15	2015	3/31/16	6/30/16	Twelve
										Months
										6/30/16
<b>Volume</b>										
Natural Gas (mmcf)	4.1	4.5	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Oil (mbd)	0.54	0.61	0.65	0.68	0.68	0.69	0.68	0.68	0.69	0.69
Total (bcf)	0.67	2.96	0.73	0.72	0.73	0.74	2.92	0.74	0.73	2.94
<b>Price</b>										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	4.95	4.32	4.02	2.99	2.66	2.86	3.13	3.03	3.24	2.95
CRT (\$/mcf)	8.33	7.00	5.69	3.83	3.40	3.66	4.16	3.88	4.16	3.78
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	101.13	97.76	60.83	51.06	58.10	58.04	57.01	58.87	59.62	58.66
CRT	94.32	91.46	63.07	51.05	58.08	58.03	57.54	58.85	59.60	58.64
Total (\$/mcf)	11.60	10.70	8.08	6.20	6.64	6.74	6.92	6.91	7.11	6.85
<b>Revenue (\$mm)</b>										
Natural Gas	3.09	11.40	2.10	1.36	1.21	1.32	5.98	1.40	1.48	5.41
Oil	4.62	20.21	3.78	3.11	3.66	3.65	14.21	3.70	3.70	14.71
Total	7.71	31.61	5.88	4.47	4.87	4.97	20.18	5.10	5.19	20.12
<b>Cost (\$mm)</b>										
Tax, transport & other	1.11	3.89	0.74	0.63	0.68	0.70	2.74	0.71	0.73	2.82
Production	1.36	5.75	1.75	0.89	1.07	1.09	4.80	1.12	1.14	4.43
Total	2.47	9.64	2.49	1.52	1.75	1.79	7.54	1.84	1.87	7.24
<b>Cash flow (\$mm)</b>	5.24	21.97	3.39	2.95	3.12	3.18	12.64	3.26	3.32	12.87
Development	0.87	3.37	0.65	1.00	1.00	1.00	3.65	1.00	1.00	4.00
Excess or other		(0.54)	(0.45)				(0.45)			
<b>Net proceeds (\$mm)</b>	4.37	19.14	3.20	1.95	2.12	2.18	9.45	2.26	2.32	8.87
<b>Royalty income (\$mm)</b>	3.85	16.39	2.83	1.68	1.80	1.85	8.16	1.92	1.97	7.54
Royalty/Net proceeds	88%	86%	88%	86%	85%	85%	86%	85%	85%	85%
Administration	0.09	0.52	0.26	0.11	0.11	0.11	0.59	0.11	0.11	0.44
<b>Distributable income (\$mm)</b>	3.76	15.88	2.57	1.57	1.69	1.74	7.57	1.81	1.86	7.10
<b>Units (millions)</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Royalty income (\$/unit)</b>										
Natural Gas										
TL TX		0.26	0.06							
TL OK		0.21	0.05							
TL NM		0.89	0.13							
BL TX		0.00	-							
BL OK		0.00	0.00							
Oil										
TL TX		0.64	0.12							
TL OK		0.19	0.06							
TL NM		0.08	0.02							
BL TX		0.14	-							
BL OK		0.34	0.03							
Administration		0.08	0.04							
<b>Distribution (\$/unit)</b>	0.63	2.65	0.43	0.26	0.28	0.29	1.26	0.30	0.31	1.18

<b>Dorchester Minerals, L.P.</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
<u>Top Line - Royalty Interests</u>					
North American Natural Gas	8	7.3	31.2	260	27%
Oil	25	8.8	21.1	530	54%
<u>Bottom Line - Net Profits Interests</u>					
North American Natural Gas	6	8.7	16.0	90	9%
Oil	13	4.5	7.9	100	10%
<u>Total Top and Bottom</u>					
North American Natural Gas	14	8.0	25.0	350	36%
Oil	38	7.3	16.6	630	64%
	52	7.7	18.8	980	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					980
Shares (mm)					31
Net Present Value - Standard Estimate (US\$/sh)					32
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					42
Top Line Approximation at 2 times Cash Flow Multiple Depending on Reserve Life					



# Industry Idea

Analysis of Oil and Gas Stocks  
May 28, 2015

Dorchester Minerals, L.P.										
Operating and Financial Performance										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	6/30/14	2014	3/31/15	6/30/15	9/30/15	12/31/15	2015	3/31/16	6/30/16	6/30/16
<b>Volume</b>										
Nat Gas (mmcf) - Top Line	11.3	9.7	10.4	10.0	9.9	9.8	10.0	9.7	9.6	9.8
Nat Gas (mmcf) - Btm Line	10.1	9.2	8.3	8.8	8.8	8.7	8.6	8.7	8.6	8.7
Oil (mbd) - Top Line	1.38	1.37	1.49	1.45	1.48	1.51	1.48	1.54	1.57	1.52
Oil (mbd) - Bottom Line	0.51	0.60	1.14	0.94	0.98	1.02	1.02	1.06	1.10	1.04
Days	91	367	90	91	92	92	365	91	91	366
Total (bcfe)	3.0	11.2	3.1	3.0	3.1	3.1	12.3	3.1	3.1	12.4
Total (mmcf)	33	31	34	33	33	34	34	34	34	34
<b>Price</b>										
Henry Hub (\$/mmbtu)	4.67	4.43	2.99	2.66	2.86	3.03	2.88	3.24	3.06	3.05
Top Line (\$/mcf)	4.58	4.18	2.66	2.36	2.55	2.70	2.57	2.89	2.73	2.71
Bottom Line (\$/mcf)	4.47	5.02	2.63	2.34	2.52	2.66	2.54	2.86	2.70	2.68
WTI Cushing (\$/bbl)	102.98	93.04	48.62	57.14	57.80	58.55	55.53	59.41	59.99	58.94
Top Line (\$/bbl)	86.17	78.64	43.26	50.84	51.43	52.10	49.43	52.87	53.38	52.44
Bottom Line (\$/bbl)	84.77	80.83	41.74	49.05	49.63	50.27	47.47	51.01	51.50	50.60
Total (\$/mcf)	7.92	7.94	4.69	4.95	5.15	5.33	5.03	5.54	5.54	5.39
<b>Revenue (\$mm)</b>										
Natural Gas - Top Line	4.7	15.0	2.5	2.2	2.3	2.4	9.4	2.6	2.4	9.7
Oil - Top Line	10.9	39.5	5.8	6.7	7.0	7.2	26.7	7.4	7.6	29.3
Total - Top Line	15.6	54.4	8.3	8.9	9.3	9.7	36.1	10.0	10.0	38.9
Natural Gas - Bottom Line	4.1	17.0	2.0	1.9	2.0	2.1	8.0	2.3	2.1	8.5
Oil - Bottom Line	3.9	17.7	4.3	4.2	4.5	4.7	17.7	4.9	5.2	19.2
Total - Bottom Line	8.0	34.7	6.3	6.1	6.5	6.8	25.7	7.2	7.3	27.8
Total	23.6	89.1	14.5	14.9	15.8	16.5	61.8	17.1	17.3	66.7
<b>Expense</b>										
Minerals NPI (estimated)	1.1	5.0	1.4	1.4	1.4	1.4	5.6	1.4	1.4	5.6
Operating, incl. Prod Tax	1.5	5.5	1.0	1.0	1.1	1.2	4.3	1.2	1.2	4.7
General and Administrative	1.1	5.1	1.3	1.0	1.0	1.0	4.3	1.0	1.0	4.0
General Partner	0.5	1.6	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.7
Total	4.2	17.2	3.9	3.6	3.7	3.7	14.9	3.8	3.8	15.0
<b>Ebitda</b>										
Top Line	13.5	47.0	6.9	7.6	8.0	8.3	30.7	8.6	8.6	33.5
Bottom Line	5.9	24.9	3.8	3.8	4.2	4.5	16.2	4.8	4.9	18.3
Total Ebitda	19.4	71.9	10.7	11.3	12.1	12.8	46.9	13.3	13.5	51.7
Deprec., Deplet., & Amort.	2.8	10.1	2.5	3.6	3.7	3.7	13.5	3.7	3.7	14.9
Minerals NPI Capital (est)	5.1	21.8	4.4	4.4	4.4	4.4	17.6	2.5	2.5	13.8
Lease Bonus and Other	(0.4)	(3.5)	(0.2)	(0.2)	(0.2)	(1.0)	(1.6)	(1.0)	(1.0)	(3.2)
<b>Ebit</b>	12.0	43.6	4.0	3.5	4.2	5.6	17.3	8.1	8.2	26.2
<b>Ebt</b>	12.0	43.6	4.0	3.5	4.2	5.6	17.3	8.1	8.2	26.2
<b>Net Income (\$mm)</b>	12.0	43.6	4.0	3.5	4.2	5.6	17.3	8.1	8.2	26.2
<b>Units (millions)</b>	30.7	30.7	30.7	30.7	30.7	30.7	30.7	30.7	30.7	30.7
Net Income Per Unit (\$)	0.39	1.42	0.13	0.11	0.14	0.18	0.57	0.27	0.27	0.86
Ebitda Margin - Top Line	87%	86%	83%	85%	86%	86%	85%	86%	86%	86%
Ebitda Margin - Bottom Line	73%	72%	61%	62%	64%	65%	63%	67%	67%	66%
<b>Distribution - Cash Accounting (\$mm)</b>										
Top Line Revenue	14.4	52.5	9.1							
Bottom Line Net Revenue	2.4	13.1	2.5							
Lease Bonus	0.5	2.7	0.1							
Cash Expense	(2.2)	(9.4)	(2.3)							
Distribution	15.1	58.9	9.4	6.4	7.9	9.4	33.1	11.8	12.0	41.1
Distribution Per Unit (\$)	0.49	1.92	0.31	0.21	0.26	0.31	1.08	0.39	0.39	1.34

<b>Permian Basin Royalty Trust</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
<u>Top Line - Royalty Interests (95% Underlying)</u>					
North American Natural Gas	2	7.6	31.1	50	7%
Oil	14	10.7	21.7	300	40%
	15	10.2	22.7	350	47%
<u>Bottom Line - Working Interests (75% Underlying)</u>					
North American Natural Gas	5	8.0	20.8	100	13%
Oil	19	11.2	16.0	300	40%
	24	9.8	17.0	400	53%
<u>Total Top and Bottom</u>					
North American Natural Gas	6	8.0	23.4	150	20%
Oil	33	11.1	18.5	600	80%
	39	9.9	19.3	750	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					750
Shares (mm)					46.6
Net Present Value (US\$/sh)					16
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					16
Top Line Approximation at 1.5 times Cash Flow Multiple Depending on Reserve Life					



Permian Basin Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	Q4	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	2015E	3/31/16	6/30/16	6/30/16
<b>TOP LINE</b>									
<b>Volume</b>									
Natural Gas (mmcf)	1.2	1.2	1.1	1.1	1.1	<b>1.1</b>	1.1	1.1	<b>1.1</b>
Oil (mbd)	0.94	0.90	0.90	0.90	0.90	<b>0.90</b>	0.90	0.90	<b>0.90</b>
<b>Price (cash lagged two months)</b>									
Natural Gas (\$/mcf)	8.59	6.29	4.89	4.79	5.04	<b>5.28</b>	5.51	5.55	<b>5.22</b>
Oil (\$/bbl)	84.10	59.38	46.77	53.22	53.17	<b>53.20</b>	53.93	54.61	<b>53.73</b>
<b>Revenue (\$mm)</b>									
Natural Gas	1.0	0.7	0.5	0.5	0.5	<b>2.1</b>	0.5	0.5	<b>2.1</b>
Oil	7.2	4.9	3.7	4.4	4.4	<b>17.5</b>	4.5	4.4	<b>17.6</b>
Total Revenue	8.2	5.6	4.2	4.9	4.9	<b>19.6</b>	5.0	4.9	<b>19.7</b>
<b>Expense</b>									
Operating	0.5	0.6	0.6	0.6	0.6	<b>2.2</b>	0.6	0.6	<b>2.2</b>
Production taxes	0.3	0.2	0.2	0.2	0.2	<b>0.8</b>	0.2	0.2	<b>0.8</b>
Total Expense	0.8	0.8	0.8	0.8	0.8	<b>3.0</b>	0.8	0.8	<b>3.0</b>
<b>Ebitda</b>	7.4	4.9	3.5	4.1	4.1	<b>16.6</b>	4.2	4.1	<b>16.7</b>
Ebitda times 95%	7.0	4.6	3.3	3.9	3.9	<b>15.7</b>	4.0	3.9	<b>15.8</b>
<b>BOTTOM LINE</b>									
<b>Volume</b>									
Natural Gas (mmcf)	11.7	11.7	14.8	12.0	12.0	<b>12.6</b>	12.0	12.0	<b>12.0</b>
Oil (mbd)	2.28	2.48	2.51	2.54	2.56	<b>2.52</b>	2.59	2.62	<b>2.58</b>
<b>Price (cash lagged two months)</b>									
Natural Gas (\$/mcf)	5.49	3.92	2.76	2.70	2.84	<b>3.04</b>	3.11	3.13	<b>2.94</b>
Oil (\$/bbl)	81.12	57.13	46.35	52.74	52.69	<b>52.26</b>	53.44	54.12	<b>53.25</b>
<b>Revenue (\$mm)</b>									
Natural Gas	5.9	4.2	3.6	3.0	3.1	<b>14.0</b>	3.4	3.3	<b>12.9</b>
Oil	17.0	13.0	10.4	12.3	12.4	<b>48.2</b>	12.7	12.6	<b>50.1</b>
Total Revenue	22.9	17.2	14.0	15.3	15.6	<b>62.1</b>	16.2	15.9	<b>63.0</b>
<b>Expense</b>									
Operating	8.3	6.8	6.8	6.8	6.8	<b>27.3</b>	6.8	6.8	<b>27.3</b>
Production taxes	1.1	0.8	0.8	0.8	0.8	<b>3.3</b>	0.8	0.8	<b>3.3</b>
Total Expense	9.3	7.6	7.6	7.6	7.6	<b>30.6</b>	7.6	7.6	<b>30.6</b>
<b>Ebitda</b>	13.6	9.6	6.4	7.7	7.9	<b>31.6</b>	8.5	8.3	<b>32.4</b>
Development	13.6	9.6	6.4	4.0	4.0	<b>24.0</b>	4.0	4.0	<b>16.0</b>
(Ebitda-Dvlpmnt) times 75%				2.7	2.9	<b>5.7</b>	3.4	3.2	<b>12.3</b>
<b>CASH DISTRIBUTION</b>									
<b>Royalty Income (\$mm)</b>									
Top Line	7.0	4.6	3.3	3.9	3.9	<b>15.7</b>	4.0	3.9	<b>15.8</b>
Bottom Line	-	-	-	2.7	2.9	<b>5.7</b>	3.4	3.2	<b>12.3</b>
Administration	0.2	0.5	0.3	0.3	0.3	<b>1.4</b>	0.3	0.3	<b>1.2</b>
<b>Distributable Income (\$mm)</b>	6.9	4.2	3.0	6.4	6.6	<b>20.1</b>	7.1	6.9	<b>26.9</b>
<b>Units (millions)</b>	47	47	47	47	47	<b>47</b>	47	47	<b>47</b>
<b>Distribution (\$/unit)</b>	0.15	0.09	0.06	0.14	0.14	<b>0.43</b>	0.15	0.15	<b>0.58</b>



# Industry Idea

Analysis of Oil and Gas Stocks  
May 28, 2015

Sabine Royalty Trust					
Net Present Value					
					Present
	NTM Ebitda	Adjusted	PV/		Value
	(US\$mm)	R/P	Ebitda		(US\$mm)
North American Natural Gas	16	6.6	26.1		420
Oil	25	15.6	23.3		570
	41	9.4	24.4		990
Debt (US\$mm)					-
Net Present Value (US\$mm)					990
Shares (mm)					14.6
Net Present Value (US\$/sh)					68
Top Line Approximation at 1.5 times Cash Flow Multiple Depending on Reserve Life					78

Sabine Royalty Trust										
Next Twelve Months Operating and Financial Performance										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next
	6/30/14	2014	3/31/15	6/30/15	9/30/15	12/31/15	2015	3/31/16	6/30/16	Twelve
										Months
<b>Volume</b>										
Natural Gas (mmcf)	15.4	<b>17.6</b>	18.0	17.8	17.7	17.7	<b>17.8</b>	17.6	17.8	<b>17.7</b>
Oil (mbd)	1.37	<b>1.28</b>	1.48	1.32	1.33	1.35	<b>1.37</b>	1.36	1.37	<b>1.35</b>
Total (bcfe)	2.12	<b>9.21</b>	2.48	2.31	2.34	2.37	<b>9.50</b>	2.37	2.34	<b>9.42</b>
Total (mmcf)	23.7	<b>25.2</b>	26.9	25.7	25.7	25.7	<b>26.0</b>	25.7	26.0	<b>25.8</b>
<b>Price</b> (Henry Hub natural gas lagged three months; WTI Cushing oil, two months)										
Henry Hub (\$/mmbtu)	4.95	<b>4.32</b>	4.02	2.99	2.66	2.86	<b>3.13</b>	3.03	3.24	<b>2.95</b>
Trust (\$/mcf)	4.96	<b>4.31</b>	4.44	2.99	2.66	2.86	<b>3.24</b>	3.03	3.24	<b>2.95</b>
WTI Cushing (\$/bbl)	101.13	<b>97.76</b>	60.83	51.06	58.10	58.04	<b>57.01</b>	58.87	59.62	<b>58.66</b>
Trust (\$/bbl)	89.34	<b>87.23</b>	68.14	51.06	58.10	58.04	<b>59.14</b>	58.87	59.62	<b>58.66</b>
Total (\$/bcfe)	8.39	<b>7.42</b>	6.72	4.69	4.84	5.00	<b>5.33</b>	5.18	5.36	<b>5.09</b>
<b>Revenue</b> (\$mm)										
Natural Gas	6.9	<b>27.6</b>	7.4	4.8	4.3	4.6	<b>21.1</b>	4.9	5.2	<b>19.0</b>
Oil	10.9	<b>40.6</b>	9.3	6.1	7.0	7.2	<b>29.6</b>	7.4	7.4	<b>29.0</b>
Total	17.8	<b>68.3</b>	16.6	10.9	11.3	11.8	<b>50.7</b>	12.3	12.6	<b>48.0</b>
<b>Expense</b>										
Tax and other	1.3	<b>7.3</b>	1.5	0.8	0.8	2.4	<b>5.5</b>	1.1	0.9	<b>5.1</b>
General and administrative	0.8	<b>2.4</b>	0.5	0.6	0.6	0.6	<b>2.2</b>	0.6	0.6	<b>2.3</b>
Total	2.1	<b>9.7</b>	2.1	1.3	1.4	2.9	<b>7.7</b>	1.7	1.4	<b>7.4</b>
<b>Ebitda</b>	15.7	<b>58.6</b>	14.5	9.5	10.0	8.9	<b>43.0</b>	10.6	11.1	<b>40.6</b>
<b>Ebit</b>	15.7	<b>58.6</b>	14.5	9.5	10.0	8.9	<b>43.0</b>	10.6	11.1	<b>40.6</b>
<b>Ebt</b>	15.7	<b>58.6</b>	14.5	9.5	10.0	8.9	<b>43.0</b>	10.6	11.1	<b>40.6</b>
<b>Distributable Income (\$mm)</b>	15.7	<b>58.6</b>	14.5	9.5	10.0	8.9	<b>43.0</b>	10.6	11.1	<b>40.6</b>
<b>Units</b> (millions)	14.6	<b>14.6</b>	14.6	14.6	14.6	14.6	<b>14.6</b>	14.6	14.6	<b>14.6</b>
Per Unit (\$)	1.07	<b>4.02</b>	1.00	0.65	0.68	0.61	<b>2.95</b>	0.73	0.76	<b>2.78</b>



# Industry Idea

Analysis of Oil and Gas Stocks  
May 28, 2015

San Juan Basin Royalty Trust					
Functional Cash Flow and Present Value					
				Present	
	NTM Ebitda	Adjusted	PV/	Value	
	(US\$mm)	R/P	Ebitda	(US\$mm)	
North American Natural Gas	30	8.4	32.7	980	100%
	30	8.4	32.7	980	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					980
Shares (mm)					47
Net Present Value - Standard Estimate (US\$/sh)					21
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					13

San Juan Basin Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
										Next
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Months
	6/30/14	2014	3/31/15	6/30/15	9/30/15	12/31/15	2015	3/31/16	6/30/16	6/30/16
<b>Volume</b>										
Natural Gas (mmcf)	85.3	<b>84.7</b>	78.3	80.2	80.2	79.4	<b>79.5</b>	78.6	77.9	<b>79.1</b>
Oil (mbd)	0.16	<b>0.16</b>	0.13	0.14	0.14	0.13	<b>0.14</b>	0.13	0.14	<b>0.13</b>
Total gas & oil (bcf)	7.7	<b>31.3</b>	7.3	7.2	7.5	7.4	<b>29.3</b>	7.3	7.0	<b>29.2</b>
<b>Price</b>										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	5.01	<b>4.37</b>	3.74	2.79	2.73	2.88	<b>3.04</b>	3.15	3.17	<b>2.98</b>
Differential (%)	5	<b>7</b>	18	21	15	15	<b>18</b>	15	15	<b>15</b>
Net to SJT (\$/mmbtu)	4.76	<b>4.05</b>	3.05	2.20	2.32	2.45	<b>2.51</b>	2.67	2.70	<b>2.53</b>
Natural gas (\$/mcf)	5.24	<b>4.45</b>	3.35	2.41	2.55	2.69	<b>2.75</b>	2.94	2.96	<b>2.78</b>
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	101.13	<b>97.76</b>	60.83	51.06	58.10	58.04	<b>57.01</b>	58.87	59.62	<b>58.66</b>
SJT	86.87	<b>82.99</b>	47.53	39.89	45.39	45.35	<b>44.53</b>	45.98	46.56	<b>45.82</b>
Total gas & oil (\$/mcf)	5.34	<b>4.56</b>	3.40	2.46	2.60	2.74	<b>2.80</b>	2.98	3.01	<b>2.83</b>
<b>Revenue (\$mm)</b>										
Natural Gas	39.7	<b>137.5</b>	24.1	17.2	18.8	19.7	<b>79.9</b>	21.3	20.5	<b>80.3</b>
Oil	1.3	<b>5.0</b>	0.6	0.5	0.6	0.6	<b>2.2</b>	0.5	0.6	<b>2.2</b>
Total	41.0	<b>142.4</b>	24.7	17.7	19.4	20.2	<b>82.1</b>	21.8	21.1	<b>82.5</b>
<b>Cost (\$mm)</b>										
Severance tax	5.7	<b>19.2</b>	2.5	2.0	2.1	2.2	<b>8.8</b>	2.4	2.3	<b>9.1</b>
Operating	9.3	<b>34.6</b>	7.7	8.0	8.0	8.0	<b>31.8</b>	8.0	8.0	<b>32.2</b>
Total	15.0	<b>53.8</b>	10.2	10.0	10.2	10.3	<b>40.6</b>	10.4	10.4	<b>41.3</b>
<b>Cash flow (\$mm)</b>										
Development	1.8	<b>6.5</b>	4.7	5.6	2.5	2.5	<b>15.3</b>	2.5	2.5	<b>10.0</b>
<b>Net proceeds (\$mm)</b>										
Royalty income (\$mm)	24.2	<b>82.2</b>	9.8	2.2	6.7	7.4	<b>26.2</b>	8.9	8.2	<b>31.3</b>
<b>Royalty income (\$mm)</b>										
Royalty/Net proceeds	75%	<b>75%</b>	75%	75%	75%	75%	<b>75%</b>	75%	75%	<b>75%</b>
Administration	0.4	<b>1.7</b>	0.6	0.7	0.3	0.3	<b>1.9</b>	0.3	0.3	<b>1.2</b>
<b>Distributable income (\$mm)</b>										
Distributable income (\$mm)	17.7	<b>59.9</b>	6.8	0.9	4.8	5.3	<b>17.7</b>	6.3	5.9	<b>22.3</b>
<b>Units (millions)</b>										
Units (millions)	46.6	<b>46.6</b>	46.6	46.6	46.6	46.6	<b>46.6</b>	46.6	46.6	<b>46.6</b>
Per unit	0.38	<b>1.28</b>	0.15	0.02	0.10	0.11	<b>0.38</b>	0.14	0.13	<b>0.48</b>

Symbol/Rating	Price (US\$/sh) 27-May 2015	EV/ Market Cap	Enterprise Value (\$mm)	Present Value by Segment (%)				Dist. Yield NTM (%)	McDep Ratio	
				North Amer.	Rest of World	Oil Prod'n	Down- stream			
				Natural Gas	Natural Gas					
<b>Global Integrated</b>										
Exxon Mobil Corporation	XOM	85.11	1.23	441,000	7	14	64	16	3.4	0.81
Royal Dutch Shell (BG pro form)	RDS-A	60.12	1.52	358,000					6.3	0.76
Chevron Corporation	CVX B	103.11	1.29	250,000	3	9	73	14	4.2	0.74
Total S.A.	TOT B	51.58	1.48	174,000		17	66	17	5.2	0.66
<i>Total or Median</i>			<i>1.38</i>	<i>1,223,000</i>			<i>66</i>	<i>16</i>	<i>4.7</i>	<i>0.75</i>
<b>Large Independent</b>										
EOG Resources, Inc.	EOG	89.00	1.13	54,800	14	4	83		0.8	0.83
Occidental Petroleum Corp.	OXY	76.82	1.12	66,100	6	1	81	12	3.9	0.79
Devon Energy Corporation	DEV	66.05	1.65	44,800	30		55	15	1.5	0.76
ConocoPhillips	COP B	63.82	1.46	116,000	14	13	73		4.6	0.72
Marathon Oil Corporation	MRO B	27.58	1.47	27,500	9	2	88		3.0	0.64
<i>Total or Median</i>			<i>1.46</i>	<i>309,000</i>	<i>14</i>		<i>81</i>		<i>3.0</i>	<i>0.76</i>
<b>Small Independent</b>										
Cimarex Energy Company	XEC	116.97	1.17	12,000	41		59		0.5	0.86
Range Resources	RRC	57.28	1.42	13,500	73		27		0.3	0.66
Continental Resources (32%)	CLR	45.35	1.43	7,600	18		82		-	0.62
California Resources	CRC B	7.99	3.26	10,000	13		87		0.5	0.60
Whiting Petroleum Corporation	WLL B	32.83	1.50	11,600	6		94		-	0.54
<i>Total or Median</i>			<i>1.43</i>	<i>55,000</i>	<i>18</i>		<i>82</i>		<i>0.3</i>	<i>0.62</i>
<b>Income</b>										
Dorchester Minerals, L.P.	DMLP	22.79	1.00	700	36		64		5.9	0.71
Sabine Royalty Trust	SBR	39.36	1.00	570	42		58		7.1	0.58
Permian Basin RT	PBT	8.35	1.00	390	23		77		6.9	0.52
San Juan Basin Royalty Trust	SJT B	10.70	1.00	500	100		-		4.5	0.51
Cross Timbers Royalty Trust	CRT B	17.60	1.00	110	54		46		6.7	0.42
<i>Total or Median</i>			<i>1.00</i>	<i>2,300</i>	<i>42</i>		<i>58</i>		<i>6.7</i>	<i>0.52</i>
<b>Canada</b>										
Imperial Oil Limited (30%)	IMO	39.03	1.28	12,800	1		77	22	1.1	0.79
EnCana Corporation	ECA	12.76	1.80	19,300	57		43		2.2	0.76
Canadian Oil Sands Limited	COSWF	8.65	1.66	7,000			100		1.9	0.56
Birchcliff Energy Ltd.	BIREF B	6.25	1.60	1,500	77		23		-	0.51
Cenovus Energy Inc.	CVE B	16.42	1.36	18,400	9		85	7	5.2	0.49
<i>Total or Median</i>			<i>1.60</i>	<i>59,000</i>			<i>77</i>		<i>1.9</i>	<i>0.56</i>

Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.  
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

<b>Table 2</b>								
<b>McDep Energy Stocks</b>								
<b>Net Present Value and McDep Ratio</b>								
		<i>Price</i>			<i>Market</i>	<i>Net</i>		
	<i>Symbol/Rating</i>	<i>(US\$/sh)</i>	<i>Shares</i>		<i>Cap</i>	<i>Present</i>	<i>Debt/</i>	
	<i>B = Buy</i>	<i>27-May</i>	<i>(mm)</i>		<i>(US\$mm)</i>	<i>Value</i>	<i>Present</i>	
		<i>2015</i>				<i>(US\$/sh)</i>	<i>Value</i>	
							<i>Ratio</i>	
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM	85.11	4,211		358,000	110.00	0.15	0.81
Royal Dutch Shell (BG pro forma)	RDS-A	60.12	3,900		235,000	89.00	0.26	0.76
Chevron Corporation	CVX	B	103.11	1,876	193,000	150.00	0.17	0.74
Total S.A.	TOT	B	51.58	2,285	118,000	90.00	0.21	0.66
	<i>Total or Median</i>				<i>904,000</i>		<i>0.19</i>	<i>0.75</i>
<b>Large Independent</b>								
EOG Resources, Inc.	EOG	89.00	545		48,500	110.00	0.10	0.83
Occidental Petroleum Corp.	OXY	76.82	770		59,200	100.00	0.08	0.79
Devon Energy Corporation	DVN	66.05	410		27,100	100.00	0.30	0.76
ConocoPhillips	COP	B	63.82	1,246	80,000	100.00	0.23	0.72
Marathon Oil Corporation	MRO	B	27.58	675	18,620	50.00	0.21	0.64
	<i>Total or Median</i>				<i>233,400</i>		<i>0.21</i>	<i>0.76</i>
<b>Small Independent</b>								
Cimarex Energy Company	XEC	116.97	88		10,300	140.00	0.12	0.86
Range Resources	RRC	57.28	166		9,500	100.00	0.19	0.66
Continental Resources (32%)	CLR	45.35	118		5,400	85.00	0.19	0.62
California Resources	CRC	B	7.99	382	3,100	25.00	0.42	0.60
Whiting Petroleum Corporation	WLL	B	32.83	237	7,800	75.00	0.18	0.54
	<i>Total or Median</i>				<i>36,000</i>		<i>0.19</i>	<i>0.62</i>
<b>Income</b>								
Dorchester Minerals, L.P.	DMLP	22.79	31		700	32.00	-	0.71
Sabine Royalty Trust	SBR	39.36	15		570	68.00	-	0.58
Permian Basin RT	PBT	8.35	47		390	16.00	-	0.52
San Juan Basin Royalty Trust	SJT	B	10.70	47	500	21.00	-	0.51
Cross Timbers Royalty Trust	CRT	B	17.60	6	110	42.00	-	0.42
	<i>Total or Median</i>				<i>2,300</i>		<i>-</i>	<i>0.52</i>
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO	39.03	255		10,000	52.00	0.18	0.79
EnCana Corporation	ECA	12.76	839		10,700	20.00	0.34	0.76
Canadian Oil Sands Limited	COSWF	8.65	485		4,200	20.00	0.22	0.56
Birchcliff Energy Ltd.	BIREF	B	6.25	154	1,000	16.00	0.19	0.51
Cenovus Energy Inc.	CVE	B	16.42	825	13,500	40.00	0.13	0.49
	<i>Total or Median</i>				<i>39,000</i>		<i>0.19</i>	<i>0.56</i>
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								



# Industry Idea

Analysis of Oil and Gas Stocks  
May 28, 2015

			<i>Price (US\$/sh)</i>	<i>Adjustd Resrvs/ Prod</i>	<i>PV/ Ebitda</i>	<i>EV/ Ebitda</i>	<i>P/E</i>	<i>Dividend NTM</i>
	<i>Symbol/Rating</i>		<i>27-May 2015</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(\$/sh)</i>
	B = Buy							
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM		85.11	14.2	10.7	8.7	18	2.92
Chevron Corporation	CVX	B	103.11	8.9	10.5	7.8	25	4.28
Total S.A.	TOT	B	51.58	9.7	9.3	6.2	13	2.66
Royal Dutch Shell (BG pro forma)	RDS-A		60.12					3.76
	<i>Median</i>			<i>9.7</i>	<i>10.5</i>	<i>7.8</i>	<i>18</i>	
<b>Large Independent</b>								
EOG Resources, Inc.	EOG		89.00	9.3	15.7	13.0	29	0.67
Devon Energy Corporation	DVN		66.05	10.1	15.1	11.5	90	0.96
ConocoPhillips	COP	B	63.82	11.3	14.7	10.6	380	2.92
Occidental Petroleum Corp.	OXY		76.82	9.1	12.5	9.8	38	3.00
Marathon Oil Corporation	MRO	B	27.58	12.8	14.7	9.5		0.84
	<i>Median</i>			<i>10.1</i>	<i>14.7</i>	<i>10.6</i>	<i>64</i>	
<b>Small Independent</b>								
Range Resources	RRC		57.28	14.9	26.3	17.3	74	0.16
Cimarex Energy Company	XEC		116.97	8.2	15.4	13.2	449	0.64
California Resources	CRC	B	7.99	12.1	19.5	11.8		0.04
Continental Resources (32%)	CLR		45.35	11.4	18.1	11.2	157	-
Whiting Petroleum Corporation	WLL	B	32.83	10.5	14.6	7.9	78	-
	<i>Median</i>			<i>11.4</i>	<i>18.1</i>	<i>11.8</i>	<i>117</i>	
<b>Income</b>								
San Juan Basin Royalty Trust	SJT	B	10.70	8.4	32.9	16.8	22	0.48
Sabine Royalty Trust	SBR		39.36	9.4	24.4	14.1	14	2.78
Dorchester Minerals, L.P.	DMLP		22.79	7.7	19.0	13.5	27	1.34
Cross Timbers Royalty Trust	CRT	B	17.60	12.5	24.9	10.5	15	1.18
Permian Basin RT	PBT		8.35	9.9	19.1	10.0	14	0.58
	<i>Median</i>			<i>9.4</i>	<i>24.4</i>	<i>13.5</i>	<i>15</i>	
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO		39.03	27.4	14.2	11.3	16	0.42
EnCana Corporation	ECA		12.76	6.7	13.8	10.5	123	0.28
Cenovus Energy Inc.	CVE	B	16.42	15.5	20.5	10.0		0.86
Birchcliff Energy Ltd.	BIREF	B	6.25	12.6	18.3	9.3		-
Canadian Oil Sands Limited	COSWF		8.65	17.5	14.2	7.9	27	0.16
	<i>Median</i>			<i>15.5</i>	<i>14.2</i>	<i>10.0</i>	<i>27</i>	
	<i>Grand Median</i>			<i>11</i>	<i>16</i>	<i>11</i>		

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2016; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

<b>Table 4</b>										
<b>McDep Energy Stocks</b>										
<b>Total Return Year-to-Date 2015</b>										
<b>Ranked by Unlevered Total Return</b>										
			Price	Price			Equity	Unlevered		
			(\$/sh)	(\$/sh)	Price	Cash	Total		Total	
	Symbol/Rat		27-May	29-Dec	Change	Distrib.	Return	Debt	Return	McDep
			2015	2014	(%)	(%)	(%)	(\$/sh)	(%)	Ratio
<b>Global Integrated</b>										
Total S.A.	TOT	B	51.58	52.74	(2)	1	(1)	25	(1)	0.66
Royal Dutch Shell (BG pro forma)	RDS-A		60.12	68.31	(12)	1	(11)	32	(7)	0.76
Chevron Corporation	CVX	B	103.11	113.32	(9)	1	(8)	30	(6)	0.74
Exxon Mobil Corporation	XOM		85.11	93.07	(9)	1	(8)	20	(6)	0.81
	<i>Median</i>				(9)		(8)		(6)	0.75
<b>Large Independent</b>										
Devon Energy Corporation	DVN		66.05	61.15	8	0	8	43	5	0.76
Marathon Oil Corporation	MRO	B	27.58	28.58	(3)	1	(3)	13	(2)	0.64
EOG Resources, Inc.	EOG		89.00	94.33	(6)	0	(5)	12	(5)	0.83
ConocoPhillips	COP	B	63.82	70.11	(9)	1	(8)	30	(6)	0.72
Occidental Petroleum Corp.	OXY		76.82	81.71	(6)	1	(5)	9	(5)	0.79
	<i>Median</i>				(6)		(5)		(5)	0.76
<b>Small Independent</b>										
Continental Resources (32%)	CLR		45.35	38.26	19	-	19	19	12	0.62
California Resources	CRC	B	7.99	5.77	38	0	39	18	9	0.60
Range Resources	RRC		57.28	56.00	2	0	2	24	2	0.66
Cimarex Energy Company	XEC		116.97	110.27	6	0	6	20	5	0.86
Whiting Petroleum Corporation	WLL	B	32.83	34.09	(4)	-	(4)	16	(3)	0.54
	<i>Median</i>				6		6		5	0.62
<b>Income</b>										
Cross Timbers Royalty Trust	CRT	B	17.60	18.07	(3)	2	(0)	-	1	0.42
Sabine Royalty Trust	SBR		39.36	36.68	7	3	10	-	11	0.58
Permian Basin RT	PBT		8.35	9.12	(8)	1	(7)	-	(7)	0.52
Dorchester Minerals, L.P.	DMLP		22.79	25.16	(9)	2	(7)	-	(6)	0.71
San Juan Basin Royalty Trust	SJT	B	10.70	13.97	(23)	1	(22)	-	(22)	0.51
	<i>Median</i>				(8)		(7)		(6)	0.52
<b>Canada</b>										
Canadian Oil Sands Limited	COSWF		8.65	9.20	(6)	0	(6)	6	(3)	0.56
Birchcliff Energy Ltd.	BIREF	B	6.25	6.75	(7)	-	(7)	4	(5)	0.51
EnCana Corporation	ECA		12.76	13.94	(8)	1	(8)	10	(5)	0.76
Imperial Oil Limited (30%)	IMO		39.03	43.49	(10)	0	(10)	11	(8)	0.79
Cenovus Energy Inc.	CVE	B	16.42	20.95	(22)	1	(21)	6	(16)	0.49
	<i>Median</i>				(8)		(8)		(5)	0.56
	<i>Grand Median</i>				(6)		(6)		(5)	0.66
<b>Natural Gas (\$/mmbtu)</b>			2.82	3.19	(12)					
<b>Oil - West Texas Intermediate (\$/bbl)</b>			57.75	53.69	8					

Source: McDep LLC, Yahoo, CME Group, Bloomberg



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