



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 14, 2012

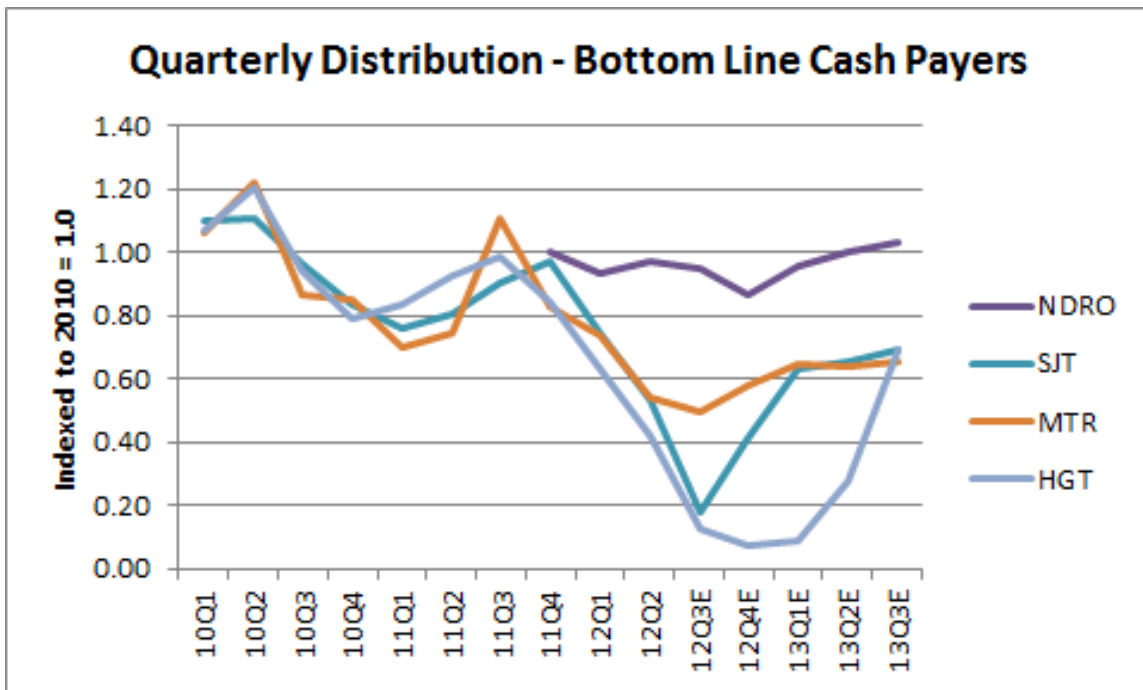
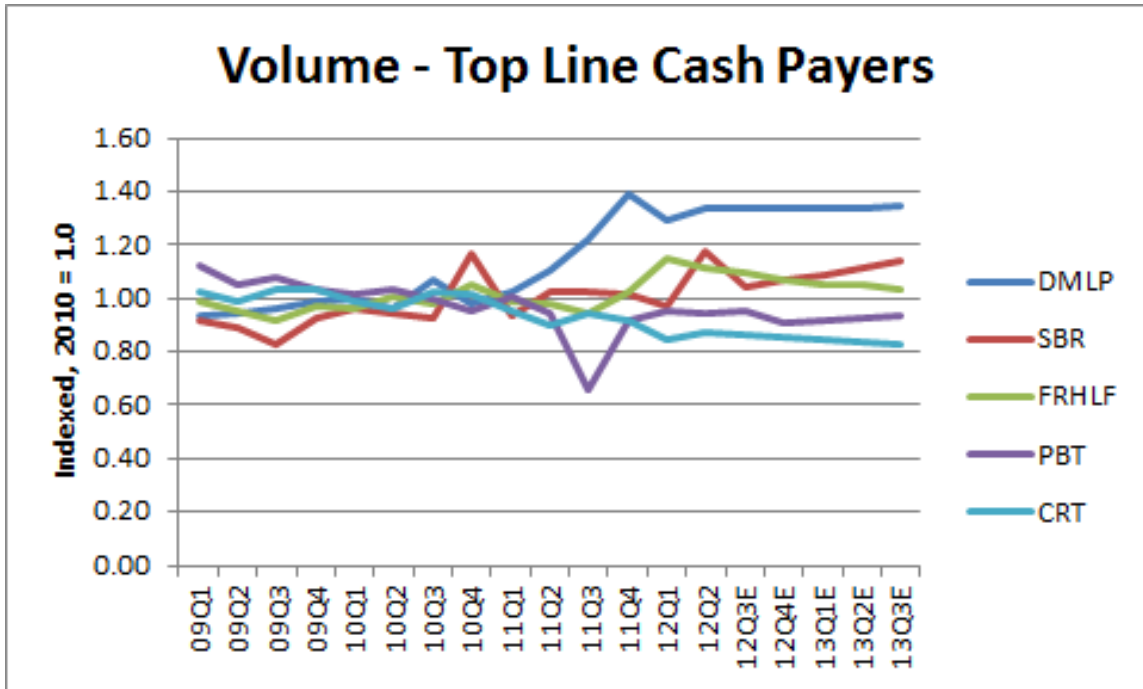
SJT and Royalty Trusts Estimated Distributions Jump

Summary and Recommendation

Rising futures prices for natural gas and oil, as well as our forward roll of the next twelve months reference to the period ending September 30, 2013, drive estimated distributions up sharply for Bottom Line Cash Payers -- Contrarian Buy **San Juan Basin Royalty Trust (SJT)**, **Hugoton Royalty Trust (HGT)** and **Mesa Royalty Trust (MTR)** (see charts [Quarterly Distributions](#) on page 2). Stock prices have gone down in reaction to low current monthly distributions and, in our opinion, have not rebounded yet to reflect higher future monthly payouts. To illustrate the dynamics further, we print our quarterly models for the three trusts as well as for the remaining four -- **Sabine Royalty Trust (SBR)**, **Cross Timbers Royalty Trust (CRT)**, **Enduro Royalty Trust (NDRO)** and **Permian Basin Royalty Trust (PBT)**. Since trustees may not know and do not provide guidance, the projections may be more useful in showing the interrelationships of important variables than in providing a precise estimate of future payout. Among the more difficult variables to anticipate are drilling expenditures deducted from bottom line payouts, natural gas liquids prices and the timing of cash receipts and payments. Yet, the direction is already assured in the near months because declarations of monthly distributions can be two to five months behind real time. Seeing that real-time oil and gas prices are advancing, we can confidently expect distributions to rise generally.

Though McDep Ratios have moved to higher levels for leading stocks, lower ratios prevail in the regular weekly tables (see [Tables ISC-1](#) through [ISC-2](#) on pages 10-11). Unlevered cash flow multiples (EV/Ebitda) are reasonable or low (see [Table ISC-3](#) on page 12).

Kurt H. Wulff, CFA





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San Juan Basin Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	Year	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	2011	6/30/12	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	9/30/13
Highlights									
Revenue (\$mm) (75%)	121.1	20.8	18.6	22.3	89.5	25.7	26.1	27.6	101.8
Cash flow (\$mm) (75%)	83.8	13.7	10.6	14.0	57.4	17.1	17.7	18.8	67.6
Per unit	1.80	0.29	0.23	0.30	1.23	0.37	0.38	0.40	1.45
Distributable Income (\$mm)	67.2	10.4	3.5	8.1	36.7	12.3	12.9	13.5	46.8
Per unit	1.44	0.22	0.08	0.17	0.79	0.26	0.28	0.29	1.00
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Volume									
Natural gas (mmbtu)	36.1	8.9	9.1	9.1	36.0	9.1	8.8	9.1	36.1
Heat Content(btu/cf)	1,095	1,096	1,096	1,096	1,093	1,093	1,093	1,093	1,093
Natural gas (bcf)	33.0	8.1	8.3	8.3	33.0	8.3	8.0	8.3	33.0
Natural Gas (mmcf)	90.3	90.3	90.3	90.3	90.1	90.3	90.3	90.3	90.3
Days	365	90	92	92	366	92	89	92	365
Oil (mb)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil (mbd)	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Days	365	90	92	92	366	92	89	92	365
Total gas & oil (bcf)	33.3	8.2	8.4	8.4	33.2	8.4	8.1	8.4	33.2
Price									
Natural gas (\$/mmbtu) (Henry Hub lagged two months)									
Henry Hub (\$/mmbtu)	4.10	2.43	2.41	2.89	2.76	3.35	3.52	3.60	3.34
Differential (%)	(6)	(24)	(10)	(10)	(16)	(10)	(10)	(10)	(10)
Net to SJT (\$/mmbtu)	4.34	3.02	2.65	3.18	3.21	3.69	3.87	3.96	3.67
Natural gas (\$/mcf)	4.76	3.31	2.90	3.49	3.51	4.03	4.23	4.32	4.02
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	93.25	103.93	88.19	96.21	96.75	98.94	99.82	99.77	98.68
SJT	81.08	90.26	76.58	83.55	84.29	86.19	86.96	86.91	85.90
Total gas & oil (\$/mcf)	4.85	3.39	2.97	3.56	3.59	4.10	4.31	4.39	4.09
Revenue (\$mm)									
Natural Gas	156.8	26.9	24.1	29.0	115.7	33.5	34.0	35.9	132.4
Oil	4.8	0.9	0.7	0.8	3.7	0.8	0.8	0.8	3.3
Total	161.5	27.7	24.9	29.8	119.3	34.3	34.9	36.8	135.7
Cost (\$mm)									
Severance tax	15.5	2.6	2.3	2.8	10.9	3.1	3.2	3.4	12.5
Operating	34.2	6.9	8.4	8.4	31.9	8.4	8.1	8.4	33.2
Total	49.8	9.5	10.7	11.2	42.8	11.5	11.3	11.7	45.7
Cash flow (\$mm)									
Development	21.0	3.9	6.5	5.3	21.6	5.9	5.9	6.5	23.6
Net proceeds (\$mm)									
Net proceeds	90.7	14.3	7.6	13.4	54.9	16.9	17.7	18.5	66.5
Royalty income (\$mm)									
Royalty/Net proceeds	68.0	10.8	5.7	10.0	41.2	12.7	13.3	13.9	49.9
Administration	1.5	0.2	0.4	0.4	1.0	0.4	0.4	0.4	1.6
One-time	(0.7)	0.2	1.8	1.5	3.5				1.5
Distributable income (\$mm)									
Distributable income	67.2	10.4	3.5	8.1	36.7	12.3	12.9	13.5	46.8



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Hugoton Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/12	6/30/12	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	9/30/13
Highlights									
Revenue (\$mm) (80%)	26.4	16.9	15.9	18.5	71.9	20.8	21.0	21.8	82.2
Cash flow (\$mm) (80%)	17.3	8.1	7.4	9.7	36.5	11.9	12.1	12.8	46.6
Per unit	0.43	0.20	0.19	0.24	0.91	0.30	0.30	0.32	1.16
Distributable Income (\$mm)	15.3	6.6	1.9	1.1	19.4	1.4	4.3	10.7	17.5
Per unit	0.38	0.16	0.05	0.03	0.48	0.04	0.11	0.27	0.44
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume									
Natural Gas (bcf)	5.5	4.9	5.0	5.0	20.1	5.0	4.8	4.9	19.7
Natural Gas (mmcf)	60.0	54.6	54.3	54.0	54.8	54.0	53.8	53.5	53.8
Days	92	90	92	92	366	92	90	92	366
Oil (mb)	59	62	63	63	240	63	60	62	249
Oil (mbd)	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Days	92	89	92	92	365	92	89	92	365
Total (bcf)	5.9	5.3	5.4	5.4	21.5	5.3	5.2	5.3	21.2
Price									
Natural Gas (HH lagged two months)									
Henry Hub (\$/mmbtu)	4.36	2.43	2.41	2.89	2.76	3.35	3.52	3.60	3.34
Differential (%)	(14)	(25)	(20)	(20)	(22)	(20)	(20)	(20)	(20)
HGT (\$/mcf)	4.96	3.05	2.89	3.47	3.36	4.03	4.23	4.32	4.01
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	98.33	103.93	88.19	96.21	96.75	98.94	99.82	99.77	98.68
HGT	95.00	100.63	85.38	93.15	93.50	95.61	96.46	96.41	95.39
Total (\$/mcf)	5.61	4.01	3.69	4.32	4.18	4.86	5.05	5.15	4.84
Revenue (\$mm)									
Natural Gas	27.4	15.0	14.4	17.3	67.4	20.0	20.5	21.3	79.0
Oil	5.6	6.2	5.4	5.9	22.4	6.0	5.8	6.0	23.7
Total	32.9	21.2	19.8	23.1	89.8	26.0	26.3	27.2	102.7
Cost (\$mm)									
Tax, transport & other	3.5	2.6	2.2	2.5	10.3	2.9	2.9	3.0	11.3
Production	5.2	5.7	5.7	5.7	22.9	5.5	5.5	5.5	22.2
Overhead	2.7	2.8	2.8	2.8	11.0	2.8	2.8	2.8	11.0
Total	11.4	11.0	10.6	11.0	44.2	11.1	11.1	11.3	44.5
Cash flow (\$mm)									
Development	2.2	1.5	1.5	1.5	6.0	1.5	1.5	1.5	6.0
Excess costs				9.1	9.1	11.4	8.0		28.5
Net proceeds (\$mm)									
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.2	0.4	0.9	0.2	1.7	0.2	0.2	0.9	1.5
Distributable income (\$mm)									
	15.3	6.6	1.9	1.1	19.4	1.4	4.3	10.7	17.5



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Mesa Royalty Trust									
Next Twelve Months Operating and Financial Performance									
	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/11	6/30/12	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/12	6/30/13
Volume (90% of working interest)									
Natural Gas (bcf)	0.34	0.33	0.33	0.32	1.30	0.32	0.30	0.30	1.25
Natural Gas (mmcf)	3.7	3.7	3.6	3.5	3.6	3.4	3.4	3.3	3.4
Days	92	90	92	92	366	92	90	92	366
Oil (mmb)	0.03	0.03	0.03	0.03	0.11	0.03	0.03	0.03	0.11
Oil (mbd)	0.32	0.31	0.31	0.31	0.31	0.30	0.30	0.30	0.30
Total (bcfe)	0.52	0.50	0.50	0.49	1.97	0.48	0.47	0.47	1.91
Total (mmcf)	5.7	5.5	5.4	5.4	5.4	5.3	5.2	5.1	5.2
Price (Henry Hub and WTI Cushing lagged two months)									
Henry Hub (\$/mmbtu)	4.36	2.43	2.41	2.89	2.76	3.35	3.52	3.60	3.34
Differential (%)	14	15	15	15	13	13	13	13	14
Trust (\$/mcf)	3.73	2.07	2.05	2.46	2.39	2.90	3.05	3.11	2.88
WTI Cushing (\$/bbl)	98.33	103.93	88.19	96.21	96.75	98.94	99.82	99.77	98.68
Differential	56.71	69.31	58.81	64.16	63.33	65.98	66.56	66.53	65.81
Trust (\$/bbl)	41.62	34.63	29.38	32.05	33.42	32.96	33.26	33.24	32.87
Total (\$/mcf)	4.83	3.32	3.02	3.45	3.47	3.80	3.92	3.96	3.78
Revenue (\$mm)									
Natural Gas	1.28	0.68	0.68	0.80	3.11	0.92	0.93	0.95	3.60
Oil	1.24	0.97	0.84	0.90	3.73	0.92	0.90	0.91	3.63
Total	2.52	1.66	1.51	1.70	6.84	1.84	1.82	1.86	7.22
Expense									
	0.36	0.48	0.36	0.40	1.76	0.44	0.43	0.44	1.71
Ebitda									
	2.16	1.18	1.15	1.30	5.08	1.40	1.39	1.42	5.51
Development (90%)	0.08	0.26	0.30	0.30	1.05	0.30	0.30	0.30	1.20
Royalty Income									
Hugoton	0.83	0.42							-
San Juan	1.26	0.50							-
Total Royalty Income	2.08	0.92	0.85	1.00	4.04	1.10	1.09	1.12	4.31
Administrative	0.28	0.04	0.05	0.05	0.21	0.05	0.05	0.05	0.20
Distributable Income (\$mm)									
	1.80	0.88	0.80	0.95	3.83	1.05	1.04	1.07	4.11
Per Unit (\$)	0.97	0.47	0.43	0.51	2.06	0.57	0.56	0.57	2.21
Units (millions)									
	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86
Ebitda Margin	86%	71%	76%	76%	74%	76%	76%	76%	76%



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Sabine Royalty Trust									
Next Twelve Months Operating and Financial Performance									
	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/11	6/30/12	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	9/30/13
Volume									
Natural Gas (bcf)	1.75	2.13	1.82	1.90	7.50	1.95	1.99	2.05	7.88
Natural Gas (mmcf)	19.2	23.4	20.0	20.6	20.5	21.2	21.9	22.5	21.5
Days	91	91	91	92	366	92	91	91	366
Oil (mmb)	0.111	0.105	0.106	0.107	0.427	0.107	0.106	0.106	0.426
Oil (mbd)	1.20	1.16	1.16	1.16	1.17	1.16	1.16	1.16	1.16
Days	92	90	92	92	366	92	90	92	366
Total (bcfe)	2.41	2.76	2.46	2.54	10.06	2.59	2.62	2.68	10.44
Total (mmcf)	26.5	30.4	27.0	27.6	27.5	28.2	28.8	29.5	28.5
Price (Henry Hub natural gas lagged three months; WTI Cushing oil, two months)									
Henry Hub (\$/mmbtu)	4.32	2.73	2.21	2.80	2.82	3.20	3.52	3.56	3.27
Differential (%)	(10)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Company (\$/mcf)	4.73	2.78	2.25	2.85	2.89	3.25	3.59	3.62	3.34
WTI Cushing (\$/bbl)	98.33	103.93	88.19	96.21	96.75	98.94	99.82	99.77	98.68
Differential	6.34	7.40	6.28	6.85	6.65	7.05	7.11	7.11	7.04
Company (\$/bbl)	91.99	96.53	81.90	89.36	90.11	91.89	92.71	92.66	91.65
Total (\$/bcfe)	7.65	5.81	5.20	5.90	5.97	6.24	6.46	6.42	6.26
Revenue (\$mm)									
Natural Gas	8.3	5.9	4.1	5.4	21.7	6.4	7.1	7.4	26.3
Oil	10.2	10.1	8.7	9.6	38.5	9.8	9.8	9.8	39.1
Other	(1.3)	(0.9)	(0.9)	(2.3)	(5.3)	(1.0)	(1.0)	(1.3)	(5.5)
Total	17.2	15.1	11.8	12.7	54.8	15.2	16.0	16.0	59.8
Expense									
General and administrative	0.4	0.8	0.6	0.5	2.5	0.5	0.5	0.6	2.1
Ebitda	16.7	14.3	11.2	12.2	52.4	14.7	15.5	15.4	57.7
Ebit	16.7	14.3	11.2	12.2	52.4	14.7	15.5	15.4	57.7
Ebt	16.7	14.3	11.2	12.2	52.4	14.7	15.5	15.4	57.7
Distributable Income (\$mm)	16.7	14.3	11.2	12.2	52.4	14.7	15.5	15.4	57.7
Units (millions)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Per Unit (\$)	1.15	0.98	0.77	0.83	3.59	1.01	1.06	1.05	3.96



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Enduro Royalty Trust									
Next Twelve Months Operating and Financial Estimates									
	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	3/31/12	6/30/12	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	9/30/13
Volume (Natural Gas lagged five months, Oil four months)									
Natural Gas (bcf)	2.52	2.46	2.41	2.46	9.86	2.46	2.44	2.41	9.77
Natural Gas (mmcf)	27	27	27	27	27	27	27	27	27
Days	92	92	90	92	366	92	91	90	365
Oil (mb)	0.27	0.25	0.25	0.25	1.02	0.25	0.25	0.25	1.00
Oil (mbd)	2.9	2.7	2.7	2.7	2.79	2.7	2.7	2.7	2.75
Days	91	91	92	92	366	91	90	92	365
Total (mb)	421	411	402	411	1,644	411	406	402	1,629
Total (mbd)	7.5	7.2	7.2	7.2	7.3	7.2	7.2	7.2	7.2
Price (Natural Gas lagged five months, Oil four months)									
Henry Hub (\$/mmbtu)	3.99	3.32	2.43	2.41	3.04	2.89	3.35	3.52	3.04
Differential (\$/mmbtu)	(0.24)	(0.20)	(0.15)	(0.15)	(0.19)	(0.18)	(0.20)	(0.21)	(0.18)
Company (\$/mcf)	4.23	3.53	2.58	2.55	3.23	3.07	3.56	3.74	3.23
WTI Cushing (\$/bbl)	89.73	100.39	101.25	88.17	94.89	97.70	99.27	99.93	96.27
Differential	3.26	3.50	3.53	3.07	3.42	3.41	3.46	3.48	3.38
Company	86.47	96.89	97.72	85.09	91.46	94.29	95.81	96.45	92.89
Total (\$/bbl)	80.04	80.12	76.95	67.68	76.22	75.80	79.65	83.08	76.51
Revenue (\$mm)									
Natural Gas	10.7	8.7	6.2	6.3	31.9	7.6	8.7	9.0	31.5
Oil	23.0	24.2	24.7	21.5	93.4	23.6	23.7	24.4	93.1
Total	33.7	32.9	30.9	27.8	125.3	31.1	32.3	33.4	124.6
Expense									
Lease operating	8.5	8.0							-
Transportation	1.2	1.1							
Production taxes	2.3	2.9							
Total	12.0	11.9	11.1	10.0	45.0	11.2	11.6	12.0	44.7
Ebitda	21.7	21.0	19.8	17.8	80.3	20.0	20.7	21.4	79.9
Development	5.6	4.7	4.7	4.7	19.7	4.7	4.7	4.7	18.8
Hedge	(2.0)	(2.7)	(2.7)	(3.0)	(10.4)	(2.7)	(2.7)	(2.7)	(11.1)
Other	3.6	3.7	3.0	2.6	13.0	3.1	3.2	3.3	12.2
General and administrative	0.3	0.4	0.3	0.3	1.2	0.3	0.3	0.3	1.2
Ebit	14.2	14.9	14.5	13.2	56.8	14.6	15.2	15.8	58.8
Ebt	14.2	14.9	14.5	13.2	56.8	14.6	15.2	15.8	58.8
Distributable Income (\$mm)									
Distribution Per Unit (\$)	0.43	0.45	0.44	0.40	1.72	0.44	0.46	0.48	1.78
Units (millions)									
Ebitda Margin	65%	64%	64%	64%	64%	64%	64%	64%	64%



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Cross Timbers Royalty Trust									
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	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/11	6/30/12	9/30/11	12/31/12	2012E	3/31/13	6/30/13	9/30/13	9/30/13
Volume									
Natural Gas (bcf)	0.47	0.43	0.43	0.43	1.69	0.42	0.41	0.41	1.67
Natural Gas (mmcf)	5.1	4.7	4.7	4.6	4.6	4.6	4.5	4.5	4.6
Days	91	91	91	92	366	92	91	91	366
Oil (mb)	51	46	47	47	189	46	45	45	182
Oil (mbd)	0.55	0.52	0.51	0.51	0.52	0.50	0.50	0.49	0.50
Days	92	90	92	92	366	92	90	92	366
Total (bcf)	0.77	0.71	0.71	0.71	2.82	0.70	0.68	0.68	2.76
Price									
Natural Gas (HH lagged three months)									
Henry Hub (\$/mmbtu)	4.32	2.73	2.21	2.80	2.82	3.20	3.52	3.56	3.27
Differential (%)	(87)	(127)	(127)	(127)	(121)	(127)	(127)	(127)	(127)
CRT (\$/mcf)	8.07	6.20	5.03	6.37	6.24	7.26	8.01	8.08	7.42
Oil (\$/bbl) (WTI lagged two months)									
WTI Cushing	98.33	103.93	88.19	96.21	96.75	98.94	99.82	99.77	98.68
CRT	92.61	97.27	82.53	90.04	90.84	92.60	93.42	93.37	92.34
Total (\$/mcf)	10.98	10.14	8.51	9.79	9.82	10.50	10.98	11.06	10.57
Revenue (\$mm)									
Natural Gas	3.77	2.67	2.14	2.71	10.51	3.06	3.31	3.30	12.39
Oil	4.72	4.52	3.88	4.19	17.16	4.26	4.17	4.21	16.83
Total	8.49	7.18	6.02	6.90	27.67	7.33	7.47	7.52	29.22
Cost (\$mm)									
Tax, transport & other	1.14	0.93	0.84	0.97	3.70	1.03	1.05	1.05	4.09
Production	1.10	1.27	1.27	1.27	5.26	1.27	1.27	1.27	5.08
Total	2.24	2.20	2.11	2.24	8.96	2.30	2.32	2.32	9.17
Cash flow (\$mm)									
Development	0.12	0.38	0.20	0.20	0.89	0.20	0.20	0.20	0.80
Excess or other					-				
Net proceeds (\$mm)	6.13	4.60	3.71	4.47	17.82	4.83	4.96	5.00	19.25
Royalty income (\$mm)	5.26	3.96	3.19	3.84	15.37	4.15	4.26	4.30	16.55
Royalty/Net proceeds	86%	86%	86%	86%	86%	86%	86%	86%	86%
Administration	0.09	0.14	0.11	0.11	0.49	0.11	0.11	0.11	0.44
Distributable income (\$mm)	5.17	3.82	3.08	3.73	14.88	4.04	4.15	4.19	16.11
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Per unit	0.86	0.64	0.51	0.62	2.48	0.67	0.69	0.70	2.69



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Permian Basin Royalty Trust									
Next Twelve Months Operating and Financial Performance									
	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/11	6/30/12	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	9/30/13
Volume									
Natural Gas (bcf)	0.74	1.10	1.13	1.10	4.48	1.12	1.10	1.14	4.45
Natural Gas (mmcf)	8.1	12.2	12.3	12.0	12.2	12.1	12.2	12.4	12.2
Days	92	90	92	92	366	92	90	92	366
Oil (mmb)	0.19	0.26	0.27	0.25	1.03	0.25	0.25	0.26	1.01
Oil (mbd)	2.08	2.86	2.89	2.70	2.83	2.73	2.75	2.78	2.77
Days	92	90	92	92	366	92	90	92	366
Total (bcfe)	1.89	2.64	2.73	2.59	10.69	2.62	2.59	2.67	10.53
Total (mmcf)	20.6	29.4	29.7	28.2	29.2	28.5	28.8	29.1	28.8
Price (Henry Hub and WTI Cushing lagged two months)									
Henry Hub (\$/mmbtu)	4.36	2.43	2.41	2.89	2.76	3.35	3.52	3.60	3.04
Differential (%)	(96)	(154)	(112)	(112)	(127)	(112)	(112)	(112)	(112)
Trust (\$/mcf)	8.52	6.19	5.10	6.13	6.26	7.11	7.46	7.62	6.44
WTI Cushing (\$/bbl)	98.33	103.93	88.19	96.21	96.75	98.94	99.82	99.77	95.79
Differential (%)	4	5	5	5	5	5	5	5	5
Trust (\$/bbl)	94.11	98.65	83.70	91.32	92.19	93.91	94.75	94.70	90.80
Total (\$/bbl)	77.23	73.09	61.64	68.11	69.30	72.10	73.49	73.86	68.75
Revenue (\$mm)									
Natural Gas	6.3	6.8	5.8	6.8	28.0	7.9	8.2	8.7	28.7
Oil	18.0	25.4	22.2	22.7	95.4	23.6	23.5	24.2	92.0
Balance	(4.4)	(6.2)	(10.2)	(4.0)	(27.0)	(6.6)	(5.3)	(8.8)	(26.0)
Total	19.9	26.0	17.9	25.5	96.5	24.9	26.4	24.1	94.7
Expense									
Operating	2.8	4.4	2.8	5.6	16.7	3.9	4.4	2.8	16.7
Production taxes	0.9	1.1	1.0	1.1	4.3	1.1	1.1	1.1	4.3
Other	0.1	1.5	0.1	0.9	3.3	0.7	1.5	0.1	3.3
Total	3.8	7.1	3.9	7.5	24.3	5.7	7.1	4.0	24.2
Ebitda	16.2	18.8	14.0	17.9	72.2	19.2	19.3	20.0	70.4
Development	1.4	3.2	5.1	5.1	14.7	5.1	3.2	3.2	18.5
Distributable Income (\$mm)	14.7	15.7	8.9	12.8	57.5	14.1	16.1	16.9	52.0
Units (millions)	47	47	47	47	47	47	47	47	47
Per Unit (\$)	0.32	0.34	0.19	0.28	1.23	0.30	0.35	0.36	1.11
Dist Inc/Revenue	74%	60%	50%	50%	60%	57%	61%	70%	55%
Ebitda Margin	66%	59%	50%	61%	58%	61%	61%	61%	58%



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Table ISC-1

McDep Income and Small Cap Energy Portfolio										
Debt, Segments, Cash Flow, Income and McDep Ratio										
		Price			PV(%)					
Symbol/Rating	(US\$/sh)	EV/	Enterprise	PV(%)		EV/	Dist.	Dist.		
B = Buy	13-Sep	Market	Value	Nat	Oil	Ebitda	NTM	Yield	McDep	
CB (see below)	2012	Cap	(\$mm)	Gas		NTM	(\$/un)	(%)	Ratio	
Small Cap Independent Producers										
PDC Energy	PDCE	32.60	1.70	1,720	54	46	9.8	-	-	1.05
Continental Resources (32%)	CLR	80.84	1.18	5,510	25	75	7.7	-	-	1.01
Range Resources	RRC	B 70.70	1.28	14,480	74	26	15.3	0.16	0.2	1.01
Peyto Exploration and Developmen	PEYUF	22.57	1.20	3,860	76	24	9.7	0.74	3.3	0.95
Halcón Resources	HK	7.15	1.36	2,810	12	88	6.4	-	-	0.77
Berry Petroleum Company	BRY	40.89	1.72	3,860	13	87	5.1	-	-	0.71
Denbury Resources Inc.	DNR	17.10	1.47	9,830	6	94	5.6	-	-	0.70
Birchcliff Energy Ltd.	BIREF	CB 6.70	1.52	1,510	63	37	9.0	-	-	0.66
Whiting Petroleum Corporation	WLL	B 51.75	1.31	8,080	8	92	4.8	-	-	0.65
Cimarex Energy Company	XEC	CB 61.34	1.23	6,540	45	55	5.1	0.48	0.8	0.61
<i>Total or Median</i>				58,200			7.1			0.74
Top Line Cash Payers										
Freehold Royalties Ltd.	FRHLF	20.46	1.04	1,380	16	84		1.73	8.5	0.98
Sabine Royalty Trust	SBR	52.97	1.00	770	55	45		3.96	7.5	0.81
Dorchester Minerals, L.P.	DMLP	CB 21.90	1.00	670	57	43		2.11	9.7	0.81
Permian Basin RT	PBT	15.71	1.00	730	37	63		1.11	7.1	0.79
Cross Timbers Royalty Trust	CRT	33.95	1.00	200	70	30		2.69	7.9	0.77
<i>Total or Median</i>				3,800					7.9	0.81
Bottom Line Cash Payers										
Linn Energy, LLC	LINE	39.71	1.77	13,900	40	60	12.7	2.90	7.3	1.16
Vanguard Natural Resources, LLC	VNR	27.56	1.72	2,470	23	77	9.9	2.40	8.7	1.06
Legacy Reserves L.P.	LGCY	28.29	1.32	1,780	24	76	8.5	2.24	7.9	0.96
Enduro Royalty Trust (40%)	NDRO	18.64	1.00	250	39	61	7.7	1.78	9.6	0.89
Enerplus Corporation	ERF	CB 16.88	1.57	5,200	30	70	6.6	1.12	6.6	0.87
San Juan Basin Royalty Trust	SJT	CB 13.82	1.00	640	100	-	9.5	1.00	7.3	0.66
Mesa RoyaltyTrust	MTR	23.73	1.00	44	75	25	8.0	2.21	9.3	0.59
Hugoton RoyaltyTrust	HGT	6.50	1.00	260	88	13	5.6	0.44	6.7	0.46
<i>Total or Median</i>				24,500			8.2		7.6	0.88
Composite										
<i>Enterprise Value Weighting</i>				86,500	37	63				0.84
<i>Equal Weighting</i>					45	55				0.82
<i>Equal Weighted Buys</i>					48	52				0.75

CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.

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

Present Value (PV) presumes long-term prices of \$100 a barrel for oil and \$6 a million btu for natural gas.

Dist. = Income distribution. NTM = Next Twelve Months Ended September 30, 2013. Enterprise Value = Market Cap and Debt.



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Table ISC-3

McDep Income and Small Cap Energy Portfolio

Value Multiples - Rank by EV/Ebitda

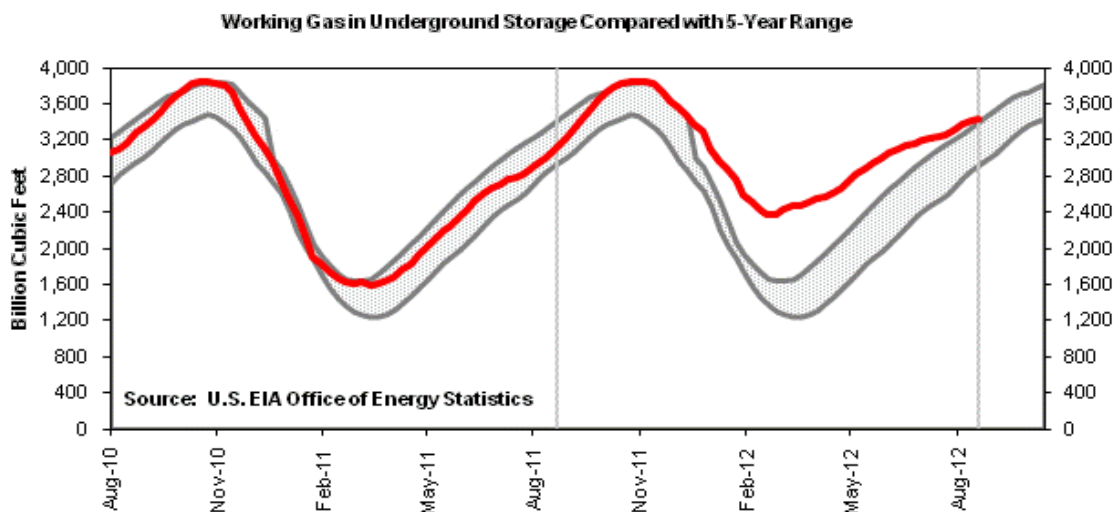
			Price (\$/sh)	Revenue	Dist/ Equity	Adjstd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda
	Symbol/ Rating		13-Sep 2012	Royalty (%)	Ebitda	NTM	NTM	NTM
Small Cap Independent Producers								
Range Resources	RRC	B	70.70		-	14.7	15.2	15.3
PDC Energy	PDCE		32.60		-	8.6	9.4	9.8
Peyto Exploration and Development Corp	PEYUF		22.57		0.32	9.1	10.3	9.7
Birchcliff Energy Ltd.	BIREF	CB	6.70		-	20.9	13.7	9.0
Continental Resources (32%)	CLR		80.84		-	10.1	7.6	7.7
Halcón Resources	HK		7.15		-	5.6	8.3	6.4
Denbury Resources Inc.	DNR		17.10		-	13.0	8.1	5.6
Cimarex Energy Company	XEC	CB	61.34		-	7.7	8.4	5.1
Berry Petroleum Company	BRY		40.89		-	11.4	7.1	5.1
Whiting Petroleum Corporation	WLL	B	51.75		-	9.3	7.4	4.8
	<i>Median</i>					9.7	8.4	7.1
Top Line Cash Payers								
Sabine Royalty Trust	SBR		52.97	100	1.00	7.9	16.4	13.4
Cross Timbers Royalty Trust	CRT		33.95	78	0.96	17.9	15.8	12.2
Freehold Royalties Ltd.	FRHLF		20.46	71	0.94	5.6	11.4	11.1
Dorchester Minerals, L.P.	DMLP	CB	21.90	77	1.00	6.4	12.8	10.4
Permian Basin RT	PBT		15.71	47	0.74	9.4	13.2	10.4
	<i>Median</i>					7.9	13.2	11.1
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		39.71		1.05	15.1	10.9	12.7
Vanguard Natural Resources, LLC	VNR		27.56		0.89	14.0	9.3	9.9
San Juan Basin Royalty Trust	SJT	CB	13.82		0.69	8.8	14.5	9.5
Legacy Reserves L.P.	LGCY		28.29		0.66	11.4	8.8	8.5
Mesa RoyaltyTrust	MTR		23.73		0.75	7.7	13.5	8.0
Enduro Royalty Trust (40%)	NDRO		18.64		0.74	7.2	8.7	7.7
Enerplus Corporation	ERF	CB	16.88		0.41	6.3	7.6	6.6
Hugoton RoyaltyTrust	HGT		6.50		0.38	13.5	12.0	5.6
	<i>Median</i>					10.1	10.1	8.2
B=Buy; CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended September 30, 2013; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								
Top Line Cash Payers defined as those having Revenue Royalty (see fifth column from right).								



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