



# Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

May 31, 2013

## Hugoton Royalty Trust (HGT) Beating the Bear

<i>Symbol</i>	HGT	<i>Ebitda Next Twelve Months ending 3/31/14 (US\$mm)</i>	43
<i>Rating</i>	RTF Stock	<i>North American Natural Gas/Ebitda (%)</i>	81
<i>Price (US\$/sh)</i>	9.06	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	5/30/13	<i>Adjusted Reserves/Production NTM</i>	12.7
<i>Shares (mm)</i>	40.0	<i>EV/Ebitda</i>	8.3
<i>Market Capitalization (US\$mm)</i>	362	<i>PV/Ebitda</i>	11.0
<i>Debt (US\$mm)</i>	0	<i>Undeveloped Reserves (%)</i>	14
<i>Enterprise Value (EV) (US\$mm)</i>	362	<i>Natural Gas and Oil Ebitda (US\$/mcf)</i>	2.90
<i>Present Value (PV) (US\$mm)</i>	480	<i>Present Value Proven Reserves(US\$/boe)</i>	13.70
<i>Net Present Value (US\$/unit)</i>	12.0	<i>Oil and Gas Ebitda Margin (%)</i>	56
<i>Debt/Present Value</i>	0.00	<i>Earnings Next Twelve Months (US\$/un)</i>	0.97
<i>McDep Ratio - EV/PV</i>	0.76	<i>Price/Earnings Next Twelve Months</i>	9
<i>Distribution Yield (%/year)</i>	10.7	<i>Distribution Next Twelve Months (US\$/sh)</i>	0.97
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.			
For historical analysis of HGT since 2000 see <a href="http://www.mcdep.com/4hgt.htm">www.mcdep.com/4hgt.htm</a>			

### Summary and Recommendation

Units of **Hugoton Royalty Trust (HGT)** are rebounding in price from last year's bear attack as the worst case has been avoided in a legal dispute. At the same time, we reduce NPV to \$12 a unit from \$14 on lower volume. Since stock price gains have increased the weighting of HGT, some rebalancing may be in order in the Custom RTF (Royalty Trust Fund) we recommend investors create. Fueling the gains, distributions were restored to more normal levels last October instead of being nearly eliminated for more months (see table [Monthly Declarations](#) on page 2). Hearings before an arbitration panel are scheduled to begin November 12, 2013 to determine whether HGT will be subject to some \$26 million (\$0.65 a unit) to be withheld from future distributions. A related lawsuit by a unit holder of HGT challenges the right of ExxonMobil, the operator of the trust's properties, to assess the charge. There could be a settlement to split the difference though there are no such concrete indications. Meanwhile, volume of natural gas produced on the trust's properties declines somewhat faster compared to the gentler decline or rising trend for other RTF stocks (see chart [Natural Gas Volume](#) on page 2). The impact is not too noticeable in the cash flow trend projected for the next twelve months (see table [Operating and Financial Results](#) on page 3). Moreover our lower estimate of NPV seems well covered considering cash flow multiple (PV/Ebitda) and reserve life (see table [Functional Cash Flow and Present Value](#) on page 3). Instead, the illustrative discounted cash flow calculation displays more sensitivity (see table [Present Value](#) on page 4). Finally, HGT continues to provide concentrated exposure to long-life natural gas upside with no debt, a high 10.7% distribution and a low 0.76 McDep Ratio in the RTF group (see [Tables ISC-1 to ISC-4](#) on pages 5-8).

Kurt H. Wulff, CFA

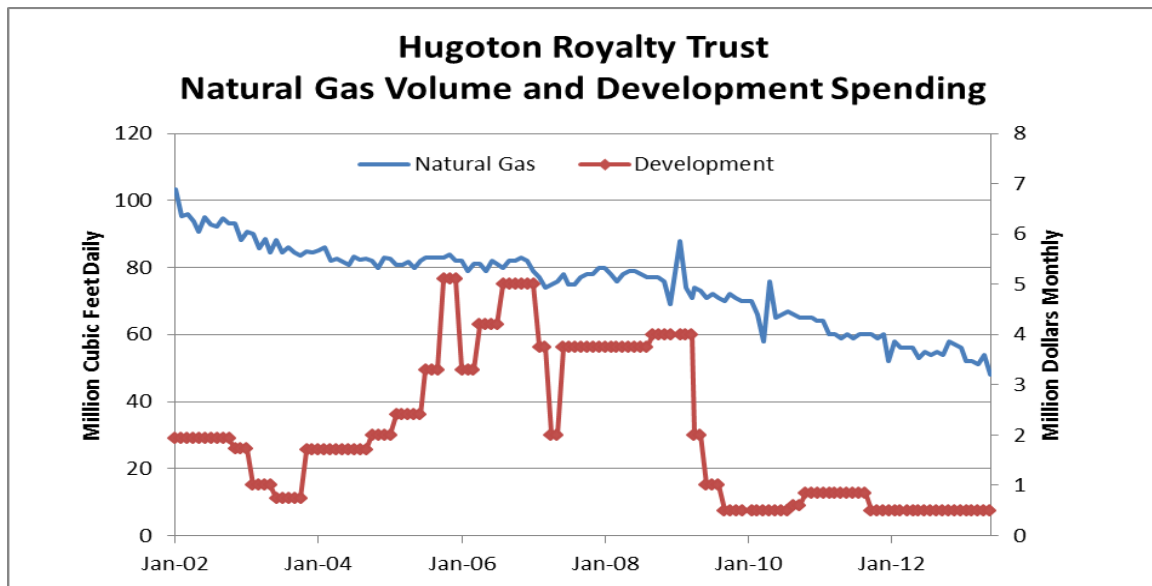


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Hugoton Royalty Trust												
Monthly Declarations												
	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
<b>Volume</b>												
Natural Gas (bcf)	1.66	1.67	1.66	1.69	1.81	1.71	1.73	1.56	1.60	1.57	1.50	1.48
Natural Gas (mmcf/d)	55	54	55	54	58	57	56	52	52	51	54	48
Days	30	31	30	31	31	30	31	30	31	31	28	31
<b>Price</b>												
Natural gas industry quotes lagged two months (\$/mmbtu)												
Henry Hub Index/Futures	2.19	2.03	2.42	2.77	3.01	2.63	3.03	3.47	3.71	3.35	3.23	3.43
HGT/Henry Hub	1.23	1.27	1.14	1.05	1.15	1.15	1.11	1.13	1.09	1.10	1.18	1.13
HGT (\$/mcf)	2.69	2.57	2.76	2.90	3.45	3.02	3.36	3.91	4.03	3.68	3.80	3.89
<b>Revenue (\$mm)</b>												
Natural Gas	4.5	4.3	4.6	4.9	6.2	5.2	5.8	6.1	6.4	5.8	5.7	5.7
Other	1.2	0.9	(0.5)	(1.3)	(2.9)	0.6	0.6	0.4	0.4	0.7	0.7	1.5
Total	5.6	5.2	4.0	3.6	3.4	5.8	6.4	6.5	6.8	6.5	6.4	7.3
<b>Cost (\$mm)</b>												
Production	1.7	2.0	1.9	1.8	1.6	1.7	1.9	1.8	1.9	2.0	1.8	1.6
Overhead	1.0	0.9	1.0	0.9	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9
Total	2.6	2.9	2.9	2.8	2.6	2.6	2.9	2.7	2.9	2.9	2.7	2.5
<b>Cash flow (\$mm)</b>												
Development	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Net proceeds (\$mm)</b>												
	2.5	1.7	0.7	0.3	0.3	2.6	3.0	3.3	3.4	3.1	3.2	4.2
<b>Royalty income (\$mm)</b>												
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
<b>Distributable income (\$mm)</b>												
	2.0	1.4	0.5	0.2	0.2	2.1	2.4	2.6	2.7	2.5	2.6	3.4
<b>Units (millions)</b>												
	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>Distribution (\$/unit)</b>												
	0.05	0.03	0.01	0.01	0.01	0.05	0.06	0.07	0.07	0.06	0.06	0.08





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Hugoton Royalty Trust										
Next Twelve Months Operating and Financial Estimates										
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Next Twelve Months
	3/31/12	12/31/12	2012	3/31/13	6/30/13	9/30/13	12/31/13	2013E	3/31/14	3/31/14
<b>Volume</b>										
Natural Gas (bcf)	5.2	5.2	20.4	4.7	4.5	4.5	4.4	18.3	4.4	17.9
Natural Gas (mmcf)	56.4	57.0	55.6	51.4	50.4	49.4	48.4	49.9	47.4	48.9
Days	92	92	366	92	90	92	92	366	92	366
Oil (mb)	52	56	229	56	53	54	53	215	52	211
Oil (mbd)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Days	92	92	366	92	89	92	92	365	92	365
Total (bcf)	5.5	5.6	21.7	5.1	4.9	4.9	4.8	19.5	4.7	19.1
<b>Price</b>										
Natural Gas (HH lagged two months)										
Henry Hub (\$/mmbtu)	3.32	2.89	2.76	3.51	3.55	4.18	4.24	3.87	4.43	4.10
Differential (%)	(20)	(14)	(19)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
HGT (\$/mcf)	4.00	3.28	3.28	3.87	3.91	4.62	4.68	4.26	4.89	4.52
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	98.69	92.76	95.89	89.97	93.45	95.40	95.22	93.51	94.08	94.54
HGT	95.36	86.92	91.30	83.95	88.98	90.83	90.66	88.55	89.08	89.89
Total (\$/mcf)	4.67	3.95	4.03	4.54	4.63	5.31	5.37	4.96	5.55	5.21
<b>Revenue (\$mm)</b>										
Natural Gas	20.8	17.2	66.7	18.3	17.7	21.0	20.8	77.8	21.3	80.9
Oil	4.9	4.8	20.9	4.7	4.7	4.9	4.8	19.0	4.6	18.9
Total	25.7	22.0	87.6	23.0	22.5	25.8	25.6	96.9	25.9	99.8
<b>Cost (\$mm)</b>										
Tax, transport & other	3.0	2.9	11.0	2.8	2.5	2.8	2.8	10.9	2.9	11.0
Production	6.0	5.3	22.6	5.7	5.5	5.5	5.5	22.2	5.5	21.9
Overhead	2.7	2.9	11.1	2.8	2.8	2.8	2.8	11.3	2.8	11.3
Total	11.6	11.0	44.7	11.4	10.8	11.1	11.1	44.4	11.2	44.2
<b>Cash flow (\$mm)</b>										
Development	1.5	1.5	6.0	1.5	1.5	1.5	1.5	6.0	1.5	6.0
Excess costs		3.3	5.4					-		-
Net proceeds (\$mm)	12.6	6.2	31.5	10.1	10.2	13.2	13.0	46.5	13.3	49.6
<b>Royalty income (\$mm)</b>										
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.2	0.3	1.9	0.3	0.2	0.3	0.2	1.0	0.3	1.0
<b>Distributable income (\$mm)</b>										
Distributable income	9.8	4.7	23.3	7.8	7.9	10.3	10.2	36.2	10.3	38.7
<b>Units (millions)</b>										
Units	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Per unit	0.25	0.12	0.58	0.20	0.20	0.26	0.25	0.90	0.26	0.97

Hugoton Royalty Trust					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	35	12.9	11.8	410	85%
Oil	8	11.2	8.6	70	15%
	43	12.7	11.2	480	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					480
Units (mm)					40
Net Present Value - Standard Estimate (US\$/un)					12
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/un)					14



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Present Value												
Oil Volume Decline (%/yr):					3	Oil Price Post 2014 (2013\$/bbl)					100	
Nat Gas Volume Decline (%/yr):					3	Nat Gas Price Post 2014 (2013\$/mcf)					6	
						Real Discount Rate (%/yr):					7.0	
Variable Cost (%):					23	PV/EBITDA 2014:					11	
Cumul. Vol/Prod 2010:					20	Capex/Cash Flow (%):					13	
	Volume		Price		Revenue	Fixed Cost	Var. Cost	Cap Ex	Distribution		Disc Factor	Present Value
Year	(mmb)	(bcf)	(\$/bbl)	(\$/mcf)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(\$mm)	(\$/unit)		(\$/unit)
Total 2014 through 2043; years ending 3/31												
	3.4	286			2093	540	481	139	933	23.34	0.51	12.0
2014	0.17	14.31	89.89	4.52	79.8	18.0	18.4	4.8	38.7	0.97	0.97	0.93
2015	0.16	13.88	95.00	6.30	103.0	18.0	23.7	8.0	53.3	1.33	0.90	1.20
2016	0.16	13.46	95.00	6.30	99.9	18.0	23.0	7.7	51.3	1.28	0.84	1.08
2017	0.15	13.06	95.00	6.30	96.9	18.0	22.3	7.4	49.2	1.23	0.79	0.97
2018	0.15	12.67	95.00	6.30	94.0	18.0	21.6	7.1	47.3	1.18	0.74	0.87
2019	0.14	12.29	95.00	6.30	91.2	18.0	21.0	6.8	45.4	1.14	0.69	0.78
2020	0.14	11.92	95.00	6.30	88.4	18.0	20.3	6.5	43.6	1.09	0.64	0.70
2021	0.14	11.56	95.00	6.30	85.8	18.0	19.7	6.2	41.8	1.05	0.60	0.63
2022	0.13	11.21	95.00	6.30	83.2	18.0	19.1	6.0	40.1	1.00	0.56	0.56
2023	0.13	10.88	95.00	6.30	80.7	18.0	18.6	5.7	38.4	0.96	0.53	0.50
2024	0.12	10.55	95.00	6.30	78.3	18.0	18.0	5.5	36.8	0.92	0.49	0.45
2025	0.12	10.23	95.00	6.30	75.9	18.0	17.5	5.3	35.2	0.88	0.46	0.40
2026	0.12	9.93	95.00	6.30	73.6	18.0	16.9	5.0	33.7	0.84	0.43	0.36
2027	0.11	9.63	95.00	6.30	71.4	18.0	16.4	4.8	32.2	0.81	0.40	0.32
2028	0.11	9.34	95.00	6.30	69.3	18.0	15.9	4.6	30.8	0.77	0.37	0.29
2029	0.11	9.06	95.00	6.30	67.2	18.0	15.5	4.4	29.4	0.73	0.35	0.26
2030	0.10	8.79	95.00	6.30	65.2	18.0	15.0	4.2	28.0	0.70	0.33	0.23
2031	0.10	8.52	95.00	6.30	63.2	18.0	14.5	4.0	26.7	0.67	0.31	0.20
2032	0.10	8.27	95.00	6.30	61.3	18.0	14.1	3.8	25.4	0.64	0.29	0.18
2033	0.09	8.02	95.00	6.30	59.5	18.0	13.7	3.6	24.2	0.61	0.27	0.16
2034	0.09	7.78	95.00	6.30	57.7	18.0	13.3	3.4	23.0	0.58	0.25	0.14
2035	0.09	7.55	95.00	6.30	56.0	18.0	12.9	3.3	21.9	0.55	0.23	0.13
2036	0.09	7.32	95.00	6.30	54.3	18.0	12.5	3.1	20.7	0.52	0.22	0.11
2037	0.08	7.10	95.00	6.30	52.7	18.0	12.1	2.9	19.6	0.49	0.20	0.10
2038	0.08	6.89	95.00	6.30	51.1	18.0	11.8	2.8	18.6	0.46	0.19	0.09
2039	0.08	6.68	95.00	6.30	49.6	18.0	11.4	2.6	17.6	0.44	0.18	0.08
2040	0.08	6.48	95.00	6.30	48.1	18.0	11.1	2.5	16.6	0.41	0.17	0.07
2041	0.07	6.29	95.00	6.30	46.6	18.0	10.7	2.3	15.6	0.39	0.16	0.06
2042	0.07	6.10	95.00	6.30	45.2	18.0	10.4	2.2	14.7	0.37	0.15	0.05
2043	0.07	5.91	95.00	6.30	43.9	18.0	10.1	2.1	13.7	0.34	0.14	0.05



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Table ISC-1											
McDep Income and Small Cap Energy Portfolio											
Debt, Segments, Cash Flow, Income and McDep Ratio											
		Price									
Symbol/Rating	(US\$/sh)	EV/	Enterprise	PV(%)	EV/	Dist.	Dist.				
B = Buy	30-May	Market	Value	Nat	Ebitda	NTM	Yield	McDep			
CB (see below)	2013	Cap	(\$mm)	Gas	Oil	NTM	(\$/un)	(%)	Ratio		
<b>Small Cap Independent Producers</b>											
PDC Energy	PDCE	52.01	1.49	2,400	26	74	11.9	-	-	1.03	
Range Resources	RRC B	76.22	1.29	15,870	66	34	13.4	0.16	0.2	0.88	
Peyto Exploration and Development Corp	PEYUF	29.41	1.18	5,170	68	32	9.7	0.85	2.9	0.86	
Halcón Resources	HK	5.41	2.28	5,160	8	92	7.6	-	-	0.83	
Continental Resources (32%)	CLR B	84.86	1.27	6,350	18	82	6.8	-	-	0.81	
Birchcliff Energy Ltd.	BIREF B	8.59	1.38	1,950	68	32	10.0	-	-	0.78	
Berry Petroleum Company	BRY	44.70	1.74	4,300	12	88	6.7	0.32	0.7	0.75	
Denbury Resources Inc.	DNR	18.87	1.48	10,450	5	95	6.4	-	-	0.75	
Cimarex Energy Company	XEC B	72.59	1.22	7,700	40	60	5.6	0.56	0.8	0.70	
Whiting Petroleum Corporation	WLL B	47.76	1.45	8,250	7	93	4.4	-	-	0.63	
<i>Total or Median</i>			1.42	67,600	22	78	7.2			0.79	
<b>Leveraged Cash Payers</b>											
Vanguard Natural Resources, LLC	VNR	28.20	1.58	2,890	37	63	10.8	2.46	8.7	1.08	
Linn Energy, LLC	LINE	33.87	1.79	14,110	42	58	12.6	2.90	8.6	1.07	
Legacy Reserves L.P.	LGCY	27.46	1.59	2,500	19	81	10.3	2.30	8.4	0.95	
Enerplus Corporation	ERF	15.70	1.58	4,900	31	69	6.5	1.05	6.7	0.82	
<i>Total or Median</i>			1.59	24,400	34	66	10.5		8.5	1.01	
<b>RTF Cash Payers</b>											
Freehold Royalties Ltd.	FRHLF	23.08	TL	1,610	15	85	12.9	1.63	7.1	1.00	
Dorchester Minerals, L.P.	DMLP B	24.98	TL	770	61	39	14.2	1.67	6.7	0.92	
Enduro Royalty Trust (40%)	NDRO	15.95	BL	210	41	59	8.7	1.53	9.6	0.84	
Sabine Royalty Trust	SBR	52.67	TL	770	45	55	12.6	4.20	8.0	0.81	
Hugoton Royalty Trust	HGT	9.06	BL	360	85	15	8.3	0.97	10.7	0.75	
San Juan Basin Royalty Trust	SJT B	15.75	BL	730	100	-	9.1	1.19	7.5	0.75	
Mesa Royalty Trust	MTR	23.56	BL	44	75	25	9.4	2.06	8.8	0.74	
Permian Basin RT	PBT	13.30	TL	620	16	84	9.2	0.80	6.0	0.67	
Cross Timbers Royalty Trust	CRT	28.60	TL	170	80	20	11.9	2.16	7.5	0.65	
<i>Total or Median</i>				5,300	61	39	9.4		7.5	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 March 31, 2014. Enterprise Value = Market Cap and Debt.											
TL = Top Line income sources, BL = Bottom Line income sources											



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Table ISC-2								
McDep Income and Small Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price		Market	Net		
			(\$/sh)	Shares	Cap	Present	Debt/	McDep
	Symbol/	30-May	2013	(mm)	(\$mm)	Value	Present	Ratio
	Rating					(\$/un)	Value	
<b>Small Cap Independent Producers</b>								
PDC Energy	PDCE		52.01	31.0	1,610	50.00	0.34	1.03
Range Resources	RRC	B	76.22	161.0	12,270	90.00	0.20	0.88
Peyto Exploration and Development Corp.	PEYUF		29.41	149.0	4,380	35.00	*	0.13
Halcón Resources	HK		5.41	420.0	2,270	8.00	**	0.46
Continental Resources (32%)	CLR	B	84.86	59.2	5,020	110.00		0.17
Birchcliff Energy Ltd.	BIREF	B	8.59	164.0	1,410	12.00		0.22
Berry Petroleum Company	BRY		44.70	55.3	2,470	70.00		0.32
Denbury Resources Inc.	DNR		18.87	373.0	7,040	28.00		0.25
Cimarex Energy Company	XEC	B	72.59	86.6	6,290	110.00		0.13
Whiting Petroleum Corporation	WLL	B	47.76	119.0	5,680	88.00		0.20
	<i>Total or Median</i>				48,440		0.21	0.79
<b>Leveraged Cash Payers</b>								
Vanguard Natural Resources, LLC	VNR		28.20	64.8	1,830	25.00	0.40	1.08
Linn Energy, LLC	LINE		33.87	233.0	7,890	30.00	0.47	1.07
Legacy Reserves L.P.	LGCY		27.46	57.1	1,570	30.00	0.35	0.95
Enerplus Corporation	ERF		15.70	196.0	3,080	21.00	0.30	0.82
	<i>Total or Median</i>				14,370		0.37	1.01
<b>RTF Cash Payers</b>								
Freehold Royalties Ltd.	FRHLF		23.08	66.5	1,540	23.00	***	0.05
Dorchester Minerals, L.P.	DMLP	B	24.98	30.7	770	27.00	-	0.92
Enduro Royalty Trust (40%)	NDRO		15.95	13.2	210	19.00	-	0.84
Sabine Royalty Trust	SBR		52.67	14.6	770	65.00	-	0.81
Hugoton Royalty Trust	HGT		9.06	40.0	360	12.00	-	0.75
San Juan Basin Royalty Trust	SJT	B	15.75	46.6	730	21.00	-	0.75
Mesa Royalty Trust	MTR		23.56	1.9	44	32.00	-	0.74
Permian Basin RT	PBT		13.30	46.6	620	20.00	-	0.67
Cross Timbers Royalty Trust	CRT		28.60	6.0	170	44.00	-	0.65
	<i>Total or Median</i>				5,210			0.75
B=Buy; 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 presumes long-term prices of \$100 a barrel for oil and \$6 a million btu for natural gas.								
* Peyto NPV raised to \$35 from \$32 on more growth, 5/23/13								
** HK NPV lowered to \$8 from \$10 on less growth, 5/23/13								
*** Freehold Royalties NPV raised to \$23 from \$21 on more allocation to Top Line, 5/30/13								



# Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

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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		30-May 2013	Royalty (%)	Ebitda	NTM	NTM	NTM
<b>Small Cap Independent Producers</b>								
Range Resources	RRC	B	76.22		-	14.2	15.3	13.4
PDC Energy	PDCE		52.01		-	15.8	11.6	11.9
Birchcliff Energy Ltd.	BIREF	B	8.59		-	19.6	12.8	10.0
Peyto Exploration and Development Corp	PEYUF		29.41		0.27	9.7	11.2	9.7
Halcón Resources	HK		5.41		-	5.7	9.2	7.6
Continental Resources (32%)	CLR	B	84.86		-	10.5	8.3	6.8
Berry Petroleum Company	BRY		44.70		-	12.1	8.9	6.7
Denbury Resources Inc.	DNR		18.87		-	13.9	8.5	6.4
Cimarex Energy Company	XEC	B	72.59		-	7.8	7.9	5.6
Whiting Petroleum Corporation	WLL	B	47.76		-	8.7	6.9	4.4
	<i>Median</i>					11.3	9.1	7.2
<b>Leveraged Cash Payers</b>								
Linn Energy, LLC	LINE		33.87		1.14	14.1	11.8	12.6
Vanguard Natural Resources, LLC	VNR		28.20		0.99	11.0	10.0	10.8
Legacy Reserves L.P.	LGCY		27.46		0.83	11.0	10.9	10.3
Enerplus Corporation	ERF		15.70		0.40	6.5	7.9	6.5
	<i>Median</i>					11.0	10.5	10.5
<b>RTF Cash Payers</b>								
Dorchester Minerals, L.P.	DMLP	B	24.98	77	0.94	7.0	15.3	14.2
Freehold Royalties Ltd.	FRHLF		23.08	88	0.91	4.8	12.9	12.9
Sabine Royalty Trust	SBR		52.67	100	1.00	8.9	15.5	12.6
Cross Timbers Royalty Trust	CRT		28.60	97	0.90	13.0	18.3	11.9
Mesa RoyaltyTrust	MTR		23.56		0.82	5.2	12.7	9.4
Permian Basin RT	PBT		13.30	40	0.56	12.7	13.8	9.2
San Juan Basin Royalty Trust	SJT	B	15.75		0.69	10.4	12.1	9.1
Enduro Royalty Trust (40%)	NDRO		15.95		0.84	6.1	10.4	8.7
Hugoton RoyaltyTrust	HGT		9.06		0.89	12.7	11.0	8.3
	<i>Median</i>					8.9	12.9	9.4
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 March 31, 2014; 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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Table ISC-4									
McDep Income and Small Cap Energy Portfolio									
Total Return and Enterprise Value Momentum									
			Price (\$/sh)	Equity Total	Enterprise Value/				
	Symbol/		30-May	Return	52Wk	52Wk	50 Day	200 Day	McDep
	Rating		2013	YTD (%)	High	Low	Avg.	Avg.	Ratio
<b>Small Cap Independent Producers</b>									
PDC Energy	PDCE		52.01	57	0.97	1.73	1.07	1.22	1.03
Peyto Exploration and Development C	PEYUF		29.41	29	0.95	1.63	1.04	1.16	0.86
Cimarex Energy Company	XEC	B	72.59	26	0.93	1.42	1.01	1.10	0.70
Birchcliff Energy Ltd.	BIREF	B	8.59	12	0.98	1.44	1.05	1.10	0.78
Denbury Resources Inc.	DNR		18.87	16	0.97	1.26	1.03	1.07	0.75
Berry Petroleum Company	BRY		44.70	33	0.95	1.23	0.98	1.07	0.75
Range Resources	RRC	B	76.22	21	0.93	1.31	0.99	1.06	0.88
Continental Resources (32%)	CLR	B	84.86	15	0.92	1.28	1.02	1.06	0.81
Whiting Petroleum Corporation	WLL	B	47.76	10	0.91	1.21	1.01	1.02	0.63
Halcón Resources	HK		5.41	(22)	0.68	1.21	0.91	0.88	0.83
	<i>Median</i>			19	0.94	1.30	1.02	1.07	0.79
<b>Leveraged Cash Payers</b>									
Enerplus Corporation	ERF		15.70	25	0.93	1.21	1.05	1.05	0.82
Legacy Reserves L.P.	LGCY		27.46	21	0.95	1.13	1.01	1.02	0.95
Vanguard Natural Resources, LLC	VNR		28.20	12	0.96	1.14	0.99	1.00	1.08
Linn Energy, LLC	LINE		33.87	(0)	0.87	1.00	0.95	0.93	1.07
	<i>Median</i>			16	0.94	1.14	1.00	1.01	1.01
<b>RTF Cash Payers</b>									
Hugoton RoyaltyTrust	HGT		9.06	29	0.91	1.58	0.99	1.15	0.75
Dorchester Minerals, L.P.	DMLP	B	24.98	28	0.97	1.26	1.05	1.11	0.92
Sabine Royalty Trust	SBR		52.67	37	0.94	1.36	1.05	1.08	0.81
San Juan Basin Royalty Trust	SJT	B	15.75	18	0.88	1.31	1.03	1.07	0.75
Freehold Royalties Ltd.	FRHLF		23.08	8	0.95	1.36	0.99	1.06	1.00
Mesa RoyaltyTrust	MTR		23.56	26	0.67	1.26	0.95	0.98	0.74
Cross Timbers Royalty Trust	CRT		28.60	9	0.72	1.21	1.00	0.97	0.65
Permian Basin RT	PBT		13.30	11	0.69	1.11	1.05	0.96	0.67
Enduro Royalty Trust (40%)	NDRO		15.95	(2)	0.81	1.06	0.98	0.93	0.84
	<i>Median</i>			18	0.88	1.26	1.00	1.06	0.75

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



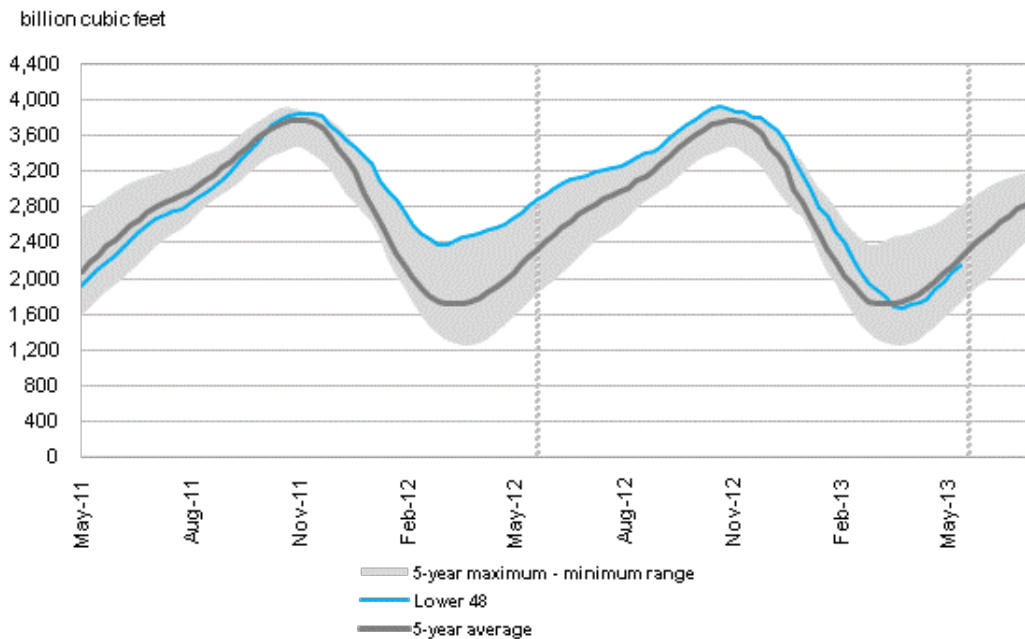


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**Working gas in underground storage compared with the 5-year maximum and minimum**



Source: U.S. Energy Information Administration

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