

## Oil Price Moderation

### Summary and Recommendation

The latest pullback in oil price tempers the immediate impact on economic activity after the recent new high signaled more long-term resource value. We think that a six-year oil price above the one-year oil price would be more realistic than the typical commodity market pattern of decline. Similarly a six-year natural gas price of one-fifth the oil price, about equivalent to refined oil on a heating basis, would also make more sense to us. As a result, with one-year oil now at \$53.37 a barrel, six-year oil of \$54 or better could be realistic and six-year natural gas at \$11 an mcf may be reasonable. Meanwhile, seven U.S. natural gas income stocks are expected to distribute cash over the next twelve months of 9.3% of stock price (see tables [The Account](#)). Finally, **Burlington Resources (BR)** filed to sell all or part of its 59% holding in **Permian Basin Royalty Trust (PBT)**.

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### U.S. Natural Gas and Oil Royalty Trusts

#### The Account

		<i>Price</i>			<i>Next</i>	<i>NTM</i>
	<i>Symbol</i>	<i>(\$/un)</i>		<i>Market</i>	<i>Twelve</i>	<i>Distrib.</i>
		<i>14-Apr</i>	<i>Units</i>	<i>Value</i>	<i>Months</i>	<i>Yield</i>
		<i>2005</i>		<i>(\$)</i>	<i>Distrib.</i>	<i>(%/yr)</i>
Mesa RoyaltyTrust	MTR	66.95	200	13,390	5.59	8.3
Cross Timbers Royalty Trust	CRT	37.25	400	14,900	3.13	8.4
Sabine Royalty Trust	SBR	38.25	400	15,300	3.40	8.9
San Juan Basin Royalty Trust	SJT	36.30	500	18,150	3.40	9.4
Hugoton Royalty Trust	HGT	27.79	500	13,895	2.70	9.7
Permian Basin Royalty Trust	PBT	12.58	1,200	15,096	1.29	10.3
Dorchester Minerals, L.P.	DMLP	22.03	700	15,421	2.28	10.3
	<i>Total</i>			<i>106,152</i>		<i>9.3</i>
Futures Strip						
12 Month - Oil (\$/bbl)		53.37				
12 Month - Natural Gas (\$/mmbtu)		7.63				
72 Month - Oil (\$/bbl)		49.61				
72 Month - Natural Gas (\$/mmbtu)		6.57				

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

	<i>Symbol</i>	<i>Price (\$/sh) 14-Apr 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>EV/ Ebitda NTM</i>	<i>McDep Ratio</i>
Sabine Royalty Trust	SBR	38.25	14.6	560	33.00	11.3	1.16
San Juan Basin Royalty Trust	SJT	36.30	46.6	1,690	32.00	9.6	1.13
Mesa RoyaltyTrust	MTR	66.95	1.9	130	60.00	10.4	1.12
Permian Basin RT (41%)	PBT	12.58	19.1	240	12.00	8.9	1.05
Dorchester Minerals, L.P.	DMLP	22.03	27.0	600	21.00	9.3	1.05
Cross Timbers Royalty Trust	CRT	37.25	6.0	220	36.00	11.8	1.04
Hugoton RoyaltyTrust (46%)	HGT	27.79	18.4	510	27.00	8.4	1.03
<i>Total or Median</i>				<i>4,000</i>		<i>9.6</i>	<i>1.05</i>

### Rank by PV/Ebitda: Present Value to Earnings Before Interest, Tax, Deprec.

	<i>Symbol</i>	<i>Total Present Value (\$mm)</i>	<i>Unit Present Value (\$/mcf)</i>	<i>Reserves (bcf)</i>	<i>Natural Gas/ Ebitda (%)</i>	<i>Adjusted Reserves/ Production NTM</i>	<i>Revenue Royalty (%)</i>	<i>PV/ Ebitda</i>
<b>U.S. Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT	216	3.20	68	73	20.0	85	11.3
Sabine Royalty Trust	SBR	481	3.90	123	59	11.9	100	9.7
Mesa RoyaltyTrust	MTR	112	2.42	46	76	20.0	-	9.3
Dorchester Minerals, L.P.	DMLP	568	3.56	160	80	13.0	54	8.9
Permian Basin RT (41%)	PBT	229	2.30	100	40	16.4	30	8.5
San Juan Basin Royalty Trust	SJT	1,491	2.87	520	99	12.1	-	8.5
Hugoton RoyaltyTrust (46%)	HGT	497	2.90	171	92	13.7	-	8.2
<i>Total or Median</i>		<i>3,594</i>		<i>1,187</i>	<i>76</i>	<i>13.7</i>		<i>8.9</i>

### Index of Recent U.S. Royalty Trust Research

#### Single Trust Analyses

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
24-Mar	MTR	Mesa Royalty Trust	Long Reserve Life Reported
11-Feb	* HGT	Hugoton Royalty Trust	Improving Volume Trend
3-Feb	* SJT	San Juan Basin Royalty Trust	Real Value with Income
22-Nov	* MTR	Mesa Royalty Trust	Hugoton Predictability, San Juan Surprise
12-Nov	* CRT	Cross Timbers Royalty Trust	Low Risk, Long Life

#### U.S. Natural Gas Royalty Trusts - A Weekly Analysis

8-Apr		Reserves Comparability
1-Apr	*	New High for Natural Gas
25-Mar	*	Continuing Uptrend
18-Mar	*	Value Implications
11-Mar	*	More Real Value

\* Archived on [www.mcdep.com](http://www.mcdep.com)

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