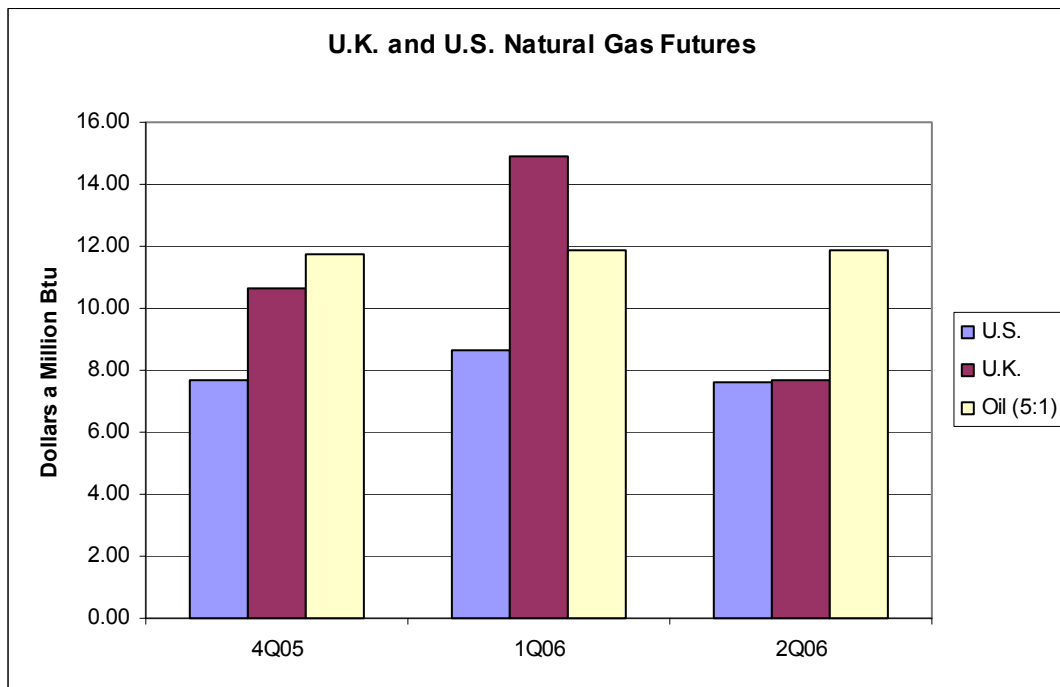


Natural Gas Vision

Summary

A new record for U.K. natural gas futures illuminates unrecognized relative value and an underappreciated outlook for the world's cleanest fuel. Last we checked on Bloomberg on June 30, deliveries of natural gas in the first quarter of 2006 traded at 83.25 pence per therm or \$14.90 a million Btu as we translate it (see chart). That compares to \$12 for the natural gas equivalent of oil and \$8.60 for U.S. natural gas for delivery at the same time. Bolstered with rapidly growing supply of liquefied natural gas (LNG), natural gas is leading the way to a healthier global fuel mix that would also feature more refined oil and gasified coal. The income stocks in this weekly analysis for the past nine months offer direct financial participation in clean fuel with a current average estimated distribution yield of 8.7% for the next twelve months and median unlevered cash flow multiple, EV/Ebitda, of 10.5 times.

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 trade a subject stock within a week before or after a change in rating.

U.S. Natural Gas and Oil Royalty Trusts

The Account

	<i>Symbol</i>	<i>Price (\$/un) 30-Jun 2005</i>	<i>Units</i>	<i>Market Value (\$)</i>	<i>Next Twelve Months Distrib. (\$/un)</i>	<i>NTM Distrib. Yield (%/yr)</i>
San Juan Basin Royalty Trust	SJT	41.95	500	20,975	3.35	8.0
Mesa RoyaltyTrust	MTR	64.65	200	12,930	5.52	8.5
Sabine Royalty Trust	SBR	42.30	400	16,920	3.61	8.5
Dorchester Minerals, L.P.	DMLP	23.92	700	16,747	2.09	8.7
Permian Basin Royalty Trust	PBT	15.17	1,200	18,204	1.33	8.8
Cross Timbers Royalty Trust	CRT	40.65	400	16,260	3.60	8.8
Hugoton Royalty Trust	HGT	30.34	500	15,170	2.85	9.4
	<i>Total</i>			<i>117,206</i>		<i>8.7</i>
Futures Strip						
		12 Month - Oil (\$/bbl)		58.74		
		12 Month - Natural Gas (\$/mmbtu)		7.78		
		72 Month - Oil (\$/bbl)		57.28		
		72 Month - Natural Gas (\$/mmbtu)		7.18		

N.B. The “account” was created on September 30, 2004, with roughly equal positions of multiples of 100 shares that aggregated about \$100,000 in market value. The differences in market value of each position today reflect price gains since then as well as the original rounding to the nearest 100 shares.

McDep Ratios above 1.0 imply that resources are more highly valued in royalty trusts than in operating companies. Historical performance appears to justify that difference. The higher McDep Ratios also point to better values that could be achieved with the creation of new royalty trusts.

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

	<i>Symbol</i>	<i>Price (\$/sh) 30-Jun 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>
San Juan Basin Royalty Trust	SJT	41.95	46.6	1,960	32.00	11.4	1.31
Sabine Royalty Trust	SBR	42.30	14.6	620	33.00	11.7	1.28
Permian Basin RT (41%)	PBT	15.17	19.1	290	12.00	10.5	1.26
Dorchester Minerals, L.P.	DMLP	23.92	28.2	680	21.00	10.2	1.14
Cross Timbers Royalty Trust	CRT	40.65	6.0	240	36.00	11.2	1.13
Hugoton RoyaltyTrust (46%)	HGT	30.34	18.4	560	27.00	8.8	1.12
Mesa RoyaltyTrust	MTR	64.65	1.9	120	60.00	10.2	1.07
	<i>Total or Median</i>			<i>4,500</i>		<i>10.5</i>	<i>1.14</i>

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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>
Cross Timbers Royalty Trust	CRT	216	3.10	70	71	20.0	85	9.9
Mesa RoyaltyTrust	MTR	112	2.65	42	72	20.0	-	9.5
Sabine Royalty Trust	SBR	481	3.70	130	57	11.8	100	9.1
Dorchester Minerals, L.P.	DMLP	593	3.79	157	79	13.6	54	9.0
San Juan Basin Royalty Trust	SJT	1,491	2.88	518	99	12.1	-	8.7
Permian Basin RT (41%)	PBT	229	2.30	100	39	16.4	30	8.3
Hugoton RoyaltyTrust (46%)	HGT	497	2.90	171	92	13.8	-	7.9
<i>Total or Median</i>		3,620		1,188	72	13.8		9.0

Index of Recent U.S. Royalty Trust Research

Single Trust Analyses

<i>Date</i>	<i>Symbol</i>	<i>Stock</i>	<i>Theme</i>
13-May	* DMLP	Dorchester Minerals, L.P.	Royalty Volume Increasing
28-Apr	* SJT	San Juan Basin Royalty Trust	Ten Bagger
24-Mar	* MTR	Mesa Royalty Trust	Long Reserve Life Reported
11-Feb	* HGT	Hugoton Royalty Trust	Improving Volume Trend

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

30-Jun		Natural Gas Vision
23-Jun		Déjà Vu 1977
16-Jun	*	Growth Fuel
9-Jun	*	Twilight in the Desert
3-Jun	*	Good Inflation
27-May	*	Understated Reserves
	* Archived on www.mcdep.com	

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