



Oil & Gas Income Stocks

A Weekly Analysis

November 14, 2008

Ten Percent in Three Hours

Summary and Recommendation

Remarkable value in stocks like buy-recommended **Canadian Oil Sands Trust (COSWF)** may be fleeting judging by a ten percent gain in the stock market averages in just the last three hours of regular trading in the U.S. on November 13. Of course, declines can be steep as well, but the cumulative decline in the past few months has been practically the steepest on record for energy stocks and now seasonal factors favor gains over declines in our opinion. In any event, the largest, most liquid, longest life, most rapidly growing income stock in our coverage has the lowest McDep Ratio, signaling the highest return potential. Declining the most relative to its 200-day average stock price, COSWF is also most concentrated on oil as opposed to natural gas and oil price is down more than natural gas price. For the group of income stocks, the median distribution yield is 11.1% for the next twelve months by our latest calculations. Estimates are made using closing quotes on November 13 for stock prices and settlement prices on November 10 for next twelve months deliveries of Light, Sweet Crude Oil at \$67.00 a barrel and Louisiana Natural Gas at \$7.50 a million btu.

Kurt H. Wulff, CFA

Natural Gas and Oil Income Stocks - Rank by McDep Ratio								
			Price (\$/sh)		Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
	Symbol/ Rating		13-Nov 2008	Shares (mm)				
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT		42.95	6.0	260	42.00	-	1.02
Sabine Royalty Trust	SBR		48.00	14.6	700	47.00	-	1.02
Permian Basin RT	PBT		19.40	46.6	900	19.00	-	1.02
San Juan Basin Royalty Trust	SJT	H	33.26	46.6	1,550	34.00	-	0.98
Hugoton Royalty Trust	HGT	B	24.25	40.0	970	30.00	-	0.81
Mesa Royalty Trust	MTR		51.00	1.9	100	67.00	-	0.76
<i>Total or Median</i>					4,500			1.00
Canadian Income Trusts (US\$)								
Pengrowth Energy Trust	PGH		9.79	249.0	2,440	16.00	0.32	0.74
Penn West Energy Trust	PWE	H	16.39	389.9	6,390	27.00	0.27	0.71
Enerplus Resources Fund	ERF		23.41	164.9	3,860	44.00	0.10	0.58
Canadian Oil Sands Trust	COSWF	B	22.37	482.0	10,780	42.00	0.05	0.55
<i>Total or Median</i>					23,500		0.19	0.65
U.S. Master Limited Partnerships (MLPs)								
Linn Energy, LLC	LINE		15.50	114.0	1,770	14.00	0.52	1.05
Dorchester Minerals, L.P.	DMLP		20.98	28.2	590	24.00	-	0.87
Encore Energy Partners, L.P. (32%)	ENP		14.65	10.6	160	19.00	0.23	0.82
<i>Total or Median</i>					2,500		0.23	0.87
B = Buy, H = Hold								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
Present Value presumes long-term prices of \$75 a barrel for oil and \$10 a million btu for natural gas.								



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Natural Gas and Oil Income Stocks - Rank by EV/Ebitda								
			Price (\$/sh)	Adjstd Resrvs/ Prod	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
	Symbol/ Rating		13-Nov 2008	Prod NTM	Ebitda NTM	Ebitda NTM	P/E NTM	NTM (%)
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT		42.95	14.1	11.1	11.4	12.0	8.4
San Juan Basin Royalty Trust	SJT	H	33.26	10.7	11.5	11.2	13.7	7.3
Sabine Royalty Trust	SBR		48.00	9.2	9.8	10.0	10.0	10.0
Permian Basin RT	PBT		19.40	8.7	9.7	9.9	10.8	9.3
Hugoton RoyaltyTrust	HGT	B	24.25	13.0	10.0	8.1	11.4	8.8
Mesa RoyaltyTrust	MTR		51.00	21.1	10.3	7.9	9.0	11.1
	<i>Median</i>			<i>11.9</i>	<i>10.2</i>	<i>9.9</i>	<i>11.1</i>	<i>9.0</i>
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	22.37	21.6	14.4	8.0	11.4	11.3
Pengrowth Energy Trust	PGH		9.79	9.1	8.1	6.0		22.8
Penn West Energy Trust	PWE	H	16.39	7.7	7.4	5.3	14.3	20.6
Enerplus Resources Fund	ERF		23.41	10.0	8.2	4.8	13.2	16.4
	<i>Median</i>			<i>9.6</i>	<i>8.2</i>	<i>5.6</i>	<i>13.2</i>	<i>18.5</i>
U.S. Master Limited Partnerships (MLPs)								
Dorchester Minerals, L.P.	DMLP		20.98	8.5	11.2	9.8	14.5	10.2
Linn Energy, LLC	LINE		15.50	13.6	7.9	8.3		16.3
Encore Energy Partners, L.P.	ENP		14.65	12.7	9.1	7.5		11.9
	<i>Median</i>			<i>12.7</i>	<i>9.1</i>	<i>8.3</i>	<i>14.5</i>	<i>11.9</i>
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended September 30, 2009; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								

Natural Gas and Oil Income Stocks - Rank by NTM Distribution Yield								
			Natural Revenue Gas/ Ebitda	Dist/ Ebitda	Dist/ Equity Ebitda	NTM Distribution (\$mm)	NTM Distribution (\$/un)	Dist. Yield (%)
	Symbol	Royalty (%)	(%)	Ebitda	Ebitda			
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	-	99	0.82	0.82	113	2.43	7.3
Cross Timbers Royalty Trust	CRT	84	72	0.95	0.95	22	3.59	8.4
Hugoton RoyaltyTrust	HGT	-	87	0.71	0.71	85	2.12	8.8
Permian Basin RT	PBT	32	39	0.91	0.91	84	1.80	9.3
Sabine Royalty Trust	SBR	100	62	1.00	1.00	70	4.82	10.0
Mesa RoyaltyTrust	MTR	-	70	0.88	0.88	11	5.69	11.1
	<i>Total or Median</i>		<i>71</i>	<i>0.89</i>	<i>0.89</i>	<i>400</i>		<i>9.0</i>
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(8)	0.83	0.87	1,217	2.52	11.3
Enerplus Resources Fund	ERF	-	46	0.65	0.72	633	3.84	16.4
Penn West Energy Trust	PWE	-	32	0.67	0.92	1,318	3.38	20.6
Pengrowth Energy Trust	PGH	-	39	0.77	1.14	557	2.24	22.8
	<i>Total or Median</i>		<i>36</i>	<i>0.72</i>	<i>0.90</i>	<i>3,700</i>		<i>18.5</i>
U.S. Master Limited Partnerships (MLPs)								
Dorchester Minerals, L.P.	DMLP	64	74	1.00	1.00	61	2.15	10.2
Encore Energy Partners, L.P.	ENP		22	0.64	0.83	18	1.75	11.9
Linn Energy, LLC	LINE		48	0.68	1.43	287	2.52	16.3
	<i>Total or Median</i>		<i>48</i>	<i>0.68</i>	<i>1.00</i>	<i>400</i>		<i>11.9</i>
NTM = Next Twelve Months Ended September 30, 2009								
Ebitda = Earnings before interest, tax, depreciation and amortization								



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