



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

June 12, 2009

Canadian Oil Sands Trust (COSWF) Raise Estimated Distribution to US\$2.06 from 0.55

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 6/30/10 (US\$mm)</i>	1,580
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-7
<i>Price (US\$/un)</i>	26.75	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	6/11/09	<i>Adjusted Reserves/Production NTM</i>	21.5
<i>Units (mm)</i>	482	<i>EV/Ebitda</i>	9.0
<i>Market Capitalization (US\$mm)</i>	12,900	<i>PV/Ebitda</i>	13.6
<i>Debt (US\$mm)</i>	1,300	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	14,200	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	34.23
<i>Present Value (PV) (US\$mm)</i>	21,600	<i>Present Value Proven Reserves(US\$/boe)</i>	25.44
<i>Net Present Value (US\$/unit)</i>	42	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	52
<i>Debt/Present Value</i>	0.06	<i>Earnings Next Twelve Months (US\$/unit)</i>	2.12
<i>McDep Ratio - EV/PV</i>	0.66	<i>Price/Earnings Next Twelve Months</i>	13
<i>Distribution Yield (%/year)</i>	7.8	<i>Distribution Next Twelve Months (US\$/unit)</i>	2.09
Note: Estimated cash flow and earnings tied to one-year futures prices for oil.			
Estimated present value presumes a long-term price for oil of US\$75 a barrel and natural gas, \$10 a million btu.			
For historical analysis of COS since 2002 see www.mcdep.com/4cos.htm			

Summary and Recommendation

On the basis of statistical relationships and recent oil price quotes, we raise estimated distribution for the next twelve months (NTM) to US\$2.06 a unit from US\$0.55 a unit for buy-recommended **Canadian Oil Sands Trust (COSWF)**. Quite simply, a higher quarterly distribution looks justified by the trend of quarterly oil price (see chart [Distribution and Oil Price](#)). More rigorously, estimated distributions are covered by estimated cash flow (see chart [Distribution and Cash Flow](#)). Though management declines to indicate the distribution level that the board of directors will approve, we suggest C\$0.50 a unit for the distribution to be declared on July 27 and C\$0.60 for the next three quarters (see table [Operating and Financial Estimates](#)). Two months of maintenance was just completed on Coker 8-3 that should go a long way toward supporting operations near capacity for the next four quarters (see chart [Syncrude Total Production](#)). Achieving capacity has a magnified impact on cash flow for the remainder of 2009 (see chart [Illustration of Potential Impact](#)). Apart from the volume impact, cash flow more than doubles at oil price indicated for the remainder of 2009 compared to actual experience in the year so far (see chart [Illustration of 2009 Cash](#)). Finally, the trend of long-term oil price suggests appreciation to a stock price of more than US\$42 a unit, our estimate of Net Present Value justified at a long-term oil price of \$75 a barrel (see chart [Stock Price and Oil Price](#)). On June 11, 2009 long-term oil price settled at \$82 a barrel.

Regular weekly valuation tables for income and small cap stocks appear on pages 6 to 8.

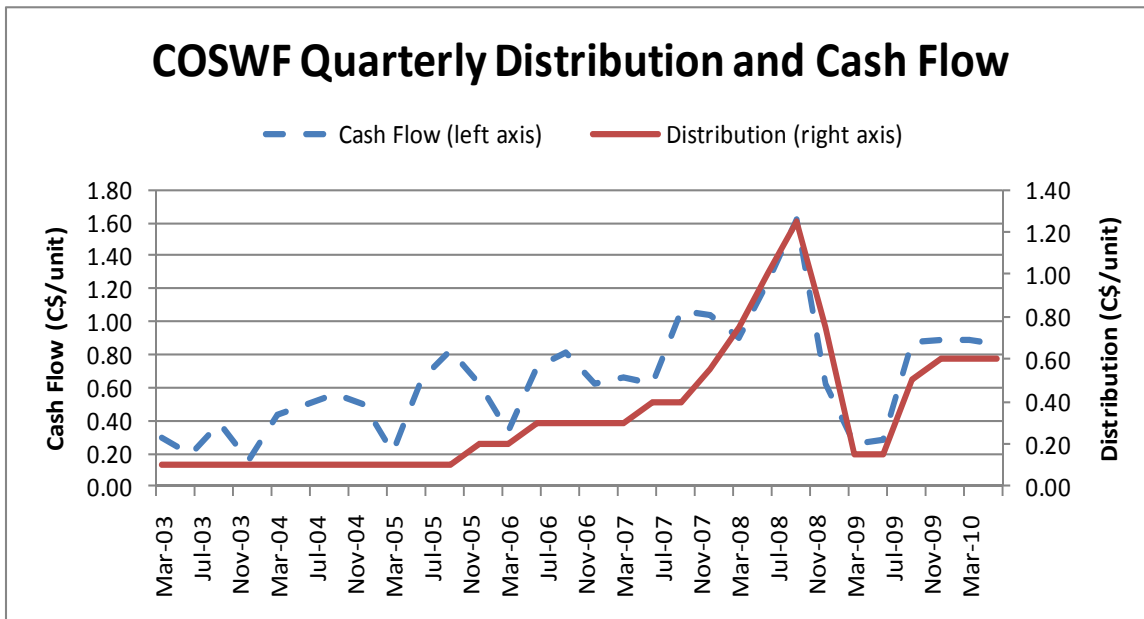
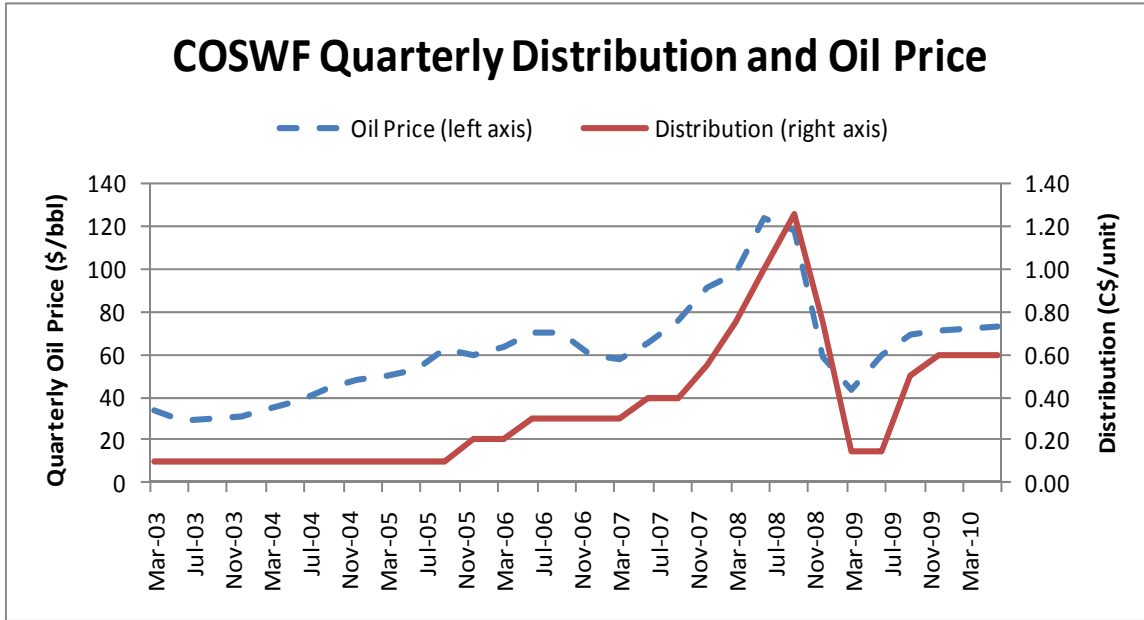
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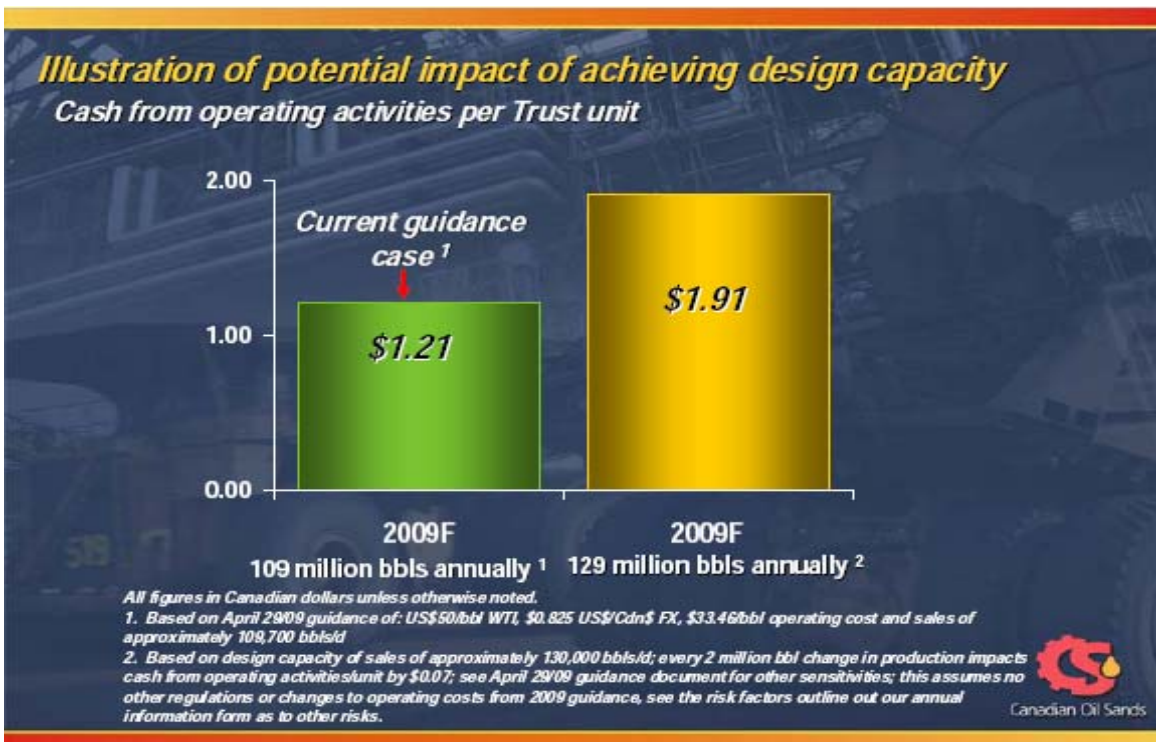
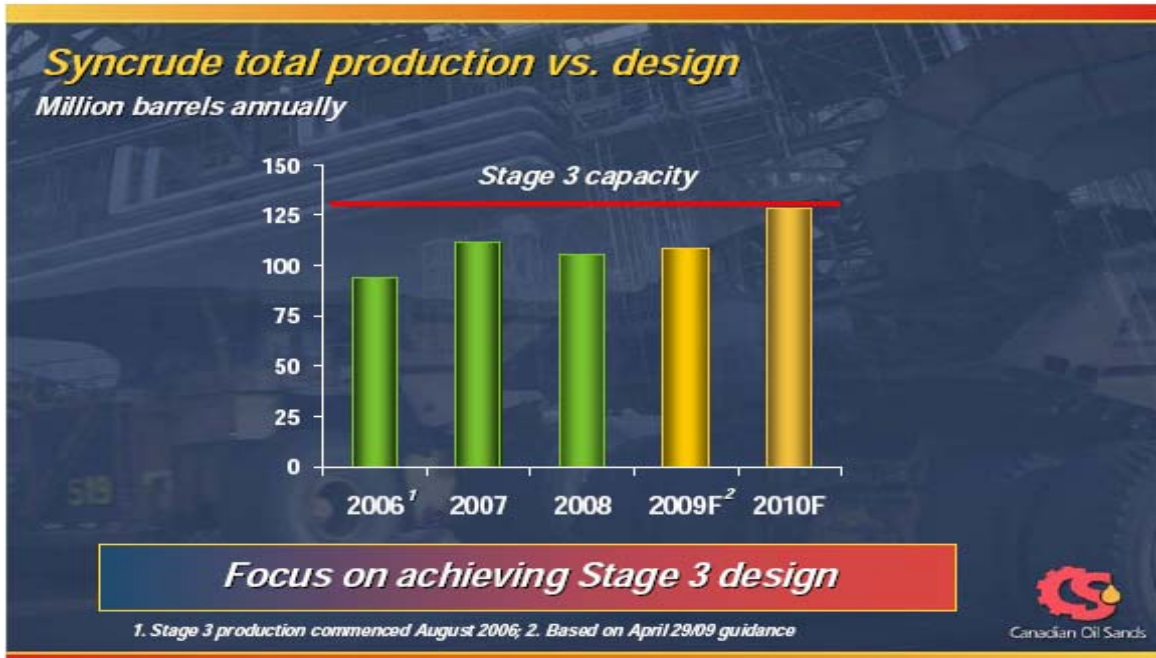
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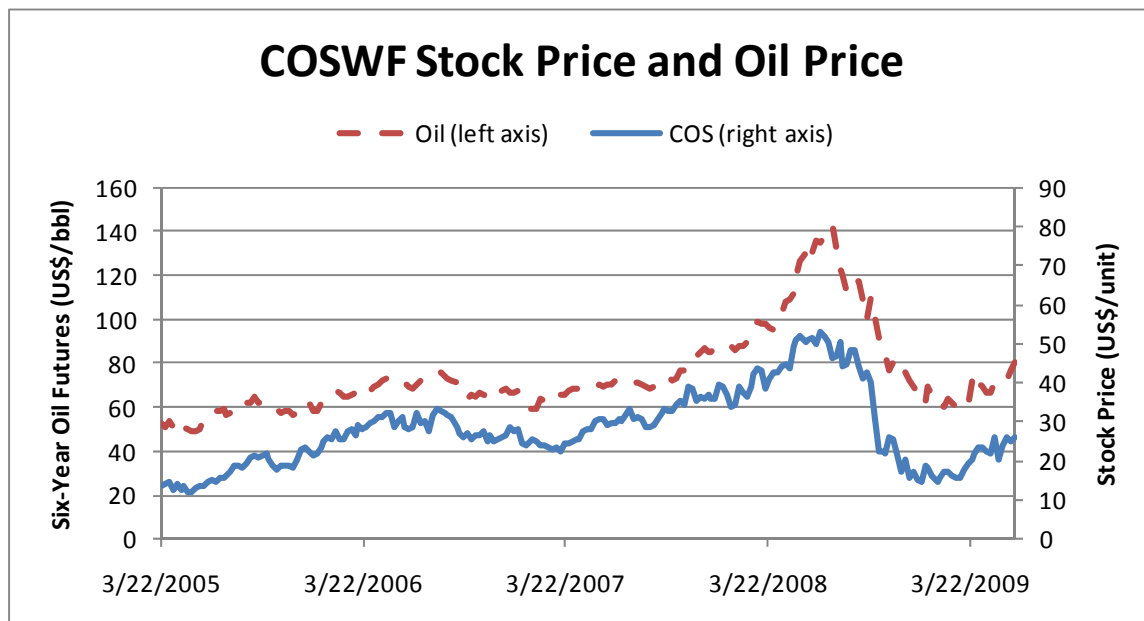
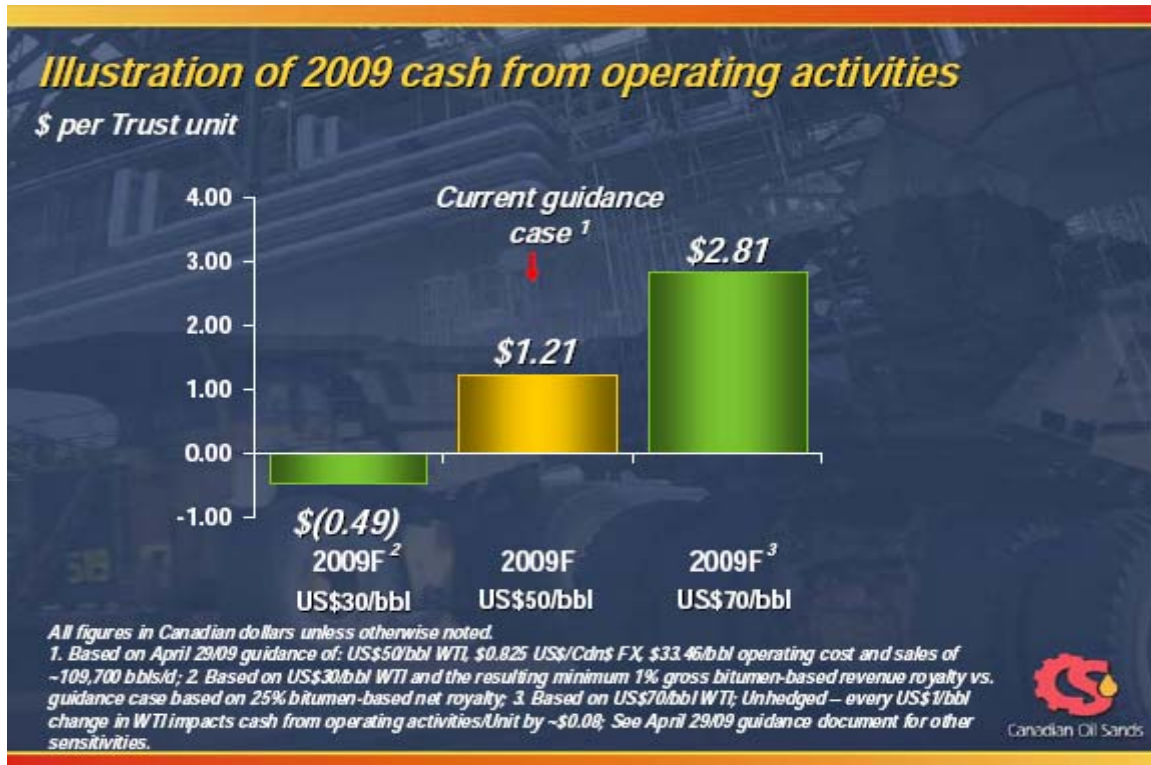
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Canadian Oil Sands Trust										
Next Twelve Months Operating and Financial Estimates										
(Canadian Dollars)										
										<i>Next Twelve Months</i>
	Q2	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E		6/30/10
	6/30/08	3/31/09	6/30/09	9/30/09	12/31/09	2009E	3/31/10	6/30/10		6/30/10
Volume										
Syncrude (mmb)	24.1	24.6	21.3	31.6	31.6	109.0	30.0	30.3		123.4
Syncrude (mbd)	265	274	234	343	343	299	333	333		338
Days	91	90	91	92	92	365	90	91		365
Trust share (%)	36.9	37.6	36.7	36.7	36.7	36.9	36.7	36.7		36.7
Trust Oil (mmb)	8.89	9.25	7.83	11.59	11.59	40.3	11.01	11.13		45.3
Trust Oil (mbd)	97.7	102.8	86.0	126.0	126.0	110.3	122.3	122.3		124.2
Price										
WTI Cushing (US\$/bbl)	123.97	42.96	59.17	69.34	71.05	60.63	72.21	72.99		71.40
Currency (US\$/C\$)	0.99	0.80	0.91	0.91	0.91	0.89	0.91	0.91		0.91
WTI Cushing (C\$/bbl)	125.23	53.43	65.25	76.46	78.34	68.37	79.62	80.48		78.73
Differential	6.09	1.79	(4.00)	(4.00)	(4.00)	(1.51)	(4.00)	(4.00)		(4.03)
Trust Oil Price (C\$/bbl)	131.32	55.22	61.25	72.46	74.34	66.86	75.62	76.48		74.70
Henry Hub Nat Gas (US\$/mmbtu)	10.93	4.90	3.50	4.36	5.27	4.51	6.24	6.12		5.50
Henry Hub Nat Gas (C\$/mmbtu)	11.04	6.09	3.86	4.81	5.82	5.08	6.88	6.75		6.06
AECO Natural Gas (C\$/GJ)	9.38	4.96	3.27	3.55	4.44	4.05	5.60	5.73		4.83
Revenue (\$mm)										
Oil	1,168	511	479	840	862	2,692	833	852		3,386
Transportation & Marketing	8	-	-	-	-	-	-	-		-
Other	(16)	(1)	-	-	-	(1)	-	-		-
Total	1,176	512	479	840	862	2,694	833	852		3,386
Expense										
Production	296	308	278	278	278	1,142	278	278		1,112
Purchased Energy	77	51	29	47	59	186	57	59		222
Crown Royalties	178	4	13	74	76	168	49	76		276
Insurance	1	2	2	2	2	8	2	2		8
Administration	9	6	6	6	6	24	5	5		22
Taxes and Other	-	-	-	-	-	-	-	-		-
Total	561	371	328	407	421	1,528	392	420		1,640
Ebitda										
Deprec., Deplet., & Amort.	102	106	106	106	106	424	106	106		424
Currency Hedging	(1)	-	-	-	-	-	-	-		-
Non-Production	16	33	33	33	33	132	22	22		110
Exchange on U.S. Debt	(5)	29	-	-	-	29	-	-		-
Future Income Tax	(10)	(90)	-	-	-	(90)	-	-		-
Ebit	513	63	12	294	302	671	313	303		1,212
Interest	16	20	20	20	20	80	22	22		85
Net Income (\$mm)										
Per Unit (\$)	1.04	0.09	(0.02)	0.57	0.59	1.23	0.60	0.58		2.34
Units (millions)										
Ebitda minus Interest	599	121	131	413	421	1,086	419	409		1,662
Per Unit (\$)	1.25	0.25	0.27	0.86	0.87	2.25	0.87	0.85		3.45
Ratios										
Production (\$/bbl)	33.24	33.26	35.52	23.98	23.98	28.35	25.25	24.97		24.53
Purchased Energy (\$/bbl)	8.69	5.54	3.74	4.05	5.06	4.62	5.21	5.33		4.91
Prod&Purch En (\$/bbl)	41.94	38.79	39.26	28.03	29.04	32.98	30.46	30.30		29.44
Crown Royalties & Taxes	15%	1%	3%	9%	9%	6%	6%	9%		8%
Other Expense (\$/bbl)	-	-	-	-	-	-	-	-		-
Ebitda Margin	52%	28%	31%	52%	51%	43%	53%	51%		52%
Deprec., D.& A (\$/bbl)	11.47	11.45	13.54	9.14	9.14	10.53	9.63	9.52		9.35
Distribution										
	1.00	0.15	0.15	0.50	0.60	1.40	0.60	0.60		2.30

Please see disclosures on the final page.

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Symbol/Rating	Price (US\$/sh)	EV/ Market	Enterprise Value (\$mm)	Present Value by Segment (%)			Dist. NTM (\$/un)	Dist. Yield (%)	McDep Ratio
				NAmer. Natural Gas	Oil Prod'n				
B = Buy H = Hold	11-Jun 2009	Cap							
Canadian Income Trusts (US\$)									
Freehold Royalty Trust	FRHLF	13.53	1.22	810	29	68	1.07	7.9	0.79
Penn West Energy Trust	PWE H	14.18	1.70	9,700	32	68	1.61	11.3	0.69
Pengrowth Energy Trust	PGH	8.76	1.81	4,100	39	61	1.07	12.2	0.69
Peyto Energy Trust	PEYUF	9.51	1.41	1,420	79	21	1.29	13.5	0.68
Canadian Oil Sands Trust	COSWF B	26.76	1.10	14,200		100	2.06	7.7	0.66
Enerplus Resources Fund	ERF	24.58	1.21	4,900	45	55	1.93	7.8	0.60
<i>Total or Median</i>				35,100					
Small Cap Independent Producers									
Encore Acquisition Company	EAC B	38.32	1.56	3,170	23	77	-	-	0.91
Berry Petroleum Company	BRY H	22.21	1.98	1,960	38	62	0.30	1.4	0.71
Cimarex Energy Company	XEC B	34.71	1.31	3,710	67	33	0.24	0.7	0.69
Birchcliff Energy Ltd. (US\$)	BIREF	5.96	1.36	910	70	30	-	-	0.67
<i>Total or Median</i>				9,750					
U.S. Royalty Trusts									
Cross Timbers Royalty Trust	CRT	30.00	1.00	180	69	31	1.70	5.7	0.94
Sabine Royalty Trust	SBR	44.92	1.00	660	43	57	2.93	6.5	0.75
Permian Basin RT	PBT	13.87	1.00	650	33	67	0.96	6.9	0.73
San Juan Basin Royalty Trust	SJT H	17.55	1.00	820	100	-	1.30	7.4	0.68
Hugoton Royalty Trust	HGT B	14.79	1.00	590	91	9	1.14	7.7	0.53
Mesa Royalty Trust	MTR	27.98	1.00	50	75	25	3.62	12.9	0.42
<i>Total or Median</i>				2,950					
U.S. Master Limited Partnerships (MLPs)									
Linn Energy, LLC	LINE	20.09	1.62	3,700	53	47	2.52	12.5	1.23
Encore Energy Partners, L.P. (40%)	ENP	15.98	1.29	270	24	76	2.00	12.5	0.95
Dorchester Minerals, L.P.	DMLP B	21.81	1.00	620	69	31	1.66	7.6	0.68
<i>Total or Median</i>				4,590					
Composite (excl COSWF)									
<i>Enterprise Value Weighting</i>				41,100	46	54			0.75
<i>Equal Weighting</i>					54	46			0.74
<i>Equal Weighted Buys</i>					52	48			0.70
* Percentages in Symbol column refer to current market Enterprise Value weightings; Rating column, equal weightings.									
* Percentages in Price column refer to equal weighted buys.									



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Table 2								
Oil and Gas Income and Small Cap Stocks								
Net Present Value and McDep Ratio								
			Price (\$/sh)		Market Cap	Net Present Value	Debt/ Present Value	McDep Ratio
	Symbol/ Rating		11-Jun 2009	Shares (mm)	(\$mm)	(\$/un)		
Canadian Income Trusts (US\$)								
	Freehold Royalty Trust	FRHLF	13.53	49.5	670	18.00	0.14	0.79
	Penn West Energy Trust	PWE H	14.18	401.3	5,690	25.00	0.29	0.69
	Pengrowth Energy Trust	PGH	8.76	257.0	2,250	16.00	0.31	0.69
	Peyto Energy Trust	PEYUF	9.51	105.9	1,010	16.00	0.20	0.68
	Canadian Oil Sands Trust	COSWF B	26.76	482.2	12,900	42.00	0.06	0.66
	Enerplus Resources Fund	ERF	24.58	165.7	4,070	44.00	0.11	0.60
	<i>Total or Median</i>				26,600		0.17	0.68
Small Cap Independent Producers								
	Encore Acquisition Company	EAC B	38.32	53.3	2,040	44.00	0.33	0.91
	Berry Petroleum Company	BRY H	22.21	44.6	990	40.00	0.35	0.71
	Cimarex Energy Company	XEC B	34.71	81.7	2,840	55.00	0.16	0.69
	Birchcliff Energy Ltd. (US\$)	BIREF	5.96	112.0	670	10.00	0.18	0.67
	<i>Total or Median</i>				6,540		0.25	0.70
U.S. Royalty Trusts								
	Cross Timbers Royalty Trust	CRT	30.00	6.0	180	32.00	-	0.94
	Sabine Royalty Trust	SBR	44.92	14.6	660	60.00	-	0.75
	Permian Basin RT	PBT	13.87	46.6	650	19.00	-	0.73
	San Juan Basin Royalty Trust	SJT H	17.55	46.6	820	26.00	-	0.68
	Hugoton Royalty Trust	HGT B	14.79	40.0	590	28.00	-	0.53
	Mesa Royalty Trust	MTR	27.98	1.9	50	67.00	-	0.42
	<i>Total or Median</i>				2,950			0.70
U.S. Master Limited Partnerships (MLPs)								
	Linn Energy, LLC	LINE	20.09	114.0	2,290	14.00	0.47	1.23
	Encore Energy Partners, L.P. (40%)	ENP	15.98	13.2	210	17.00	0.21	0.95
	Dorchester Minerals, L.P.	DMLP B	21.81	28.2	620	32.00	-	0.68
	<i>Total or Median</i>				3,120		0.21	0.95
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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Table 3								
Oil and Gas Income and Small Cap Stocks								
Value Multiples - Rank by EV/Ebitda								
			Price (\$/sh)	Revenue	Dist/ Equity	Adjstd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda
	Symbol/ Rating		11-Jun 2009	Royalty (%)	Ebitda	NTM	NTM	NTM
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	26.76		0.66	21.5	13.5	8.9
Peyto Energy Trust	PEYUF		9.51		0.98	17.1	12.2	8.2
Freehold Royalty Trust	FRHLF		13.53	71	0.61	6.3	10.2	8.0
Enerplus Resources Fund	ERF		24.58		0.52	9.3	11.9	7.2
Pengrowth Energy Trust	PGH		8.76		0.67	7.7	10.0	6.9
Penn West Energy Trust	PWE	H	14.18		0.63	8.3	9.8	6.7
	<i>Median</i>					8.8	11.0	7.6
Small Cap Independent Producers								
Birchcliff Energy Ltd. (US\$)	BIREF		5.96		-	10.0	21.1	14.1
Encore Acquisition Company	EAC	B	38.32		-	11.6	8.7	8.0
Berry Petroleum Company	BRY	H	22.21		-	11.3	10.8	7.7
Cimarex Energy Company	XEC	B	34.71		-	7.2	7.4	5.1
	<i>Median</i>					10.7	9.8	7.8
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT		30.00	84	0.92	12.6	17.2	16.1
Sabine Royalty Trust	SBR		44.92	100	1.00	9.8	20.5	15.3
Permian Basin RT	PBT		13.87	32	0.87	10.7	17.3	12.6
San Juan Basin Royalty Trust	SJT	H	17.55		0.80	8.9	16.0	10.8
Hugoton Royalty Trust	HGT	B	14.79		0.69	12.9	17.1	9.0
Mesa Royalty Trust	MTR		27.98		0.87	13.6	16.2	6.7
	<i>Median</i>					11.6	17.2	11.7
U.S. Master Limited Partnerships (MLPs)								
Linn Energy, LLC	LINE		20.09		2.98	18.1	16.5	20.4
Dorchester Minerals, L.P.	DMLP	B	21.81	64	0.92	8.1	17.7	12.1
Encore Energy Partners, L.P.	ENP		15.98		1.32	11.4	11.2	10.7
	<i>Median</i>					11.4	16.5	12.1

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2010; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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