

Natural Gas Royalty Trusts

A Weekly Analysis

December 2, 2003

Canadian Royalty Trusts

Summary and Recommendation

Though we are better known for our U.S. royalty trust research coverage we also recommend **Canadian Oil Sands Trust (COSWF)**. COS can be found among four Canadian royalty trusts that we have added to coverage in *Meter Reader* over the past year and a half. COS is not up a lot in stock price and the McDep Ratio is in a forceful buy range near 0.8. Sensitivity to oil price cuts both ways, but the downside is covered in part with low debt and forward sales while the upside could unfold for many years. Canadian royalty trusts are more attractive income stocks, in our opinion, than U.S. master limited partnerships that have extraordinary general partner compensation.

Kurt H. Wulff, CFA

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 1-Dec 2003</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
Canadian Royalty Trusts							
Enerplus Resources Fund	ERF	27.94	88.5	2,470	20.00	0.13	1.35
Provident Energy Trust	PVX	8.38	68.8	580	6.00	0.25	1.30
Pengrowth Energy Trust	PGH	14.56	112.0	1,630	11.00	0.20	1.26
Canadian Oil Sands Trust (US\$)	COSWF B	32.19	86.7	2,790	45.00	0.22	0.78
<i>Total or Median</i>				<i>7,500</i>		<i>0.21</i>	<i>1.28</i>
Natural Gas Royalty Trusts							
Hugoton Royalty Trust (46%)	HGT	21.50	18.4	400	15.50	-	1.39
Cross Timbers Royalty Trust	CRT	27.24	6.0	163	20.10	-	1.35
Sabine Royalty Trust	SBR	28.17	14.6	410	22.00	-	1.28
Permian Basin RT (41%)	PBT	8.23	19.1	160	6.50	-	1.26
San Juan Basin Royalty Trust	SJT B	19.96	46.6	930	18.20	-	1.10
<i>Total or Median</i>				<i>2,100</i>		<i>-</i>	<i>1.28</i>

Buy/Sell rating after symbol: B - Buy, S - Sell

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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 act contrary to a buy or sell rating.

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Symbol/ Rating	Price (\$/sh) 1-Dec 2003	EV/ Sales NTM	EV/ Ebitda NTM	Dividend or Distribution		PV/ Ebitda NTM	
				P/E NTM	NTM (%)		
Canadian Royalty Trusts							
Enerplus Resources Fund	ERF	27.94	7.7	10.4	16	11.3	7.7
Canadian Oil Sands Trust (US\$)	COSWF B	32.19	4.7	10.1	18	4.7	12.9
Pengrowth Energy Trust	PGH	14.56	5.1	7.4	14	12.3	5.9
Provident Energy Trust	PVX	8.38	4.2	6.1	13	15.5	4.7
Natural Gas Royalty Trusts							
Cross Timbers Royalty Trust	CRT	27.24	9.1	13.0	13	7.5	9.6
Sabine Royalty Trust	SBR	28.17	10.8	11.2	11	8.9	8.8
Permian Basin RT (41%)	PBT	8.23	7.7	11.0	13	9.1	8.7
Hugoton RoyaltyTrust (46%)	HGT	21.50	7.7	10.5	13	7.6	7.6
San Juan Basin Royalty Trust	SJT B	19.96	7.2	8.9	11	9.4	8.1

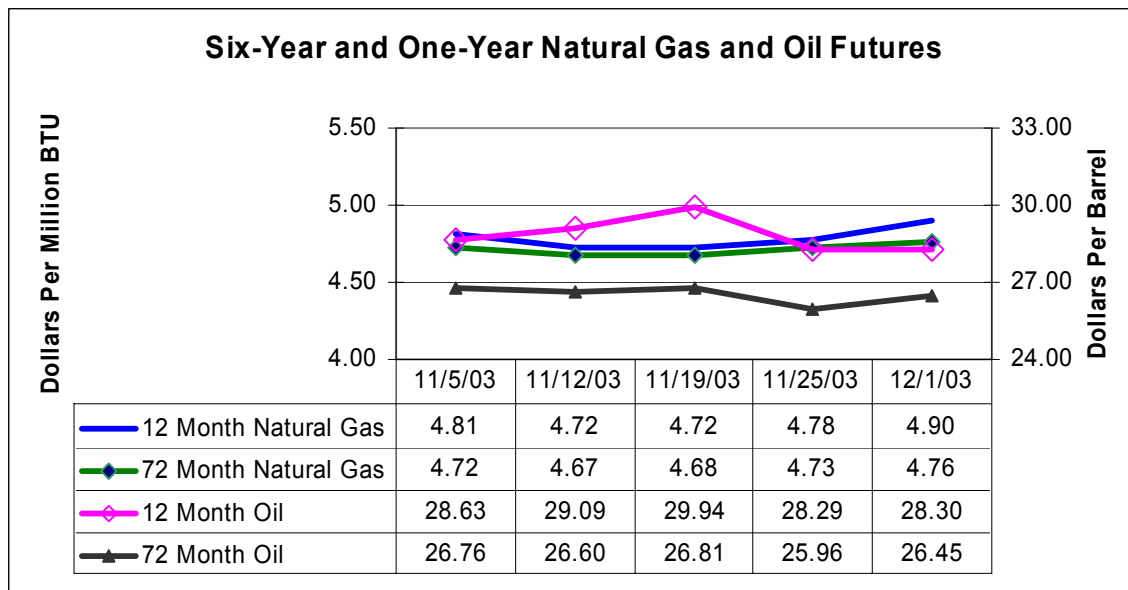
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Natural Gas and Oil Futures

December 1, 2003

	Year Ending December						Six Year
	2004	2005	2006	2007	2008	2009	
Natural Gas (\$/mmbtu)	4.90	4.75	4.70	4.73	4.73	4.75	4.76
Light Sweet Crude Oil (\$/bbl)	28.30	26.06	25.70	25.85	26.12	26.64	26.45
Natural Gas/Oil (6:1 = 1.0)	1.04	1.09	1.10	1.10	1.09	1.07	1.08

Source: Nymex.com, McDep Associates



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