

## Fundamental, Momentum and Contrary

### Summary and Recommendation

Nearly always having fundamental appeal, natural gas and oil as commodities and as stocks otherwise have either momentum or contrary appeal. Six-year and one-year oil futures have positive momentum defined as current quote above the 40-week average. Buy-recommended **Canadian Oil Sands Trust (COSWF)** and buy-recommended **Penn West Energy Trust (PWTF)** have positive stock price momentum. Six-year and one year natural gas do not have positive momentum currently, nor do the stock prices of natural gas oriented U.S. royalty trusts. As a result, investors in those income stocks may need patience to await potential appreciation while earning a return in high current income. Fundamentally, natural gas is priced at two-thirds the oil equivalent, in our opinion, and near the low end of its trading range relative to oil for the past few years, in actual fact. Meanwhile, we currently project a median distribution yield in 2006 of 8.9% for U.S. royalty trusts. Latest declarations indicate a median distribution yield of 9.5% for Canadian trusts.

Kurt H. Wulff, CFA

### Natural Gas and Oil Royalty Trusts Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 16-Feb 2006</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/un)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
<b>U.S. Royalty Trusts</b>							
Permian Basin RT	PBT	15.85	46.6	740	15.00	-	1.06
Hugoton RoyaltyTrust (46%)	HGT	35.56	18.4	650	34.00	-	1.05
Sabine Royalty Trust	SBR	42.60	14.6	620	42.00	-	1.01
San Juan Basin Royalty Trust	SJT	H 40.28	46.6	1,880	40.00	-	1.01
Cross Timbers Royalty Trust	CRT	44.87	6.0	270	45.00	-	1.00
Dorchester Minerals, L.P.	DMLP	25.30	28.2	710	26.00	-	0.97
Mesa RoyaltyTrust	MTR	68.00	1.9	130	75.00	-	0.91
	<i>Total or Median</i>			<i>5,000</i>			<i>1.01</i>
<b>Canadian Income Trusts</b>							
Enerplus Resources Fund	ERF	49.05	110.0	5,400	42.00	0.14	1.15
Pengrowth Energy Trust	PGH	23.20	159.0	3,690	20.00	0.16	1.14
Penn West Energy Trust	PWTF	B 34.78	179.1	6,230	33.00	0.13	1.05
Canadian Oil Sands Trust (US\$)	COSWF	B 126.42	93.1	11,770	136.00	0.12	0.94
	<i>Total or Median</i>			<i>27,100</i>		<i>0.13</i>	<i>1.09</i>

B = Buy, H = Hold

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](http://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.

### Natural Gas and Oil Royalty Trusts Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 16-Feb 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
<b>U.S. Royalty Trusts</b>							
Mesa RoyaltyTrust	MTR	68.00	20.0	11.7	10.6	11.5	8.7
Cross Timbers Royalty Trust	CRT	44.87	18.9	11.1	11.1	11.2	8.9
Sabine Royalty Trust	SBR	42.60	11.6	10.5	10.6	10.6	9.4
Dorchester Minerals, L.P.	DMLP	25.30	11.4	10.4	10.1	16.4	10.0
San Juan Basin Royalty Trust	SJT	H	40.28	12.2	10.2	10.3	11.4
Hugoton RoyaltyTrust (46%)	HGT		35.56	13.5	8.9	9.3	11.8
Permian Basin RT	PBT		15.85	15.0	8.8	9.3	10.2
	<i>Median</i>			<i>13.5</i>	<i>10.4</i>	<i>10.3</i>	<i>11.4</i>
<b>Canadian Income Trusts</b>							
Canadian Oil Sands Trust (US\$)	COSWF	B	126.42	20.0	12.1	11.4	15.4
Penn West Energy Trust	PWTFF	B	34.78	8.0	6.2	6.5	10.3
Pengrowth Energy Trust	PGH		23.20	7.6	6.2	7.1	11.1
Enerplus Resources Fund	ERF		49.05	8.6	6.2	7.1	11.5
	<i>Median</i>			<i>8.3</i>	<i>6.2</i>	<i>7.1</i>	<i>11.3</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2006; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

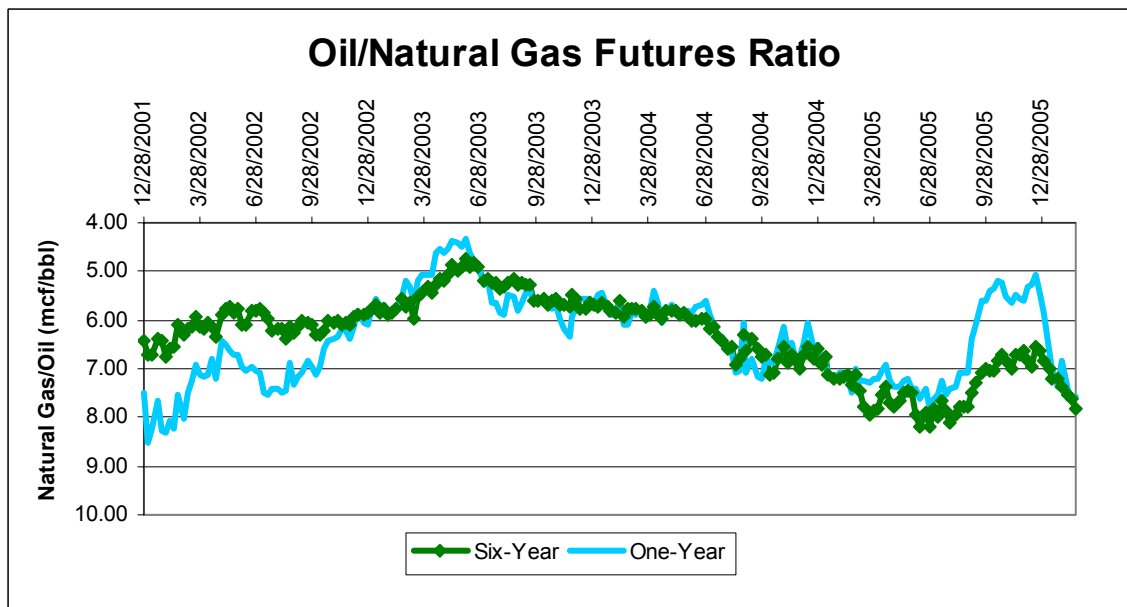
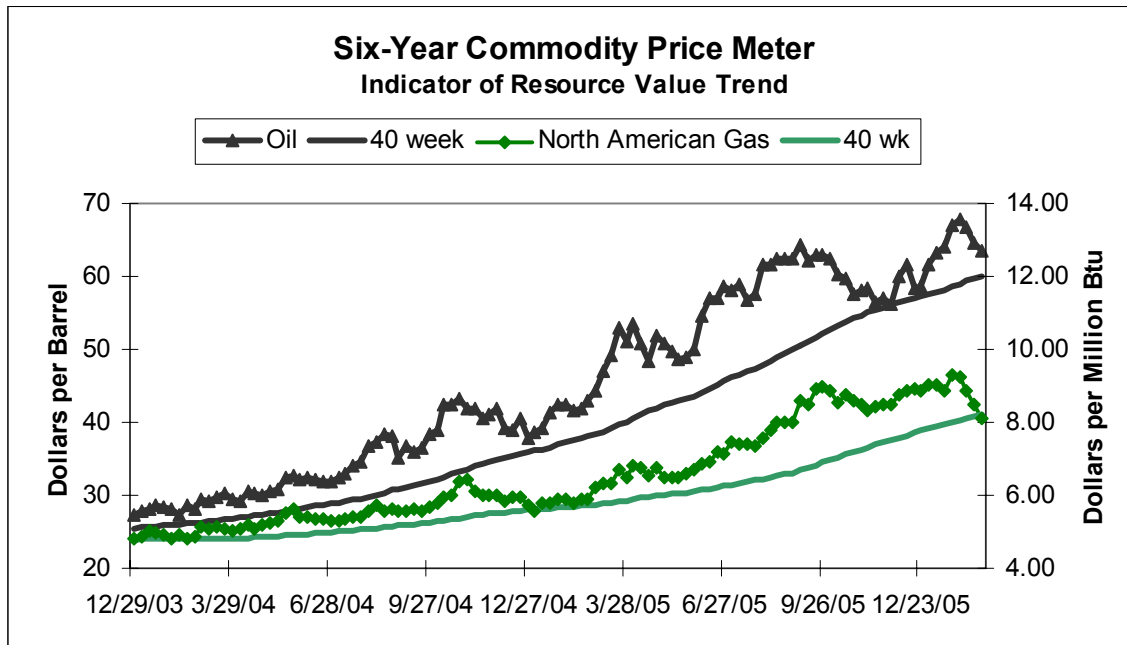
### Natural Gas and Oil Royalty Trusts Rank by NTM Distribution Yield

	Symbol	Revenue Royalty (%)	Natural Gas/ Ebitda (%)	Dist/ Ebitda	Dist/ Equity Ebitda	NTM Distribution (\$mm)	Dist. Yield (\$/un) (%)
<b>U.S. Royalty Trusts</b>							
Hugoton RoyaltyTrust (46%)	HGT	-	92	0.79	0.79	55	3.01
Mesa RoyaltyTrust	MTR	-	76	0.92	0.92	11	5.89
San Juan Basin Royalty Trust	SJT	-	99	0.90	0.90	164	3.52
Cross Timbers Royalty Trust	CRT	85	73	0.98	0.98	24	3.99
Sabine Royalty Trust	SBR	100	62	1.00	1.00	58	4.01
Permian Basin RT	PBT	30	40	0.92	0.92	73	1.56
Dorchester Minerals, L.P.	DMLP	54	75	1.02	1.02	72	2.53
	<i>Total or Median</i>		<i>75</i>	<i>0.92</i>	<i>0.92</i>	<i>500</i>	<i>8.9</i>
<b>Canadian Income Trusts</b>							
Canadian Oil Sands Trust (US\$)	COSWF	-	(9)	0.27	0.31	322	3.45
Enerplus Resources Fund	ERF	-	46	0.55	0.64	479	4.35
Penn West Energy Trust	PWTFF	-	46	0.58	0.67	631	3.52
Pengrowth Energy Trust	PGH	-	39	0.68	0.81	412	2.59
	<i>Total or Median</i>		<i>43</i>	<i>0.57</i>	<i>0.65</i>	<i>1,800</i>	<i>9.5</i>
Kinder Morgan Energy Partners	KMP			0.76	1.69		6.8

NTM = Next Twelve Months Ended December 31, 2006

Ebitda = Earnings before interest, tax, depreciation and amortization

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