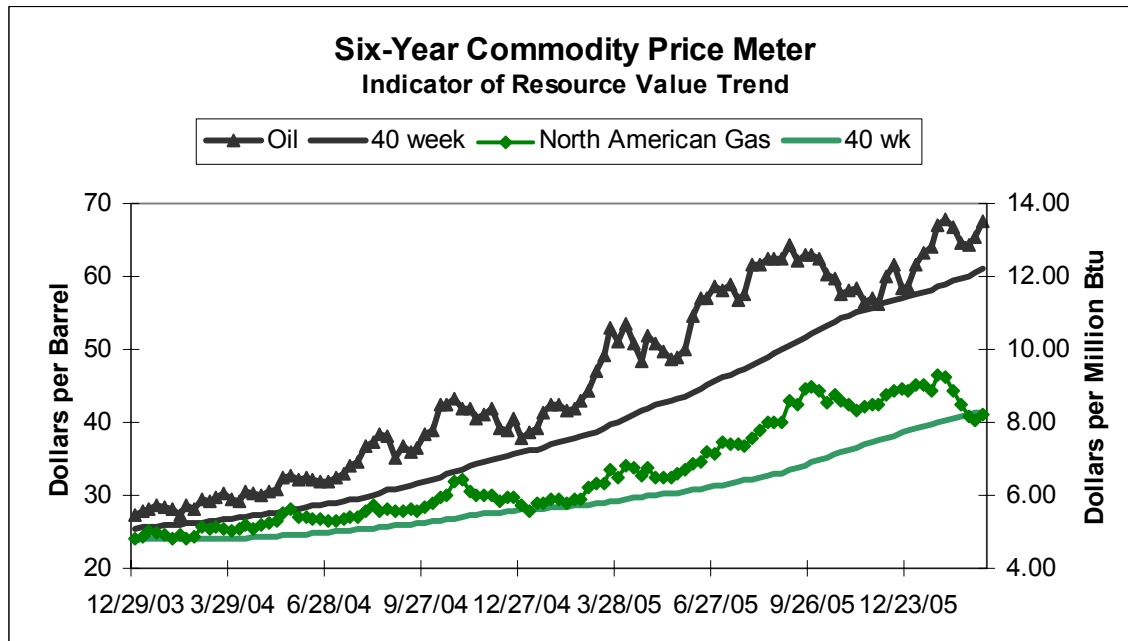


Canadian Action

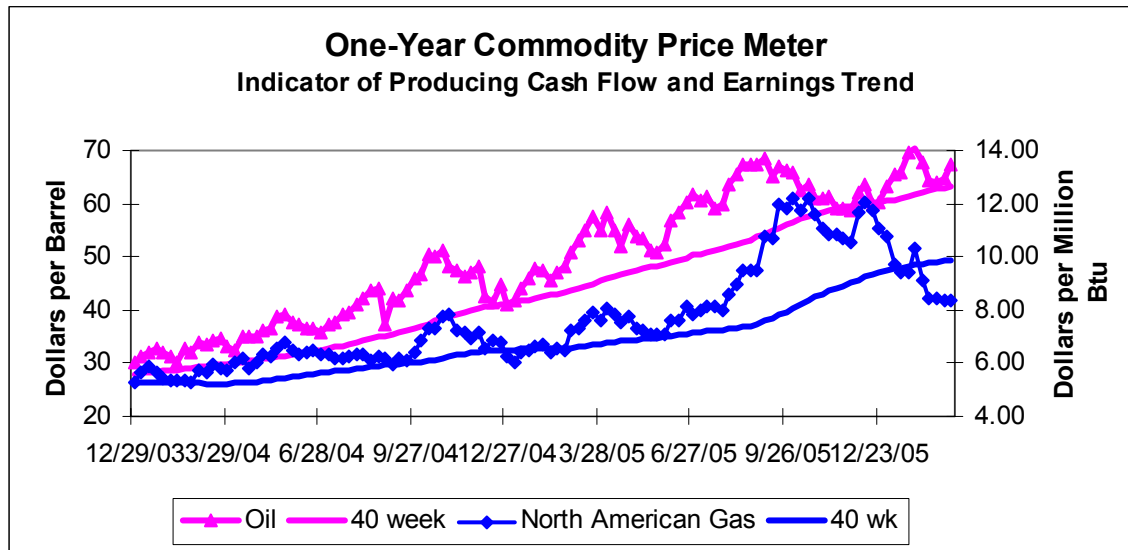
Summary and Recommendation

Buy-recommended **Canadian Oil Sands Trust (COSWF)** and **Penn West Energy Trust (PWTF)** seem to be enjoying investor attention as McDep Ratios move above 1.0. That appears true not only for COS and PWT, but also for three additional buy recommendations of Canadian producers tracked in the sister weekly, *Meter Reader*, **Imperial Oil (IMO)**, **Petro-Canada (PCZ)** and **Suncor (SU)**. Yet our estimate of present value, the denominator or the McDep Ratio, remains tied to a long-term oil price of \$50 a barrel while six-year futures are approaching a new high of \$68. In contrast, the U.S. royalty trusts concentrated on natural gas now trade at lower McDep Ratios while the commodity lags. Latest declarations indicate a median distribution yield of 9.2% for Canadian trusts while we currently project a median distribution yield for the next twelve months ended March 31, 2007 of 8.7% for U.S. royalty trusts. Nor has the Canadian action been lost on the currency markets as the Canadian dollar is at its highest level since 1991 according to our check on Bloomberg.

Kurt H. Wulff, CFA



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

	Symbol/ Rating	Price (\$/sh) 2-Mar 2006	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
U.S. Royalty Trusts							
Permian Basin RT	PBT	15.66	46.6	730	15.00	-	1.04
Sabine Royalty Trust	SBR	43.75	14.6	640	42.00	-	1.04
Dorchester Minerals, L.P.	DMLP	26.45	28.2	750	26.00	-	1.02
San Juan Basin Royalty Trust	SJT H	40.41	46.6	1,880	40.00	-	1.01
Hugoton RoyaltyTrust (46%)	HGT	34.10	18.4	630	34.00	-	1.00
Cross Timbers Royalty Trust	CRT	43.90	6.0	260	45.00	-	0.97
Mesa RoyaltyTrust	MTR	66.00	1.9	120	75.00	-	0.88
	<i>Total or Median</i>			5,000			1.01
Canadian Income Trusts							
Pengrowth Energy Trust	PGH	23.67	160.0	3,790	18.00	0.16	1.26
Enerplus Resources Fund	ERF	51.64	114.2	5,900	42.00	0.15	1.20
Penn West Energy Trust	PWTFF B	36.68	165.1	6,050	33.00	0.12	1.10
Canadian Oil Sands Trust (US\$)	COSWF B	141.79	93.4	13,240	136.00	0.12	1.04
	<i>Total or Median</i>			29,000		0.13	1.15

B = Buy, H = Hold

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

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

	Symbol/ Rating	Price (\$/sh) 2-Mar 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	43.75	11.6	11.0	11.4	11.4	8.7
Cross Timbers Royalty Trust	CRT	43.90	18.9	11.5	11.2	11.5	8.7
Dorchester Minerals, L.P.	DMLP	26.45	11.3	10.5	10.7	17.3	9.6
San Juan Basin Royalty Trust	SJT	H 40.41	12.2	10.2	10.3	11.5	8.7
Hugoton RoyaltyTrust (46%)	HGT	34.10	13.6	10.0	10.0	13.1	7.6
Mesa RoyaltyTrust	MTR	66.00	20.0	11.4	10.0	10.9	9.2
Permian Basin RT	PBT	15.66	15.0	8.9	9.2	10.1	9.9
	<i>Median</i>		<i>13.6</i>	<i>10.5</i>	<i>10.3</i>	<i>11.5</i>	<i>8.7</i>
Canadian Income Trusts							
Canadian Oil Sands Trust (US\$)	COSWF	B 141.79	20.0	9.6	10.0	12.9	2.5
Enerplus Resources Fund	ERF	51.64	9.4	6.1	7.3	13.2	8.6
Pengrowth Energy Trust	PGH	23.67	7.2	5.6	7.1	11.0	11.1
Penn West Energy Trust	PWTFF	B 36.68	7.7	6.2	6.8	10.2	9.8
	<i>Median</i>		<i>8.6</i>	<i>6.2</i>	<i>7.2</i>	<i>11.9</i>	<i>9.2</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2007; 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)	Dist. Yield (%)
U.S. Royalty Trusts								
Hugoton RoyaltyTrust (46%)	HGT	-	90	0.76	0.76	48	2.60	7.6
San Juan Basin Royalty Trust	SJT	-	99	0.90	0.90	164	3.51	8.7
Cross Timbers Royalty Trust	CRT	85	68	0.98	0.98	23	3.83	8.7
Sabine Royalty Trust	SBR	100	57	1.00	1.00	56	3.82	8.7
Mesa RoyaltyTrust	MTR	-	75	0.92	0.92	11	6.05	9.2
Dorchester Minerals, L.P.	DMLP	54	73	1.02	1.02	71	2.53	9.6
Permian Basin RT	PBT	30	37	0.92	0.92	72	1.55	9.9
	<i>Total or Median</i>		<i>73</i>	<i>0.92</i>	<i>0.92</i>	<i>400</i>		<i>8.7</i>
Canadian Income Trusts								
Canadian Oil Sands Trust (US\$)	COSWF	-	(8)	0.22	0.25	327	3.51	2.5
Enerplus Resources Fund	ERF	-	45	0.55	0.64	505	4.42	8.6
Penn West Energy Trust	PWTFF	-	39	0.59	0.67	590	3.58	9.8
Pengrowth Energy Trust	PGH	-	40	0.69	0.82	421	2.63	11.1
	<i>Total or Median</i>		<i>40</i>	<i>0.57</i>	<i>0.66</i>	<i>1,800</i>		<i>9.2</i>
Kinder Morgan Energy Partners	KMP			0.77	1.69			6.8

NTM = Next Twelve Months Ended March 31, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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