

Opportunity Knocked

Summary and Recommendation

The McDep Ratio of hold-rated **San Juan Basin Royalty Trust (SJT)** dropped below that of buy-recommended **Canadian Oil Sands Trust (COSWF)** and **Penn West Energy Trust (PWTFE)** in March 2006 for the first time in awhile. Logically that should make SJT a buy considering our continued confidence in its outlook and in the buy recommendations. Though we cannot provide rating changes in advance, the logic still applies after SJT stock price has rebounded from its recent low. In a related vein, we are often asked why we do not have ratings on other royalty trusts. We think 31 rated stocks, including 3 royalty trusts, are more than enough to offer a representative selection of energy ideas backed with individual analyses every quarter. We strive for a balance of industry perspective and stock ideas with broad application for making money on the way to our vision of \$150 oil in 2010. Omission of a rating or slowness to change a rating should not be construed as a lack of interest. Opportunity knocks oftener than we can answer the door.

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-Mar 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>
U.S. Royalty Trusts							
Permian Basin RT	PBT	16.06	46.6	750	15.00	-	1.07
Sabine Royalty Trust	SBR	44.49	14.6	650	42.00	-	1.06
San Juan Basin Royalty Trust	SJT	H 40.42	46.6	1,880	40.00	-	1.01
Cross Timbers Royalty Trust	CRT	44.20	6.0	270	45.00	-	0.98
Dorchester Minerals, L.P.	DMLP	24.83	28.2	700	26.00	-	0.95
Hugoton RoyaltyTrust (46%)	HGT	32.39	18.4	600	34.00	-	0.95
Mesa RoyaltyTrust	MTR	66.25	1.9	120	75.00	-	0.88
	<i>Total or Median</i>			<i>5,000</i>			<i>0.98</i>
Canadian Income Trusts							
Pengrowth Energy Trust	PGH	23.00	160.0	3,680	18.00	0.16	1.23
Enerplus Resources Fund	ERF	50.31	114.2	5,740	42.00	0.14	1.17
Penn West Energy Trust	PWTFE	B 37.52	165.1	6,190	33.00	0.12	1.12
Canadian Oil Sands Trust (US\$)	COSWF	B 143.08	93.4	13,360	136.00	0.11	1.05
	<i>Total or Median</i>			<i>29,000</i>		<i>0.13</i>	<i>1.14</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. 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-Mar 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
U.S. Royalty Trusts							
Cross Timbers Royalty Trust	CRT	44.20		11.3	11.1	11.3	8.9
San Juan Basin Royalty Trust	SJT H	40.42		10.5	10.6	11.8	8.5
Sabine Royalty Trust	SBR	44.49		9.9	10.5	10.5	9.6
Permian Basin RT	PBT	16.06		9.3	9.9	10.8	9.2
Mesa RoyaltyTrust	MTR	66.25		11.0	9.6	10.5	9.5
Hugoton RoyaltyTrust (46%)	HGT	32.39		9.5	9.1	11.7	8.6
Dorchester Minerals, L.P.	DMLP	24.83		9.5	9.0	13.7	10.0
	<i>Median</i>			9.9	9.9	11.3	9.2
Canadian Income Trusts							
Canadian Oil Sands Trust (US\$)	COSWF B	143.08	20.0	9.7	10.2	13.1	2.4
Enerplus Resources Fund	ERF	50.31	9.4	5.9	6.9	12.1	8.7
Penn West Energy Trust	PWTFF B	37.52	7.7	6.2	6.9	10.3	9.4
Pengrowth Energy Trust	PGH	23.00	7.2	5.4	6.7	10.1	11.3
	<i>Median</i>		8.6	6.1	6.9	11.2	9.0

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
Adjusted Reserves for U.S. royalty trusts in process of updating with latest disclosures.

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) (%)
U.S. Royalty Trusts							
San Juan Basin Royalty Trust	SJT	-	99	0.90	0.90	160	3.43
Hugoton RoyaltyTrust (46%)	HGT	-	91	0.78	0.78	51	2.77
Cross Timbers Royalty Trust	CRT	85	69	0.98	0.98	24	3.92
Permian Basin RT	PBT	30	37	0.92	0.92	69	1.48
Mesa RoyaltyTrust	MTR	-	76	0.92	0.92	12	6.29
Sabine Royalty Trust	SBR	100	50	1.00	1.00	62	4.25
Dorchester Minerals, L.P.	DMLP	54	79	0.91	0.91	70	2.49
	<i>Total or Median</i>		76	0.92	0.92	400	9.2
Canadian Income Trusts							
Canadian Oil Sands Trust (US\$)	COSWF	-	(9)	0.22	0.25	323	3.45
Enerplus Resources Fund	ERF	-	46	0.53	0.62	497	4.35
Penn West Energy Trust	PWTFF	-	41	0.58	0.66	582	3.52
Pengrowth Energy Trust	PGH	-	41	0.66	0.78	414	2.59
	<i>Total or Median</i>		41	0.55	0.64	1,800	9.0
Kinder Morgan Energy Partners	KMP			0.77	1.69		6.7

NTM = Next Twelve Months Ended March 31, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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