

Volume for Income

Summary and Recommendation

Buy-recommended **Canadian Oil Sands Trust (COSWF)** is the standout in our charts of projected volume with gains reaching 50% over the next twelve months. For the remaining ten stocks, we project a flat trend instead of the normal decline that almost all natural gas and oil wells in North America experience from their first day. Like the seeding of the teams in March Madness, America's college basketball tournament, the pain and pleasure will be in the actual outcome compared to expectations. Meanwhile an equal present value weighting in each of the three official buy recommendations, **COSWF**, **Penn West Energy Trust (PWTF)** and **San Juan Basin Royalty Trust (SJT)** would add to a composite weighting of 57% oil and 43% natural gas by cash flow. Oil is higher in economic importance today, while natural gas is cleaner and has more future appreciation potential. Finally, latest declarations indicate a median distribution yield of 9.0% for Canadian trusts while we currently project a median distribution yield for the next twelve months ended March 31, 2007 of 9.1% for U.S. royalty 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) 6-Apr 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	16.44	46.6	770	15.00	-	1.10
Sabine Royalty Trust	SBR	45.20	14.6	660	42.00	-	1.08
San Juan Basin Royalty Trust	SJT	B 41.48	46.6	1,930	40.00	-	1.04
Dorchester Minerals, L.P.	DMLP	26.61	28.2	750	26.00	-	1.02
Cross Timbers Royalty Trust	CRT	46.05	6.0	280	45.00	-	1.02
Hugoton Royalty Trust (46%)	HGT	30.76	18.4	570	34.00	-	0.90
Mesa Royalty Trust	MTR	67.00	1.9	130	75.00	-	0.89
	<i>Total or Median</i>			<i>5,100</i>			<i>1.02</i>
Canadian Income Trusts							
Pengrowth Energy Trust	PGH	23.25	160.0	3,720	18.00	0.16	1.24
Enerplus Resources Fund	ERF	51.54	114.2	5,890	42.00	0.14	1.20
Penn West Energy Trust	PWTF	B 36.53	165.1	6,030	33.00	0.12	1.09
Canadian Oil Sands Trust (US\$)	COSWF	B 148.01	93.4	13,820	136.00	0.11	1.08
	<i>Total or Median</i>			<i>29,500</i>		<i>0.13</i>	<i>1.14</i>

B = Buy, H = Hold

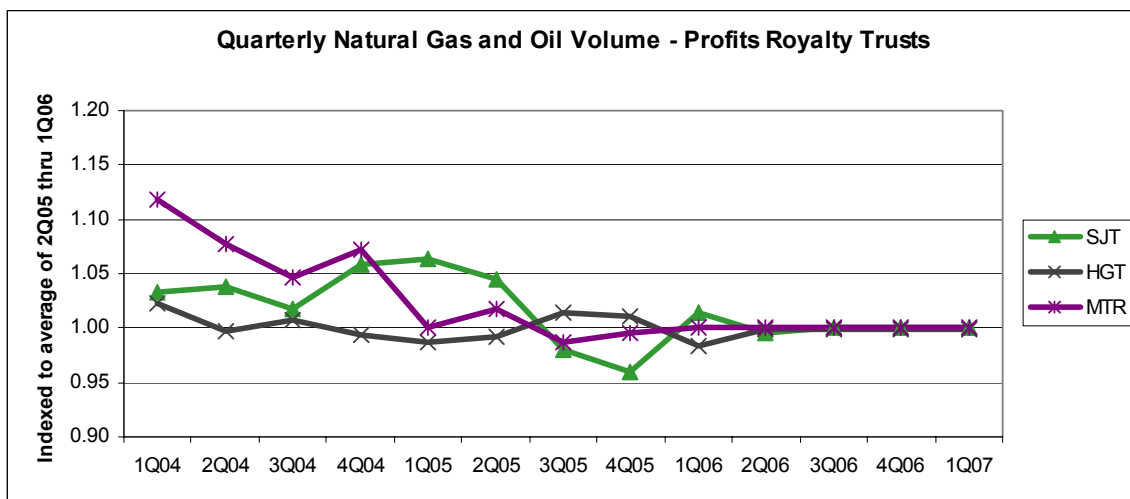
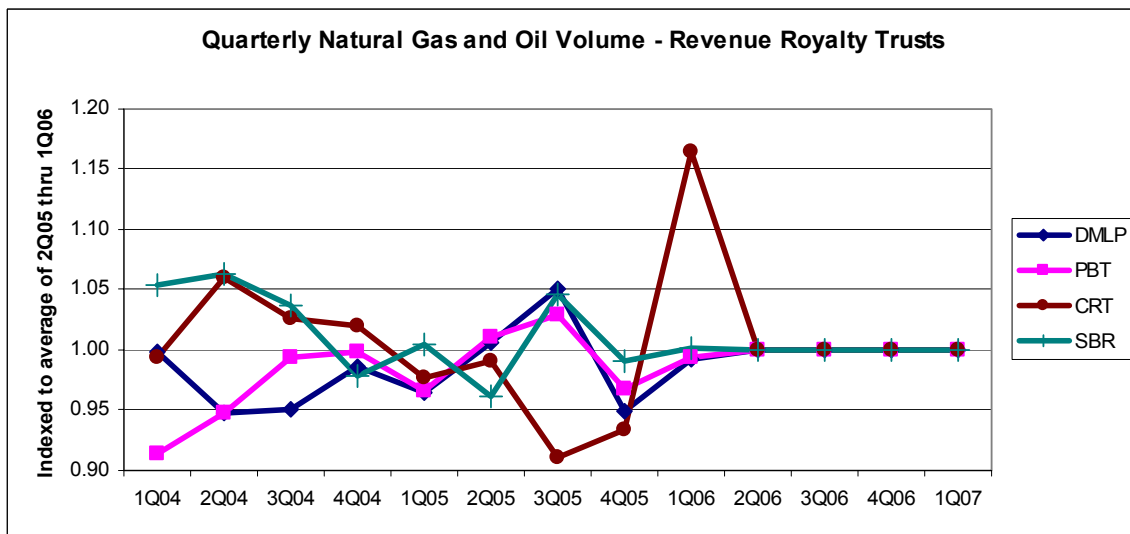
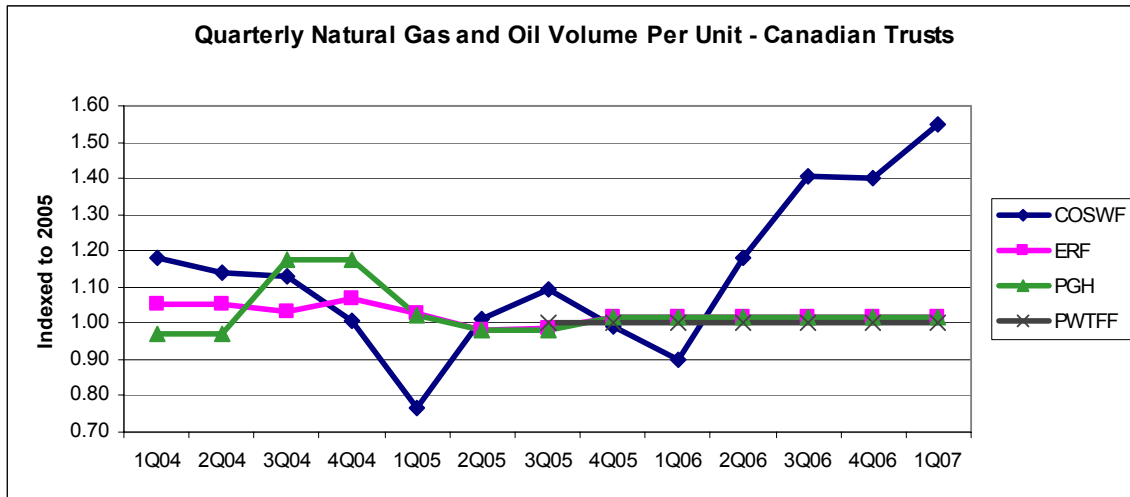
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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Natural Gas and Oil Royalty Trusts

A Weekly Analysis

April 7, 2006



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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) 6-Apr 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	46.05	13.0	11.8	12.0	12.6	8.0
San Juan Basin Royalty Trust	SJT B	41.48	13.6	10.7	11.1	12.6	7.9
Sabine Royalty Trust	SBR	45.20	9.2	10.2	10.9	10.9	9.1
Mesa RoyaltyTrust	MTR	67.00	18.5	11.8	10.5	10.7	9.3
Permian Basin RT	PBT	16.44	7.7	9.2	10.1	11.0	9.1
Dorchester Minerals, L.P.	DMLP	26.61	11.7	9.3	9.5	14.4	9.5
Hugoton RoyaltyTrust (46%)	HGT	30.76	13.6	9.6	8.7	11.3	8.9
	<i>Median</i>		<i>13.0</i>	<i>10.2</i>	<i>10.5</i>	<i>11.3</i>	<i>9.1</i>
Canadian Income Trusts							
Canadian Oil Sands Trust (US\$)	COSWF B	148.01	20.0	9.3	10.1	12.8	2.3
Enerplus Resources Fund	ERF	51.54	9.4	5.8	7.0	12.0	8.4
Penn West Energy Trust	PWTFF B	36.53	7.7	6.1	6.7	9.7	9.6
Pengrowth Energy Trust	PGH	23.25	7.2	5.3	6.6	9.9	11.1
	<i>Median</i>		<i>8.6</i>	<i>6.0</i>	<i>6.8</i>	<i>10.9</i>	<i>9.0</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)	NTM Distribution (\$/un)	Dist. Yield (%)
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	-	98	0.88	0.88	153	3.29	7.9
Cross Timbers Royalty Trust	CRT	81	68	0.96	0.96	22	3.66	8.0
Hugoton RoyaltyTrust (46%)	HGT	-	91	0.77	0.77	50	2.73	8.9
Permian Basin RT	PBT	29	37	0.92	0.92	70	1.50	9.1
Sabine Royalty Trust	SBR	100	54	1.00	1.00	60	4.13	9.1
Mesa RoyaltyTrust	MTR	-	75	0.98	0.98	12	6.25	9.3
Dorchester Minerals, L.P.	DMLP	54	79	0.91	0.91	71	2.53	9.5
	<i>Total or Median</i>		<i>75</i>	<i>0.92</i>	<i>0.92</i>	<i>400</i>		<i>9.1</i>
Canadian Income Trusts								
Canadian Oil Sands Trust (US\$)	COSWF	-	(8)	0.21	0.24	321	3.44	2.3
Enerplus Resources Fund	ERF	-	45	0.51	0.60	495	4.34	8.4
Penn West Energy Trust	PWTFF	-	40	0.57	0.65	579	3.51	9.6
Pengrowth Energy Trust	PGH	-	41	0.64	0.76	413	2.58	11.1
	<i>Total or Median</i>		<i>40</i>	<i>0.54</i>	<i>0.62</i>	<i>1,800</i>		<i>9.0</i>
Kinder Morgan Energy Partners	KMP			0.77	1.69			6.6

NTM = Next Twelve Months Ended March 31, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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