

Record Heat

Summary and Recommendation

The U.S. Energy Information Administration reported on July 27 a first ever summer week decline in natural gas being stored for the next winter as reported by *Platt's* and other sources. Record heat drew record electricity demand that drew record volume of natural gas to run generators. Natural gas commodity price responded with an increase relative to upward trending oil. Royalty trusts offer pure representation in real clean fuel resources in North America along with projected or indicated annual income of a median 8.6% for the U.S. stocks and 8.5% for the Canadian stocks. Weekly tables incorporate latest futures prices for projected distributions of U.S. royalty trusts and projected Ebitda for Canadian trusts. Present value estimates that form the denominator of the McDep Ratio are revised only infrequently.

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) 27-Jul 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							
Cross Timbers Royalty Trust	CRT	48.02	6.0	290	46.00	-	1.04
Sabine Royalty Trust	SBR	45.87	14.6	670	45.00	-	1.02
Permian Basin RT	PBT	16.63	46.6	780	16.50	-	1.01
Dorchester Minerals, L.P.	DMLP	26.62	28.2	750	27.00	-	0.99
San Juan Basin Royalty Trust	SJT	B	38.72	46.6	1,810	40.00	0.97
Hugoton RoyaltyTrust	HGT	29.92	40.0	1,200	34.00	-	0.88
Mesa RoyaltyTrust	MTR	64.35	1.9	120	75.00	-	0.86
	<i>Total or Median</i>			5,600			0.99
Canadian Income Trusts (US\$)							
Enerplus Resources Fund	ERF	56.16	123.1	6,910	47.00	0.10	1.17
Pengrowth Energy Trust	PGH	22.32	161.0	3,590	20.00	0.15	1.10
Penn West Energy Trust	PWE	B	38.75	243.9	9,450	0.12	0.99
Canadian Oil Sands Trust	COSWF	B	31.42	465.8	14,640	0.09	0.91
	<i>Total or Median</i>			34,600		0.11	1.05

B = Buy

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) 27-Jul 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	48.02	13.7	12.0	12.5	12.9	7.7
San Juan Basin Royalty Trust	SJT B	38.72	13.8	11.4	11.0	12.3	8.1
Dorchester Minerals, L.P.	DMLP	26.62	8.2	11.0	10.9	17.3	8.6
Sabine Royalty Trust	SBR	45.87	10.2	10.6	10.8	10.8	9.3
Mesa RoyaltyTrust	MTR	64.35	20.1	11.3	9.7	10.6	9.4
Permian Basin RT	PBT	16.63	7.8	9.3	9.4	10.3	9.8
Hugoton RoyaltyTrust	HGT	29.92	13.8	9.4	8.3	12.2	8.2
	<i>Median</i>		<i>13.7</i>	<i>11.0</i>	<i>10.8</i>	<i>12.2</i>	<i>8.6</i>
Canadian Income Trusts (US\$)							
Canadian Oil Sands Trust	COSWF B	31.42	26.5	10.9	9.9	12.3	5.9
Enerplus Resources Fund	ERF	56.16	9.4	6.8	8.0	14.5	7.9
Pengrowth Energy Trust	PGH	22.32	7.5	6.2	6.8	11.0	11.8
Penn West Energy Trust	PWE B	38.75	7.9	6.8	6.8	9.2	9.2
	<i>Median</i>		<i>8.6</i>	<i>6.8</i>	<i>7.4</i>	<i>11.6</i>	<i>8.5</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 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) (%)
U.S. Royalty Trusts							
Cross Timbers Royalty Trust	CRT	81	65	0.97	0.97	22	3.72
San Juan Basin Royalty Trust	SJT	-	98	0.89	0.89	147	3.15
Hugoton RoyaltyTrust	HGT	-	90	0.68	0.68	98	2.46
Dorchester Minerals, L.P.	DMLP	56	72	0.93	0.93	64	2.28
Sabine Royalty Trust	SBR	100	50	1.00	1.00	62	4.25
Mesa RoyaltyTrust	MTR	-	72	0.91	0.91	11	6.06
Permian Basin RT	PBT	29	34	0.92	0.92	76	1.62
	<i>Total or Median</i>		<i>72</i>	<i>0.92</i>	<i>0.92</i>	<i>500</i>	<i>8.6</i>
Canadian Income Trusts (US\$)							
Canadian Oil Sands Trust	COSWF	-	(8)	0.52	0.57	857	1.84
Enerplus Resources Fund	ERF	-	45	0.58	0.64	544	4.42
Penn West Energy Trust	PWE	-	39	0.55	0.62	872	3.57
Pengrowth Energy Trust	PGH	-	37	0.69	0.81	423	2.63
	<i>Total or Median</i>		<i>38</i>	<i>0.56</i>	<i>0.63</i>	<i>2,700</i>	<i>8.5</i>
Kinder Morgan Energy Partners	KMP			0.75	1.70		7.1

NTM = Next Twelve Months Ended June 30, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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