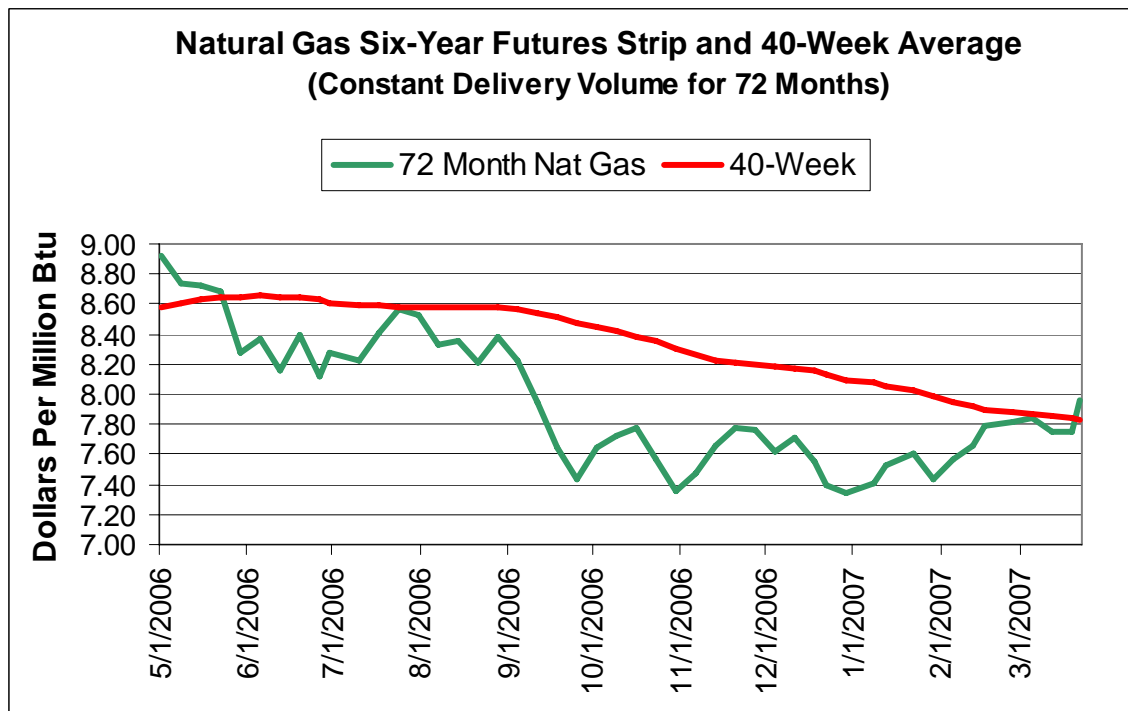


Planetary Emergency

Summary and Recommendation

Seeking profit in natural gas producers including recommended income stocks, **San Juan Basin Royalty Trust (SJT)** and **Hugoton Royalty Trust (HGT)** directs more capital to develop supply of the fossil fuel with the least unwanted emissions. On the same day former Vice President Al Gore was testifying before Congress about his view of the emergency planetary need to reduce CO2 emissions, the price of natural gas for the next six-years reinforced its reversal to an upward trend (see chart Six-Year Futures). While Congress contemplates, Alberta Premier Ed Stelmach moves ahead to propose a 12% reduction in emissions that would cost buy-recommended **Canadian Oil Sands Trust (COSWF)**, among others, a manageable \$0.20 a barrel, perhaps, at the suggested penalty of C\$15 a metric tonne of CO2, if we made the calculation correctly. Presumably, the proceeds would help finance a pipeline to deliver captured gas to buy-recommended **Penn West Energy Trust (PWE)** among others for underground injection to enhance oil production. Along with the weekly valuation rankings for 11 stocks, we attach monthly and quarterly projections for SJT and HGT, where next twelve months distribution jumps to 10.1% in each case.

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) 22-Mar 2007	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
U.S. Royalty Trusts							
Sabine Royalty Trust	SBR	40.70	14.6	590	45.00	-	0.90
Cross Timbers Royalty Trust	CRT	41.50	6.0	250	46.00	-	0.90
Permian Basin RT	PBT	14.44	46.6	670	16.50	-	0.88
Dorchester Minerals, L.P.	DMLP	21.38	28.2	600	27.00	-	0.79
Mesa RoyaltyTrust	MTR	54.94	1.9	100	70.00	-	0.78
San Juan Basin Royalty Trust	SJT	B	30.85	46.6	1,440	40.00	0.77
Hugoton RoyaltyTrust	HGT	B	24.95	40.0	1,000	34.00	0.73
	<i>Total or Median</i>			4,700			0.79
Canadian Income Trusts (US\$)							
Pengrowth Energy Trust	PGH	17.47	241.0	4,210	17.00	0.25	1.02
Enerplus Resources Fund	ERF	43.71	123.0	5,380	47.00	0.11	0.94
Penn West Energy Trust	PWE	B	30.31	239.5	7,260	0.14	0.86
Canadian Oil Sands Trust	COSWF	B	24.29	479.0	11,630	0.08	0.72
	<i>Total or Median</i>			28,500		0.13	0.90

B = Buy

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

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

	Symbol/ Rating	Price (\$/sh) 22-Mar 2007	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	41.50		12.2	11.0	11.2	8.9
Sabine Royalty Trust	SBR	40.70		11.9	10.8	10.8	9.3
Permian Basin RT	PBT	14.44		10.4	9.1	10.2	9.8
Mesa RoyaltyTrust	MTR	54.94		11.3	8.9	10.8	9.2
Dorchester Minerals, L.P.	DMLP	21.38		10.9	8.7	13.2	10.6
San Juan Basin Royalty Trust	SJT	B	30.85	10.7	8.3	9.9	10.1
Hugoton RoyaltyTrust	HGT	B	24.95	9.8	7.2	9.9	10.1
	<i>Median</i>			10.9	8.9	10.8	9.8
Canadian Income Trusts (US\$)							
Canadian Oil Sands Trust	COSWF	B	24.29	22.0	12.0	8.6	11.7
Pengrowth Energy Trust	PGH		17.47	7.4	7.6	7.8	26.5
Enerplus Resources Fund	ERF		43.71	9.0	7.2	6.7	12.3
Penn West Energy Trust	PWE	B	30.31	7.5	7.7	6.6	13.6
	<i>Median</i>			8.2	7.7	7.3	13.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2008; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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San Juan Basin Royalty Trust Monthly Declarations

	Apr-06	May-06	Jun-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Distribution (\$/unit)									
Declared	0.18	0.23	0.18	0.18	0.22	0.12			
Projected							0.21	0.25	0.22
Volume									
Natural gas (mmbtu)	3.54	3.78	3.33	3.17	3.34	3.12	3.21	3.53	3.39
Heat Content(btu/cf)	1,063	1,067	1,074	1,060	1,089	1,074	1,072	1,073	1,074
Natural gas (bcf)	3.33	3.54	3.11	2.99	3.06	2.90	2.99	3.29	3.16
Natural Gas (mmcf)	119	114	104	100	99	94	107	106	105
Days	28	31	30	30	31	31	28	31	30
Price									
Natural gas industry quotes lagged two months (\$/mmbtu)									
Henry Hub Index/Futures	8.44	7.13	7.25	7.16	8.33	5.84	7.04	7.55	7.32
San Juan Monthly Index	6.69	6.10	5.54	6.38	6.47	5.63	6.49	6.68	6.20
San Juan Index/Henry Hub	0.79	0.86	0.76	0.89	0.78	0.96	0.92	0.88	0.85
SJT/San Juan Index	0.88	0.92	0.95	0.93	0.91	0.89	0.97	0.97	0.98
SJT (\$/mmbtu)	5.92	5.59	5.24	5.94	5.87	5.00	6.27	6.50	6.06
SJT (\$/mcf)	6.29	5.97	5.63	6.30	6.39	5.39	6.73	6.98	6.51
Revenue (\$mm)									
Natural Gas	20.9	21.1	17.5	18.8	19.6	15.6	20.1	22.9	20.6
Other	0.2	0.0	0.2	0.5	0.1	(0.2)	0.2	0.0	0.2
Cost (\$mm)									
Severance tax	2.1	2.2	1.8	2.1	2.1	1.5	2.1	2.4	2.1
Operating	2.0	1.7	1.9	2.2	1.8	2.4	2.0	2.0	2.0
Total	4.1	3.9	3.7	4.3	3.9	3.9	4.1	4.4	4.2
Cash flow (\$mm)	17.0	17.3	14.0	15.0	15.8	11.6	16.3	18.6	16.6
Development	5.7	2.8	2.5	3.7	2.9	4.4	3.2	3.0	3.1
Net proceeds (\$mm)	11.3	14.5	11.5	11.3	12.9	7.2	13.1	15.5	13.6
Royalty income (\$mm)	8.5	10.9	8.6	8.5	9.7	5.4	9.8	11.7	10.2
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%
One time					(0.4)				
Distributable income (\$mm)	8.5	10.9	8.6	8.5	10.1	5.4	9.8	11.7	10.2
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Distribution (\$/unit)	0.18	0.23	0.18	0.18	0.22	0.12	0.21	0.25	0.22
<i>Latest Twelve Month Average</i>									
Heat Content(btu/cf)	1,068	1,067	1,067	1,069	1,070	1,072	1,073	1,074	1,074
Natural Gas (mmcf)	116	115	114	110	108	107	106	105	105
San Juan Index/Henry Hub	0.80	0.80	0.80	0.82	0.82	0.83	0.84	0.85	0.85
SJT/San Juan Index	0.90	0.90	0.91	0.96	0.97	0.97	0.97	0.98	0.98
Other revenue	0.2	0.1	0.1	0.3	0.3	0.2	0.2	0.2	0.2
Operating	1.8	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.0
Development	2.5	2.6	2.7	3.3	3.1	3.2	3.0	3.1	3.1
Severance tax/revenue	10.2%	10.2%	10.3%	10.3%	10.4%	10.4%	10.4%	10.4%	10.4%

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San Juan Basin Royalty Trust Next Twelve Months Operating and Financial Estimates

	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Next Twelve Months</i>
	<i>3/31/06</i>	<i>12/31/06</i>	<i>2006</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>12/31/07</i>	<i>2007E</i>	<i>3/31/08</i>	<i>3/31/08</i>
Highlights									
Revenue (\$mm) (75%)	69.4	41.0	201.8	41.1	48.3	53.1	194.2	60.9	214.0
Cash flow (\$mm) (75%)	58.9	32.8	164.7	32.1	38.9	43.2	155.9	50.2	174.0
Per unit	1.26	0.70	3.53	0.69	0.83	0.93	3.34	1.08	3.73
Distributable Income (\$mm)	50.5	26.4	135.9	24.0	31.6	35.9	125.9	42.9	144.8
Per unit	1.08	0.57	2.92	0.52	0.68	0.77	2.70	0.92	3.11
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Volume									
Natural gas (mmbtu)	11.4	10.5	43.7	9.6	10.1	10.3	40.4	10.2	41.0
Heat Content(btu/cf)	1,057	1,078	1,068	1,075	1,073	1,075	1,074	1,074	1,074
Natural gas (bcf)	10.8	9.8	40.9	9.0	9.4	9.5	37.6	9.5	38.2
Natural Gas (mmcf)	117.7	106.3	112.1	97.3	106.0	103.8	103.1	103.1	104.6
Days	92	92	365	92	89	92	365	92	365
Oil (mb)	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Oil (mbd)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Days	92	92	365	92	89	92	365	92	365
Total gas & oil (bcf)	10.9	9.9	41.3	9.0	9.5	9.6	38.0	9.6	38.5
Price									
Natural gas (\$/mmbtu) (Henry Hub lagged two months)									
Henry Hub (\$/mmbtu)	12.13	6.02	8.03	7.11	7.30	7.92	7.48	9.16	7.99
Differential (%)	34	15	25	21	14	14	16	14	14
Net to SJT (\$/mmbtu)	7.99	5.09	6.06	5.62	6.28	6.82	6.32	7.88	6.87
Natural gas (\$/mcf)	8.45	5.49	6.47	6.04	6.74	7.33	6.79	8.46	7.38
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	61.06	65.24	65.77	58.46	59.81	65.12	61.57	66.21	63.50
SJT	56.54	60.85	61.30	54.49	55.75	60.70	57.40	61.74	59.23
Total gas & oil (\$/mcf)	8.46	5.53	6.51	6.07	6.76	7.35	6.82	8.48	7.40
Revenue (\$mm)									
Natural Gas	91.5	53.7	264.4	54.0	63.6	69.9	255.5	80.3	281.8
Oil	1.1	0.9	4.6	0.8	0.8	0.9	3.4	0.9	3.5
Total	92.5	54.6	269.0	54.9	64.4	70.9	259.0	81.2	285.3
Cost (\$mm)									
Severance tax	9.1	5.6	26.9	5.7	6.6	7.3	26.7	8.3	29.4
Operating	5.0	5.3	22.5	6.4	6.0	6.0	24.4	6.0	24.0
Total	14.0	10.9	49.4	12.1	12.6	13.3	51.1	14.3	53.4
Cash flow (\$mm)									
Development	11.2	8.4	39.2	10.9	9.4	9.4	39.0	9.4	37.4
Net proceeds (\$mm)									
	67.3	35.3	180.4	31.8	42.5	48.2	168.8	57.5	194.6
Royalty income (\$mm)									
	50.5	26.5	135.3	23.9	31.9	36.2	126.6	43.2	145.9
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.5	(0.4)	0.5	(0.2)	0.2	0.3	0.7	0.3	1.1
One-time	(0.5)	0.5	(1.0)				-		-
Distributable income (\$mm)									
	50.5	26.4	135.9	24.0	31.6	35.9	125.9	42.9	144.8
Severance tax/revenue	9.8%	10.3%	10.0%	10.4%	10.3%	10.3%	10.3%	10.3%	10.3%
Operating cost (\$/mcf)	0.45	0.53	0.54	0.71	0.63	0.62	0.64	0.63	0.62
Development/Cash flow	14%	19%	18%	26%	18%	16%	19%	14%	16%

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Hugoton Royalty Trust Monthly Declarations

	Apr-06	May-06	Jun-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Distribution (\$/unit)									
Declared	0.18	0.17	0.17	0.14	0.17	0.09			
Projected							0.15	0.20	0.16
Volume									
Natural Gas (bcf)	2.28	2.44	2.46	2.38	2.40	2.31	2.24	2.48	2.41
Natural Gas (mmcf/d)	81	79	82	79	77	74	80	80	80
Days	28	31	30	30	31	31	28	31	30
Price									
Natural gas industry quotes lagged two months (\$/mmbtu)									
Henry Hub Index/Futures	8.44	7.13	7.25	7.16	8.33	5.84	7.04	7.55	7.32
HGT/Henry Hub	0.81	0.86	0.84	0.87	0.76	0.89	0.86	0.87	0.87
HGT (\$/mcf)	6.80	6.13	6.08	6.25	6.34	5.20	6.07	6.55	6.35
Revenue (\$mm)									
Natural Gas	15.5	15.0	14.9	14.9	15.2	12.0	13.6	16.3	15.3
Other	(0.0)	(0.0)	0.3	(0.1)	(0.6)	(0.9)	-	-	(1.0)
Total	15.5	14.9	15.2	14.8	14.6	11.1	13.6	16.3	14.3
Cost (\$mm)									
Production	1.7	1.4	1.6	1.8	1.6	2.0	1.8	1.9	1.9
Overhead	0.7	0.6	0.7	0.7	0.8	0.7	0.7	0.7	0.7
Total	2.4	2.0	2.4	2.5	2.4	2.7	2.6	2.6	2.6
Cash flow (\$mm)	13.1	12.9	12.9	12.2	12.2	8.4	11.1	13.7	11.7
Development	4.2	4.2	4.2	5.0	3.8	3.8	3.8	3.8	3.8
Net proceeds (\$mm)	8.9	8.7	8.7	7.2	8.5	4.6	7.3	9.9	7.9
Royalty income (\$mm)	7.1	7.0	6.9	5.8	6.8	3.7	5.9	8.0	6.4
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Distributable income (\$mm)	7.1	7.0	6.9	5.8	6.8	3.7	5.9	8.0	6.4
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Distribution (\$/unit)	0.18	0.17	0.17	0.14	0.17	0.09	0.15	0.20	0.16
<i>Latest Twelve Month Average</i>									
Natural Gas (mmcf/d)	82	82	82	81	81	80	80	80	80
HGT/Henry Hub	0.83	0.82	0.82	0.85	0.85	0.86	0.87	0.87	0.87
Other revenue (\$mm)	(0.2)	(0.2)	(0.1)	0.1	0.1	0.0	0.0	0.0	(0.1)
Development (\$mm)	3.7	3.8	4.0	4.5	4.5	4.5	4.5	4.5	4.4
Production (\$mm)	1.7	1.6	1.7	1.9	1.8	1.8	1.9	1.9	1.9
Overhead (\$mm)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7

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Hugoton Royalty Trust Distributable Income

	Q1	Q4	Year	Q1E	Q2E	Q4E	Year	Q1E	Next
	3/31/06	12/31/06	2006	3/31/07	6/30/07	12/31/07	2007E	3/31/08	Twelve Months 3/31/08
Highlights									
Revenue (\$mm) (80%)	57.6	36.4	173.1	37.6	40.2	45.1	166.0	51.5	179.8
Cash flow (\$mm) (80%)	47.0	26.1	132.6	28.0	30.2	34.7	125.9	40.5	138.4
Per unit	1.18	0.65	3.32	0.70	0.76	0.87	3.15	1.01	3.46
Distributable Income (\$mm)	39.1	14.0	90.9	16.2	20.2	25.5	85.7	31.3	100.7
Per unit	0.98	0.35	2.27	0.41	0.50	0.64	2.14	0.78	2.52
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume									
Natural Gas (bcf)	7.4	7.6	29.6	7.1	7.1	7.4	29.0	7.4	29.3
Natural Gas (mmcf)	80.5	82.2	81.2	77.0	80.1	80.1	79.4	80.1	80.1
Days	92	92	365	92	89	92	365	92	365
Oil (mb)	78	90	333	90	87	90	356	90	356
Oil (mbd)	0.9	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Days	92	92	365	92	89	92	365	92	365
Total (bcf)	7.9	8.1	31.6	7.6	7.7	7.9	31.1	7.9	31.4
Price									
Natural Gas (HH lagged two months)									
Henry Hub (\$/mmbtu)	12.13	6.02	8.03	7.11	7.30	7.92	7.48	9.16	7.99
Differential (%)	25	12	18	16	13	13	14	13	13
HGT (\$/mcf)	9.10	5.28	6.59	5.94	6.33	6.87	6.44	7.94	6.94
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	61.06	65.24	65.77	58.46	59.81	65.12	61.57	66.21	63.50
HGT	59.10	62.07	63.73	55.62	57.96	63.10	59.41	64.16	61.57
Total (\$/mcf)	9.14	5.62	6.84	6.17	6.56	7.12	6.67	8.13	7.16
Revenue (\$mm)									
Natural Gas	67.4	39.9	195.1	42.1	45.2	50.7	186.4	58.6	202.9
Oil	4.6	5.6	21.2	5.0	5.0	5.7	21.1	5.8	21.9
Total	72.0	45.5	216.3	47.1	50.2	56.3	207.5	64.3	224.8
Cost (\$mm)									
Tax, transport & other	5.7	4.8	20.1	4.4	4.7	5.2	19.3	6.0	20.9
Production	5.5	5.9	22.2	5.5	5.6	5.6	22.2	5.6	22.4
Overhead	2.0	2.1	8.3	2.2	2.1	2.1	8.6	2.1	8.5
Total	13.3	12.9	50.6	12.1	12.4	13.0	50.2	13.7	51.8
Cash flow (\$mm)									
Development	9.9	15.0	51.7	12.5	11.3	11.3	46.3	11.3	45.0
Net proceeds (\$mm)									
	48.9	17.6	114.1	22.5	26.6	32.1	111.1	39.4	128.0
Royalty income (\$mm)									
	39.1	14.1	91.2	18.0	21.2	25.7	88.9	31.5	102.4
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.0	0.1	0.3	1.8	1.1	0.2	3.2	0.2	1.7
Distributable income (\$mm)									
	39.1	14.0	90.9	16.2	20.2	25.5	85.7	31.3	100.7
Tax and other/revenue	8.0%	10.6%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Production cost (\$/mcf)	0.70	0.73	0.70	0.72	0.73	0.71	0.72	0.71	0.71
Overhead cost (\$/mcf)	0.25	0.26	0.26	0.29	0.28	0.27	0.28	0.27	0.27
Development/Cash flow	0.17	0.46	0.31	0.36	0.30	0.26	0.29	0.22	0.26

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