



Canadian Oil Sands Trust \$100 Oil Gem

<i>Symbol</i>	COSWF	<i>Ebitda Twelve Months 12/31/08 (US\$mm)</i>	2,420
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-6
<i>Price (US\$/un)</i>	40.08	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/3/08	<i>Adjusted Reserves/Production NTM</i>	23.2
<i>Units (mm)</i>	479	<i>EV/Ebitda</i>	8.5
<i>Market Capitalization (US\$mm)</i>	19,200	<i>PV/Ebitda</i>	9.5
<i>Debt (US\$mm)</i>	1,330	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	20,520	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	55.99
<i>Present Value (PV) (US\$mm)</i>	22,900	<i>Present Value Proven Reserves(US\$/boe)</i>	26.81
<i>Net Present Value (US\$/unit)</i>	45	<i>Present Value Proven Reserves(US\$/mcf)</i>	4.47
<i>Debt/Present Value</i>	0.06	<i>Earnings Next Twelve Months (US\$/un)</i>	4.03
<i>McDep Ratio - EV/PV</i>	0.90	<i>Price/Earnings Next Twelve Months</i>	10
<i>Distribution Yield (%/year)</i>	8.4	<i>Distribution Next Twelve Months (US\$/sh)</i>	3.39

Note: Estimated cash flow and earnings tied to one-year futures prices for oil.

Present value presumes long-term price for oil, US\$80 a barrel; natural gas, \$11 a million btu.

For historical analysis of COS since 2002 see <http://www.mcdep.com/4cos.htm>

Summary and Recommendation

A long-term oil price of \$100 a barrel would imply Net Present Value (NPV) of \$57 a unit for buy-recommended **Canadian Oil Sands Trust (COSWF)**, a pure play on long-life, light, sweet crude oil in North America. Six-year futures currently at \$90 a barrel are carrying the 40-week average upward from \$75 a barrel. The potential for the current producing rate to be sustained almost indefinitely is a source of comfort in the face of economic uncertainty. Similarly, even though last year's tax rate increase proposed by the province of Alberta was an unwarranted negative, it is not likely to be repeated for several years. The pendulum may be swinging back with corporate tax rate reductions promised. Projected free cash flow supports quarterly distribution increases toward C\$1.00 a unit from the latest declaration of C\$ 0.55 (see table Next Twelve Months Operating and Financial Estimates). We take most of our estimates from management's guidance as of December 14 with the notable exception that we use the futures market quotes for oil price.

Weekly Analysis of Income Stocks

Among other recent developments for income buy recommendations we note strong insider buying of buy-recommended **Hugoton Royalty Trust (HGT)** by the chief executive of buy-recommended producer XTO Energy (XTO).

Kurt H. Wulff, CFA



Canadian Oil Sands Trust									
Next Twelve Months Operating and Financial Estimates									
(Canadian Dollars)									
	Q4	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/06	9/30/07	12/31/07	2007E	3/31/08	6/30/08	9/30/08	12/31/08	12/31/08
Volume									
Syncrude (mmb)	27.8	32.1	27.8	110.4	29.1	28.2	26.7	31.3	115.3
Syncrude (mbd)	302	349	302	302	320	310	290	340	315
Days	92	92	92	365	91	91	92	92	366
Trust share (%)	36.4	35.8	36.7	36.7	36.7	36.7	36.7	36.7	36.7
Trust Oil (mmb)	10.14	11.49	10.22	40.5	10.70	10.36	9.80	11.49	42.4
Trust Oil (mbd)	110.2	124.9	111.1	111.0	117.6	113.9	106.5	124.9	115.7
Price									
WTI Cushing (US\$/bbl)	59.99	75.48	90.75	72.30	99.10	97.90	96.35	94.90	97.06
Currency (US\$/C\$)	0.88	0.96	1.02	0.94	1.01	1.01	1.01	1.01	1.01
WTI Cushing (C\$/bbl)	68.17	78.95	88.99	76.80	98.04	96.85	95.32	93.89	96.03
Differential	(4.70)	2.28	2.57	2.88	3.67	3.63	3.57	3.52	3.57
Trust Oil Price (C\$/bbl)	63.47	81.23	91.56	79.68	101.72	100.48	98.90	97.40	99.59
Henry Hub Nat Gas (US\$/mmBtu)	6.57	6.16	6.97	6.87	7.68	7.76	7.96	8.42	7.96
Henry Hub Nat Gas (C\$/mmBtu)	7.46	6.44	6.84	7.30	7.60	7.67	7.88	8.33	7.87
AECO Natural Gas (C\$/GJ)	6.26	4.99	5.30	6.01	6.26	6.32	6.49	6.86	6.48
Revenue (\$mm)									
Oil	643	933	936	3,227	1,088	1,041	969	1,119	4,218
Transportation & Marketing	12	8		17					-
Other	(15)	(17)		(23)					-
Total	646	942	936	3,238	1,088	1,041	969	1,119	4,218
Expense									
Production	179	195	195	776	210	210	210	210	840
Purchased Energy	60	44	40	200	62	61	59	73	256
Crown Royalties	83	165	155	503	181	170	152	186	689
Insurance	1	2	2	8	2	2	2	2	8
Administration	5	4	4	18	5	5	5	5	20
Taxes and Other	-	-	3	4	3	3	3	3	12
Total	328	410	400	1,510	463	451	431	479	1,824
Ebitda									
Deprec., Deplet., & Amort.	75	101	92	352	96	93	88	103	381
Oil Hedging									
Currency Hedging	(2)	(2)	(9)	(17)	(9)	(9)	(9)	(9)	(37)
Non-Production	14	16	16	65	22	22	22	22	88
Exchange on U.S. Debt	40	(42)		(112)					-
Future Income Tax	39	69		696					-
Ebit	152	390	437	744	516	485	437	524	1,962
Interest	24	21	21	89	13	13	13	13	52
Net Income (\$mm)									
Per Unit (\$)	0.27	0.75	0.87	1.35	1.05	0.98	0.89	1.07	3.99
Units (millions)									
469	479	479	486	479	479	479	479	479	479
Cash Flow (\$mm)									
Per Unit (\$)	0.63	1.01	1.04	3.28	1.23	1.16	1.05	1.26	4.78
Capital Expend (C\$/unit)		0.09	0.09	0.37	0.15	0.15	0.15	0.15	0.60
Free Cash Flow (C\$/unit)		0.92	0.95	2.78	1.08	1.01	0.90	1.11	4.11
Ratios									
Production (\$/bbl)	17.67	16.99	19.11	19.17	19.63	20.26	21.42	18.27	19.83
Purchased Energy (\$/bbl)	5.91	3.81	3.95	4.94	5.82	5.88	6.04	6.38	6.04
Prod&Purch En (\$/bbl)	23.58	20.80	23.05	24.11	25.45	26.14	27.46	24.65	25.87
Crown Royalties & Taxes	13%	18%	17%	16%	17%	16%	16%	17%	16%
Other Expense (\$/bbl)	-	-	0.29	0.10	0.28	0.29	0.31	0.26	0.28
Ebitda Margin	49%	56%	57%	53%	57%	57%	56%	57%	57%
Deprec., D.& A (\$/bbl)	7.40	8.79	9.00	8.69	9.00	9.00	9.00	9.00	9.00
Distribution									
0.30	0.40	0.55	1.65	0.70	0.85	0.90	0.90	0.90	3.35



Natural Gas and Oil Income Stocks - Rank by McDep Ratio								
			Price (\$/sh)	Shares	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
	Symbol/ Rating		3-Jan 2008	(mm)				
U.S. Royalty Trusts								
Sabine Royalty Trust	SBR		46.43	14.6	680	48.00	-	0.97
Mesa Royalty Trust	MTR		67.10	1.9	130	70.00	-	0.96
Pemian Basin RT	PBT		16.29	46.6	760	18.00	-	0.90
Cross Timbers Royalty Trust	CRT		41.12	6.0	250	47.00	-	0.88
San Juan Basin Royalty Trust	SJT	B	34.98	46.6	1,630	40.00	-	0.87
Hugoton Royalty Trust	HGT	B	23.21	40.0	930	34.00	-	0.68
<i>Total or Median</i>					4,400			0.89
Canadian Income Trusts (US\$)								
Pengrowth Energy Trust	PGH		18.19	247.0	4,490	19.00	0.25	0.97
Canadian Oil Sands Trust	COSWF	B	40.08	479.0	19,200	45.00	0.06	0.90
Enerplus Resources Fund	ERF		40.92	129.4	5,300	52.00	0.13	0.82
Penn West Energy Trust	PWE	B	27.34	242.6	6,630	37.00	0.20	0.79
<i>Total or Median</i>					35,600		0.17	0.86
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	S	54.89	179.3	9,840	17.00	0.54	2.03
Linn Energy, LLC	LINE		24.41	114.0	2,780	27.00	0.30	0.93
Encore Energy Partners, L.P. (39%)	ENP		18.11	9.0	160	20.00	0.14	0.92
Dorchester Minerals, L.P.	DMLP		20.13	28.2	570	27.00	-	0.74
<i>Total or Median</i>					13,400		0.22	0.93

B = Buy, S = Sell
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

Natural Gas and Oil Income Stocks - Rank by EV/Ebitda								
			Price (\$/sh)	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
	Symbol/ Rating		3-Jan 2008	NTM	NTM	NTM	NTM	
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	B	34.98	10.2	13.4	11.7	14.3	7.0
Cross Timbers Royalty Trust	CRT		41.12	13.1	11.2	9.8	10.5	9.5
Mesa Royalty Trust	MTR		67.10	21.1	10.2	9.8	11.2	8.9
Sabine Royalty Trust	SBR		46.43	9.2	10.1	9.8	9.8	10.2
Pemian Basin RT	PBT		16.29	8.2	9.0	8.1	9.1	11.0
Hugoton Royalty Trust	HGT	B	23.21	13.4	11.3	7.7	10.8	9.2
<i>Median</i>				11.7	10.7	9.8	10.7	9.4
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	40.08	23.2	10.1	9.0	10.8	8.0
Pengrowth Energy Trust	PGH		18.19	7.4	6.9	6.7	18.9	14.9
Enerplus Resources Fund	ERF		40.92	9.7	8.0	6.5	11.0	12.3
Penn West Energy Trust	PWE	B	27.34	7.8	6.9	5.5	9.4	15.0
<i>Median</i>				8.7	7.5	6.6	10.9	13.6
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	S	54.89	7.6	7.9	16.0	34.7	6.4
Linn Energy, LLC	LINE		24.41	20.8	14.5	13.5	47.3	9.3
Dorchester Minerals, L.P.	DMLP		20.13	9.2	11.9	8.9	13.4	11.3
Encore Energy Partners, L.P.	ENP		18.11	12.2	7.9	7.3	38.5	7.7
<i>Median</i>				10.7	9.9	11.2	36.6	8.5

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



Natural Gas and Oil Income Stocks - Rank by NTM Distribution Yield								
			Natural Gas/		Dist/			
	Symbol	Revenue Royalty (%)	Ebitda (%)	Dist/ Ebitda	Equity Ebitda	NTM Distribution (\$mm)	(\$/un)	Dist. Yield (%)
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	-	98	0.82	0.82	114	2.44	7.0
Mesa Royalty Trust	MTR	-	64	0.88	0.88	11	5.98	8.9
Hugoton Royalty Trust	HGT	-	86	0.71	0.71	86	2.14	9.2
Cross Timbers Royalty Trust	CRT	84	64	0.94	0.94	24	3.93	9.5
Sabine Royalty Trust	SBR	100	50	1.00	1.00	69	4.75	10.2
Permian Basin RT	PBT	35	32	0.89	0.89	83	1.79	11.0
<i>Total or Median</i>			64	0.88	0.88	400		9.4
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(6)	0.68	0.72	1,536	3.21	8.0
Enerplus Resources Fund	ERF	-	35	0.67	0.78	654	5.05	12.3
Pengrowth Energy Trust	PGH	-	34	0.74	0.99	668	2.71	14.9
Penn West Energy Trust	PWE	-	27	0.61	0.76	992	4.09	15.0
<i>Total or Median</i>			30	0.68	0.77	3,800		13.6
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners	KMP		-	0.75	1.64	631	3.52	6.4
Encore Energy Partners, L.P.	ENP		14	0.47	0.55	13	1.40	7.7
Linn Energy, LLC	LINE		63	0.85	1.22	260	2.28	9.3
Dorchester Minerals, L.P.	DMLP	64	67	1.00	1.00	64	2.27	11.3
<i>Total or Median</i>			39	0.80	1.11	1,000		8.5
NTM = Next Twelve Months Ended December 31, 2008								
Ebitda = Earnings before interest, tax, depreciation and amortization								

Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep does no investment banking business. McDep is not paid by covered companies including revenue from advertising, trading, consulting, subscriptions or research service. McDep shall not own more than 1% of outstanding stock in a covered company. No one at McDep is on the Board of Directors at a covered company nor is anyone at a covered company on the Board of Directors of McDep.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

Research Methodology/Ratings Description: McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the thirty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.