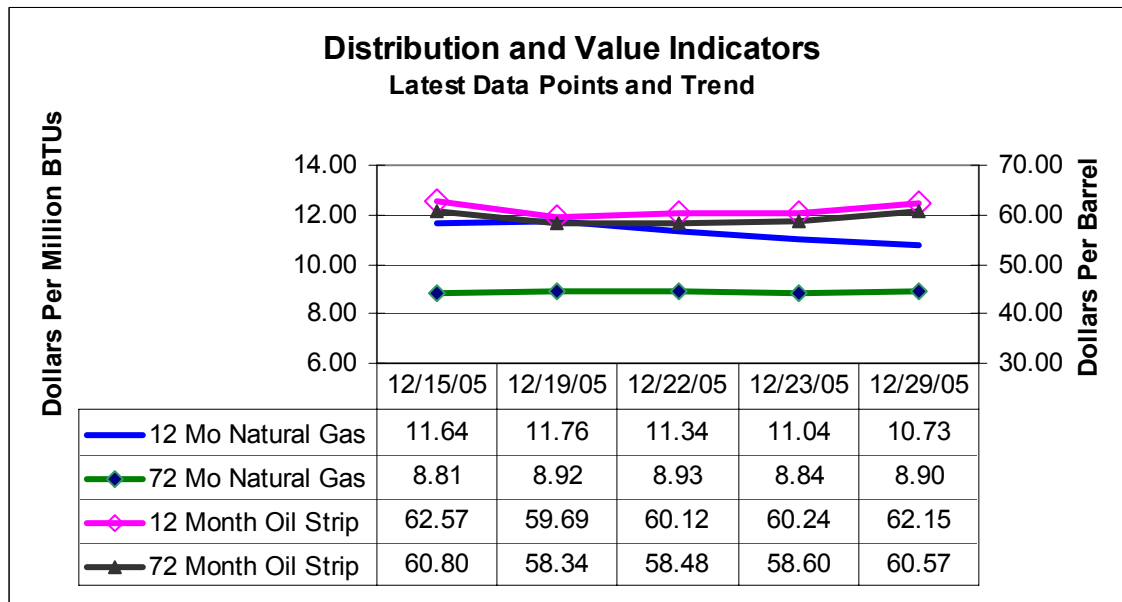


## 2006 Return Guaranteed (Almost)

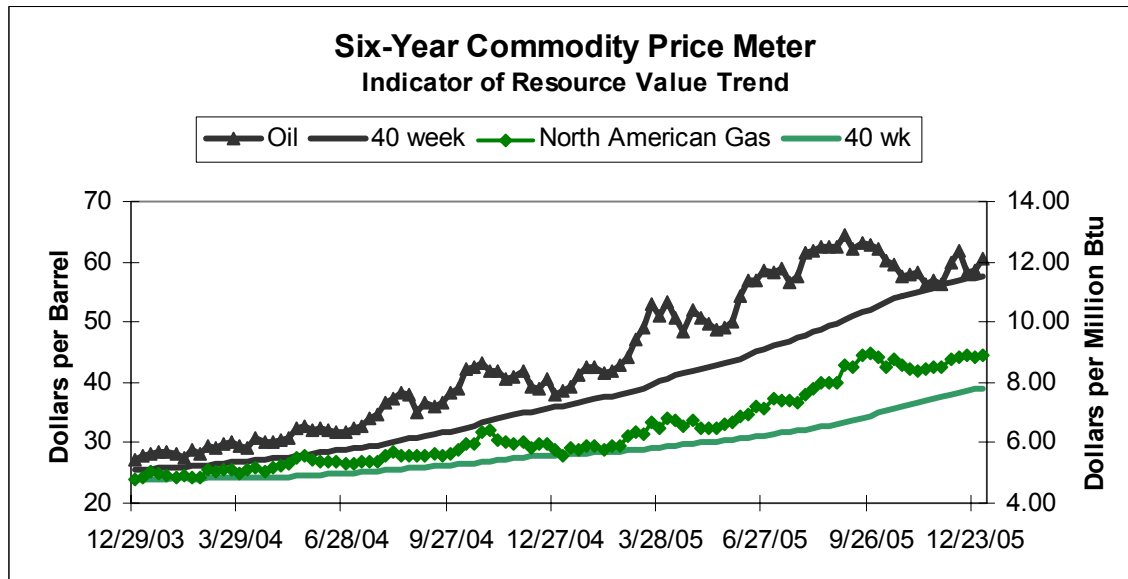
### Summary and Recommendation

Investors in U.S. and Canadian royalty trusts are almost sure to have positive income in 2006 regardless of whether stock price is up or down. We see a median distribution yield of 11.0% for U.S. royalty trusts and likely more than a median 9.4% for Canadian trusts in our coverage. Buy-recommended **Canadian Oil Sands Trust (COSWF)** will bring into operation a 40% capacity expansion in 2006. Buy-recommended **Penn West Energy Trust (PWTEF)** will proceed further with an enhanced recovery project to add more than \$5 a unit to net present value. Commodity price indicators continue to have upward momentum.

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) 29-Dec 2005	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio	
<b>U.S. Royalty Trusts</b>								
San Juan Basin Royalty Trust	SJT	H	43.08	46.6	2,010	40.00	-	1.08
Hugoton RoyaltyTrust (46%)	HGT		36.40	18.4	670	34.00	-	1.07
Cross Timbers Royalty Trust	CRT		47.85	6.0	290	45.00	-	1.06
Sabine Royalty Trust	SBR		44.46	14.6	650	42.00	-	1.06
Permian Basin RT	PBT		15.40	46.6	720	15.00	-	1.03
Dorchester Minerals, L.P.	DMLP		25.27	28.2	710	26.00	-	0.97
Mesa RoyaltyTrust	MTR		68.67	1.9	130	75.00	-	0.92
	<i>Total or Median</i>				5,200			1.06
<b>Canadian Income Trusts</b>								
Pengrowth Energy Trust	PGH		23.37	159.0	3,720	20.00	0.16	1.14
Penn West Energy Trust	PWTFB	B	32.59	179.4	5,850	28.00	0.15	1.14
Enerplus Resources Fund	ERF		47.95	110.0	5,270	42.00	0.14	1.12
Canadian Oil Sands Trust (US\$)	COSWF	B	108.04	93.1	10,060	136.00	0.11	0.82
	<i>Total or Median</i>				24,900		0.14	1.13

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 Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 29-Dec 2005	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
<b>U.S. Royalty Trusts</b>							
Cross Timbers Royalty Trust	CRT	47.85	18.8	10.0	10.6	10.8	9.3
Sabine Royalty Trust	SBR	44.46	11.6	8.6	9.1	9.1	11.0
San Juan Basin Royalty Trust	SJT	H 43.08	12.2	8.0	8.6	9.3	10.7
Dorchester Minerals, L.P.	DMLP	25.27	11.6	8.6	8.4	12.3	11.7
Mesa RoyaltyTrust	MTR	68.67	20.0	9.0	8.2	8.8	11.4
Permian Basin RT	PBT	15.40	14.9	8.0	8.2	8.9	11.3
Hugoton RoyaltyTrust (46%)	HGT	36.40	13.5	7.1	7.7	10.3	9.7
	<i>Median</i>		<i>13.5</i>	<i>8.6</i>	<i>8.4</i>	<i>9.3</i>	<i>11.0</i>
<b>Canadian Income Trusts</b>							
Canadian Oil Sands Trust (US\$)	COSWF	B 108.04	20.0	11.6	9.5	11.2	3.2
Pengrowth Energy Trust	PGH	23.37	7.6	5.4	6.2	8.9	11.0
Enerplus Resources Fund	ERF	47.95	8.6	5.4	6.1	9.1	9.0
Penn West Energy Trust	PWTFF	B 32.59	8.0	4.8	5.4	8.0	9.8
	<i>Median</i>		<i>8.3</i>	<i>5.4</i>	<i>6.1</i>	<i>9.0</i>	<i>9.4</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2006; 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) (%)
<b>U.S. Royalty Trusts</b>							
Cross Timbers Royalty Trust	CRT	85	76	0.99	0.99	27	4.45
Hugoton RoyaltyTrust (46%)	HGT	-	93	0.74	0.74	65	3.53
San Juan Basin Royalty Trust	SJT	-	99	0.93	0.93	215	4.62
Sabine Royalty Trust	SBR	100	69	1.00	1.00	72	4.91
Permian Basin RT	PBT	30	46	0.93	0.93	81	1.74
Mesa RoyaltyTrust	MTR	-	82	0.93	0.93	15	7.80
Dorchester Minerals, L.P.	DMLP	54	79	0.98	0.98	83	2.95
	<i>Total or Median</i>		<i>79</i>	<i>0.93</i>	<i>0.93</i>	<i>600</i>	<i>11.0</i>
<b>Canadian Income Trusts</b>							
Canadian Oil Sands Trust (US\$)	COSWF	-	(7)	0.26	0.29	319	3.43
Enerplus Resources Fund	ERF	-	53	0.48	0.56	475	4.32
Penn West Energy Trust	PWTFF	-	52	0.46	0.54	572	3.19
Pengrowth Energy Trust	PGH	-	46	0.59	0.70	409	2.57
	<i>Total or Median</i>		<i>49</i>	<i>0.47</i>	<i>0.55</i>	<i>1,800</i>	<i>9.4</i>
Kinder Morgan Energy Partners	KMP			0.75	1.67		6.6

NTM = Next Twelve Months Ended December 31, 2006  
Ebitda = Earnings before interest, tax, depreciation and amortization

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