

Raise Long-Term Oil Price to \$60 a Barrel

Summary and Recommendation

Raising long-term real price to \$60 a barrel from \$50 for light, sweet crude oil increases estimated net present value (NPV) by 29% for buy-recommended **Canadian Oil Sands Trust (COSWF)** and 18% for buy-recommended **Penn West Energy Trust (PWTFE)**. Holding long-term natural gas price unchanged at \$10 a million btu keeps NPV unchanged for buy-recommended **San Juan Basin Royalty Trust (SJT)** and two other nearly exclusively natural gas trusts. Six-year futures price for oil of \$70 a barrel partly ratify our long-term oil price. We continue to see a trend to natural gas price at oil divided by five, but six-year futures have natural gas price at oil divided by more than eight. Thus, the long term may be a bit further away leaving our natural gas price for NPV estimates at oil divided by 6. Present value increases 20% along with price for conventional oil reserves and more for oil sands. Modest debt held by the Canadian trusts levers the percentage change in NPV.

Kurt H. Wulff, CFA

Natural Gas and Oil Royalty Trusts Change in Net Present Value (NPV)

			<i>Price (\$/sh)</i>	<i>Net Present Value</i>		
	<i>Symbol/ Rating</i>		<i>1-Jun 2006</i>	<i>New (\$/un)</i>	<i>Old (\$/un)</i>	<i>Change (%)</i>
U.S. Royalty Trusts						
San Juan Basin Royalty Trust	SJT	B	37.40	40.00	40.00	-
Mesa RoyaltyTrust	MTR		64.05	75.00	75.00	-
Hugoton RoyaltyTrust	HGT		29.10	34.00	34.00	-
Cross Timbers Royalty Trust	CRT		43.26	46.00	45.00	2
Dorchester Minerals, L.P.	DMLP		25.24	27.00	26.00	4
Sabine Royalty Trust	SBR		42.45	45.00	42.00	7
Permian Basin RT	PBT		15.71	16.50	15.00	10
	<i>Total or Median</i>					2
Canadian Income Trusts (US\$)						
Pengrowth Energy Trust	PGH		23.69	20.00	18.00	11
Enerplus Resources Fund	ERF		55.78	47.00	42.00	12
Penn West Energy Trust	PWTFE	B	39.51	39.00	33.00	18
Canadian Oil Sands Trust	COSWF	B	31.56	35.00	27.20	29
	<i>Total or Median</i>					15

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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) 1-Jun 2006	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio	
U.S. Royalty Trusts								
Permian Basin RT	PBT	15.71	46.6	730	16.50	-	0.95	
Sabine Royalty Trust	SBR	42.45	14.6	620	45.00	-	0.94	
Cross Timbers Royalty Trust	CRT	43.26	6.0	260	46.00	-	0.94	
Dorchester Minerals, L.P.	DMLP	25.24	28.2	710	27.00	-	0.94	
San Juan Basin Royalty Trust	SJT	B	37.40	46.6	1,740	40.00	-	0.93
Hugoton RoyaltyTrust	HGT	29.10	40.0	1,160	34.00	-	0.86	
Mesa RoyaltyTrust	MTR	64.05	1.9	120	75.00	-	0.85	
<i>Total or Median</i>				5,300			0.94	
Canadian Income Trusts (US\$)								
Enerplus Resources Fund	ERF	55.78	123.1	6,870	47.00	0.11	1.17	
Pengrowth Energy Trust	PGH	23.69	161.0	3,810	20.00	0.15	1.16	
Penn West Energy Trust	PWTFF	B	39.51	244.1	9,640	39.00	0.12	1.01
Canadian Oil Sands Trust	COSWF	B	31.56	464.1	14,650	35.00	0.10	0.91
<i>Total or Median</i>				35,000		0.11	1.08	

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) 1-Jun 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	43.26	13.0	12.0	11.3	11.7	8.6	
San Juan Basin Royalty Trust	SJT	B	37.40	13.6	11.8	11.1	7.8	
Mesa RoyaltyTrust	MTR	64.05	20.1	12.3	10.4	11.6	8.6	
Dorchester Minerals, L.P.	DMLP	25.24	8.2	10.8	10.1	15.8	8.6	
Sabine Royalty Trust	SBR	42.45	9.3	10.4	9.8	9.8	10.2	
Permian Basin RT	PBT	15.71	7.8	10.0	9.5	10.5	9.5	
Hugoton RoyaltyTrust	HGT	29.10	13.8	10.5	9.0	13.1	7.7	
<i>Median</i>			13.0	10.8	10.1	11.7	8.6	
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	31.56	25.1	11.3	10.3	13.6	6.0
Enerplus Resources Fund	ERF	55.78	9.4	7.2	8.5	16.5	8.2	
Pengrowth Energy Trust	PGH	23.69	7.5	6.7	7.8	13.5	11.5	
Penn West Energy Trust	PWTFF	B	39.51	7.9	7.1	7.2	10.1	9.3
<i>Median</i>			8.6	7.2	8.1	13.5	8.8	

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

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**Natural Gas and Oil Royalty Trusts
Rank by NTM Distribution Yield**

	<i>Symbol</i>	<i>Revenue Royalty (%)</i>	<i>Natural Gas/ Ebitda (%)</i>	<i>Dist/ Ebitda</i>	<i>Dist/ Equity Ebitda</i>	<i>NTM Distribution (\$mm)</i>	<i>NTM Distribution (\$/un)</i>	<i>Dist. Yield (%)</i>
U.S. Royalty Trusts								
Hugoton Royalty Trust	HGT	-	89	0.69	0.69	89	2.23	7.7
San Juan Basin Royalty Trust	SJT	-	98	0.87	0.87	137	2.94	7.8
Cross Timbers Royalty Trust	CRT	81	66	0.97	0.97	22	3.71	8.6
Dorchester Minerals, L.P.	DMLP	56	73	0.87	0.87	61	2.18	8.6
Mesa Royalty Trust	MTR	-	71	0.91	0.91	10	5.53	8.6
Permian Basin RT	PBT	29	33	0.91	0.91	70	1.50	9.5
Sabine Royalty Trust	SBR	100	49	1.00	1.00	63	4.34	10.2
	<i>Total or Median</i>		<i>71</i>	<i>0.91</i>	<i>0.91</i>	<i>500</i>		<i>8.6</i>
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(8)	0.55	0.61	881	1.90	6.0
Enerplus Resources Fund	ERF	-	46	0.63	0.70	561	4.56	8.2
Penn West Energy Trust	PWTFF	-	40	0.59	0.67	900	3.69	9.3
Pengrowth Energy Trust	PGH	-	37	0.77	0.91	437	2.71	11.5
	<i>Total or Median</i>		<i>39</i>	<i>0.61</i>	<i>0.69</i>	<i>2,800</i>		<i>8.8</i>
Kinder Morgan Energy Partners	KMP			0.80	1.79			6.9

NTM = Next Twelve Months Ended June 30, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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