

Inflation Protected Securities

Summary and Recommendation

Royalty trusts offer pure representation in real clean fuel resources in North America along with projected or indicated annual income of a median 8.8% for the U.S. stocks and 8.9% for the Canadian stocks. Returns depend on commodity price which means inflation protection by definition. Income estimates take account of latest futures prices that continue a steady uptrend for oil and appear to be setting up a sharp relative advance for natural gas. For the longest-life, buy-recommended **Canadian Oil Sands Trust (COSWF)**, oil volume is advancing 40% to a level that may then be maintained practically indefinitely. While life is theoretically finite for the remaining income stocks in this weekly analysis, actual volumes are likely to continue to be extended by the application of new technology at low cost, or even no cost in the case of revenue royalty stocks.

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Natural Gas and Oil Royalty Trusts Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 20-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	46.75	6.0	280	46.00	-	1.02
Sabine Royalty Trust	SBR	44.35	14.6	650	45.00	-	0.99
Dorchester Minerals, L.P.	DMLP	25.90	28.2	730	27.00	-	0.96
Permian Basin RT	PBT	15.74	46.6	730	16.50	-	0.95
San Juan Basin Royalty Trust	SJT	B	37.83	46.6	1,760	40.00	0.95
Mesa RoyaltyTrust	MTR	62.95	1.9	120	75.00	-	0.84
Hugoton RoyaltyTrust	HGT	28.37	40.0	1,140	34.00	-	0.83
<i>Total or Median</i>					5,400		0.95
Canadian Income Trusts (US\$)							
Pengrowth Energy Trust	PGH	23.92	161.0	3,850	20.00	0.15	1.17
Enerplus Resources Fund	ERF	54.65	123.1	6,730	47.00	0.10	1.15
Penn West Energy Trust	PWE	B	37.40	244.1	9,130	0.12	0.96
Canadian Oil Sands Trust	COSWF	B	28.33	464.1	13,150	0.09	0.83
<i>Total or Median</i>					32,900	0.11	1.06

B = Buy

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

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

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

	Symbol/ Rating	Price (\$/sh) 20-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	46.75	13.7	12.5	12.7	13.2	7.6
San Juan Basin Royalty Trust	SJT B	37.83	13.8	11.9	11.2	13.3	7.5
Sabine Royalty Trust	SBR	44.35	10.2	11.0	10.9	10.9	9.2
Dorchester Minerals, L.P.	DMLP	25.90	8.2	11.0	10.6	16.8	8.8
Mesa RoyaltyTrust	MTR	62.95	20.1	11.9	10.0	11.0	9.1
Permian Basin RT	PBT	15.74	7.8	9.7	9.2	10.1	9.9
Hugoton RoyaltyTrust	HGT	28.37	13.8	10.2	8.5	12.2	8.2
	<i>Median</i>		<i>13.7</i>	<i>11.0</i>	<i>10.6</i>	<i>12.2</i>	<i>8.8</i>
Canadian Income Trusts (US\$)							
Canadian Oil Sands Trust	COSWF B	28.33	25.1	10.6	8.7	11.0	6.5
Enerplus Resources Fund	ERF	54.65	9.4	7.2	8.2	15.4	8.1
Pengrowth Energy Trust	PGH	23.92	7.5	6.5	7.6	12.8	11.0
Penn West Energy Trust	PWE B	37.40	7.9	7.1	6.8	9.4	9.6
	<i>Median</i>		<i>8.6</i>	<i>7.1</i>	<i>7.9</i>	<i>11.9</i>	<i>8.9</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)	Dist. Yield (%)
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	-	98	0.84	0.84	133	2.84	7.5
Cross Timbers Royalty Trust	CRT	81	64	0.96	0.96	21	3.55	7.6
Hugoton RoyaltyTrust	HGT	-	89	0.70	0.70	93	2.33	8.2
Dorchester Minerals, L.P.	DMLP	56	72	0.93	0.93	64	2.28	8.8
Mesa RoyaltyTrust	MTR	-	71	0.91	0.91	11	5.71	9.1
Sabine Royalty Trust	SBR	100	48	1.00	1.00	60	4.09	9.2
Permian Basin RT	PBT	29	33	0.91	0.91	73	1.56	9.9
	<i>Total or Median</i>		<i>71</i>	<i>0.91</i>	<i>0.91</i>	<i>500</i>		<i>8.8</i>
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(7)	0.50	0.56	857	1.85	6.5
Enerplus Resources Fund	ERF	-	44	0.61	0.68	546	4.43	8.1
Penn West Energy Trust	PWE	-	38	0.57	0.65	876	3.59	9.6
Pengrowth Energy Trust	PGH	-	35	0.73	0.86	425	2.64	11.0
	<i>Total or Median</i>		<i>37</i>	<i>0.59</i>	<i>0.66</i>	<i>2,700</i>		<i>8.9</i>
Kinder Morgan Energy Partners	KMP			0.75	1.70			7.0

NTM = Next Twelve Months Ended June 30, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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