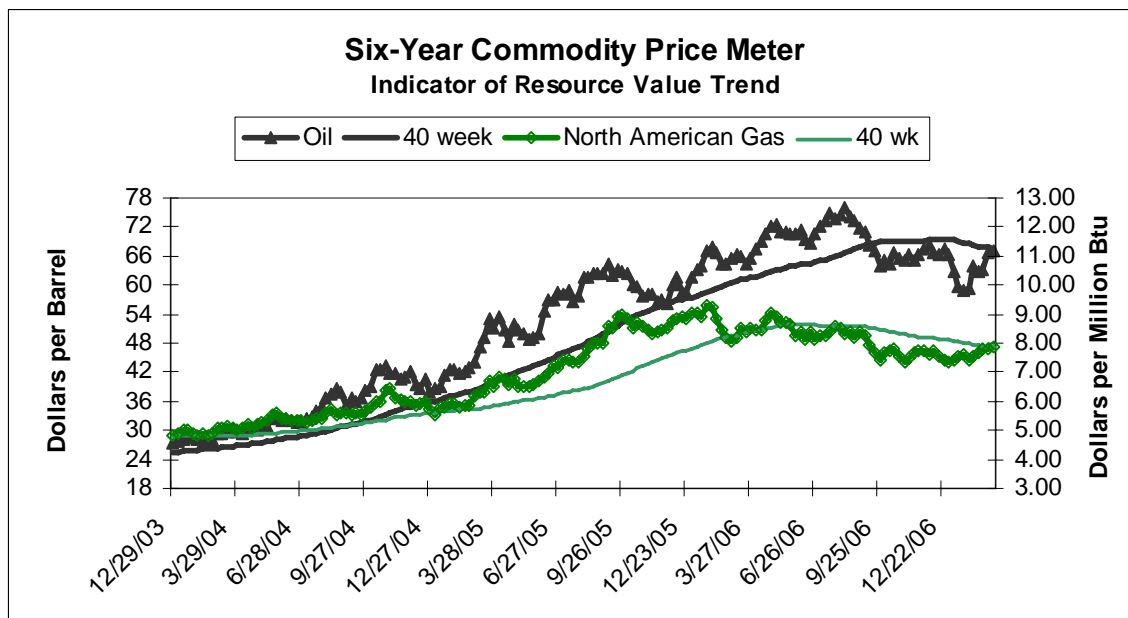


## Trend Test

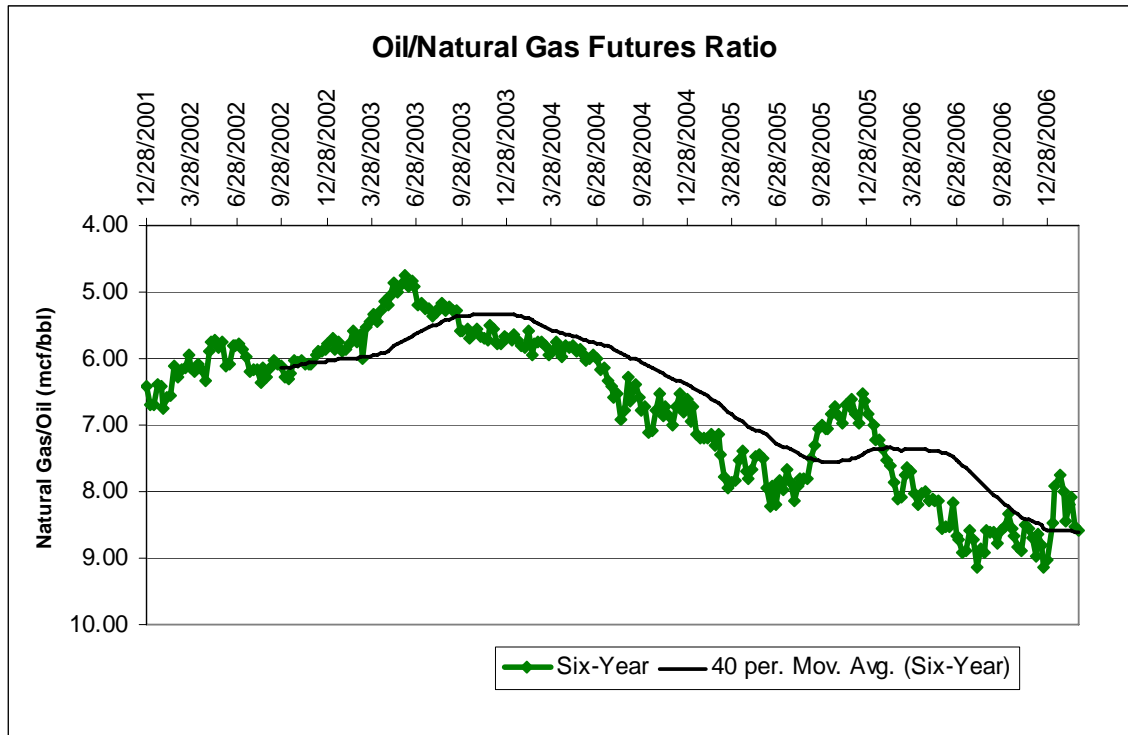
### Summary and Recommendation

Winners so far in the difficult markets of 2007, six-year natural gas and oil futures are within \$0.02 a million btu and \$0.39 a barrel of their 40-week averages, respectively (see graphic Six-Year Commodity Meter). We are optimistic that the current quotes will soon be above the 40-week average thereby defining a new uptrend by that measure. Natural gas appears to have additional upside as relative price appears to have reversed a four year downtrend (see graphic **Oil/Natural Gas Futures Ratio**). U.S. Royalty Trusts, including buy recommendations **San Juan Basin Royalty Trust (SJT)** and **Hugoton Royalty Trust (HGT)**, along with long-life buy recommendation **Canadian Oil Sands Trust (COSWF)** are high quality long-term commodity investments with income distributions. We estimate a median distribution for U.S. royalty trusts of 8.9% in 2007 and for Canadian income trusts in our coverage, 11.1%.

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) 1-Mar 2007	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio	
<b>U.S. Royalty Trusts</b>								
	CRT	43.75	6.0	260	46.00	-	0.95	
	SBR	40.61	14.6	590	45.00	-	0.90	
	PBT	14.58	46.6	680	16.50	-	0.88	
	DMLP	21.56	28.2	610	27.00	-	0.80	
	MTR	55.50	1.9	100	70.00	-	0.79	
	SJT	B	31.21	46.6	1,460	40.00	-	0.78
	HGT	B	24.64	40.0	990	34.00	-	0.73
	<i>Total or Median</i>				4,700		0.80	
<b>Canadian Income Trusts (US\$)</b>								
	PGH	17.01	241.0	4,100	17.00	0.26	1.00	
	ERF	42.98	123.0	5,290	47.00	0.11	0.92	
	PWE	B	29.16	239.5	6,980	36.00	0.15	0.84
	COSWF	B	23.17	479.0	11,100	35.00	0.08	0.69
	<i>Total or Median</i>				27,500	0.13	0.88	

B = Buy

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) 1-Mar 2007	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	43.75		12.8	12.2	12.5	8.0	
Sabine Royalty Trust	SBR	40.61		12.5	11.3	11.3	8.9	
Permian Basin RT	PBT	14.58		10.9	9.6	10.8	9.3	
Mesa RoyaltyTrust	MTR	55.50		12.1	9.6	11.9	8.4	
Dorchester Minerals, L.P.	DMLP	21.56		11.8	9.4	15.0	9.2	
San Juan Basin Royalty Trust	SJT	B	31.21	11.5	8.9	10.8	9.3	
Hugoton RoyaltyTrust	HGT	B	24.64	11.5	8.4	12.5	8.0	
	<i>Median</i>			11.8	9.6	11.9	8.9	
<b>Canadian Income Trusts (US\$)</b>								
Canadian Oil Sands Trust	COSWF	B	23.17	23.3	13.3	9.1	12.8	6.7
Pengrowth Energy Trust	PGH		17.01	7.4	8.0	8.0	34.1	15.2
Enerplus Resources Fund	ERF		42.98	9.0	7.7	7.2	14.1	10.1
Penn West Energy Trust	PWE	B	29.16	7.5	8.1	6.8	15.6	12.1
	<i>Median</i>			8.2	8.1	7.6	14.9	11.1

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 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) (%)	
<b>U.S. Royalty Trusts</b>								
Cross Timbers Royalty Trust	CRT	81	69	0.98	0.98	21	3.51	8.0
Hugoton RoyaltyTrust	HGT	-	90	0.67	0.67	79	1.97	8.0
Mesa RoyaltyTrust	MTR	-	76	0.81	0.81	9	4.65	8.4
Sabine Royalty Trust	SBR	100	55	1.00	1.00	53	3.61	8.9
Dorchester Minerals, L.P.	DMLP	56	74	0.87	0.87	56	1.99	9.2
San Juan Basin Royalty Trust	SJT	-	98	0.83	0.83	135	2.89	9.3
Permian Basin RT	PBT	29	36	0.89	0.89	63	1.35	9.3
	<i>Total or Median</i>		74	0.87	0.87	400		8.9
<b>Canadian Income Trusts (US\$)</b>								
Canadian Oil Sands Trust	COSWF	-	(10)	0.54	0.59	743	1.55	6.7
Enerplus Resources Fund	ERF	-	48	0.64	0.72	534	4.34	10.1
Penn West Energy Trust	PWE	-	40	0.68	0.79	842	3.52	12.1
Pengrowth Energy Trust	PGH	-	44	0.90	1.21	623	2.59	15.2
	<i>Total or Median</i>		42	0.66	0.75	2,700		11.1
Kinder Morgan Energy Partners	KMP			0.79	1.71			6.5

NTM = Next Twelve Months Ended December 31, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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