

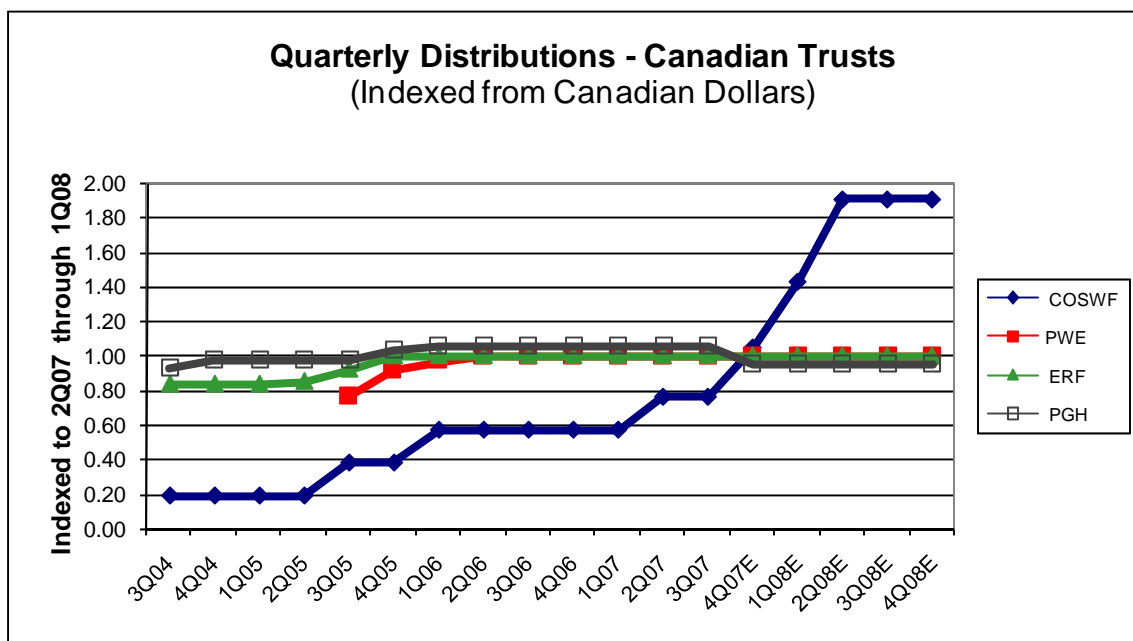


Trust Distributions Rising

Summary and Recommendation

Buy-recommended **Canadian Oil Sands Trust (COSWF)** completed a ten-fold distribution increase in three years with its latest declaration (see chart [Quarterly Distributions – Canadian Trusts](#)). Futures prices point to rising distributions for both groups of U.S. Royalty Trusts (see charts [Profits Royalty Trusts](#) and [Revenue Royalty Trusts](#)). Meanwhile stocks priced at McDep Ratios around 1.0 or less offer attractive value (see table [McDep Ratio](#)). Unlevered cash flow multiples (EV/Ebitda) look low for all the stocks compared to the lone sell recommendation (see table [EV/Ebitda](#)). Finally, projected Next Twelve Months distribution yields range as high as 13% (see table [Distribution Yield](#)).

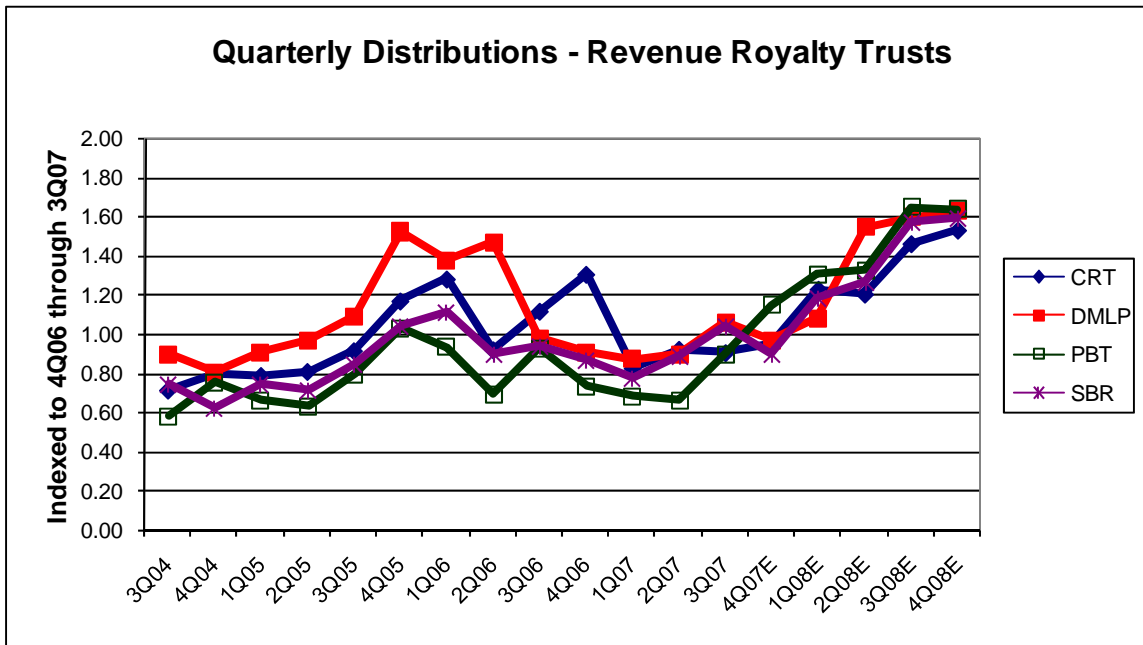
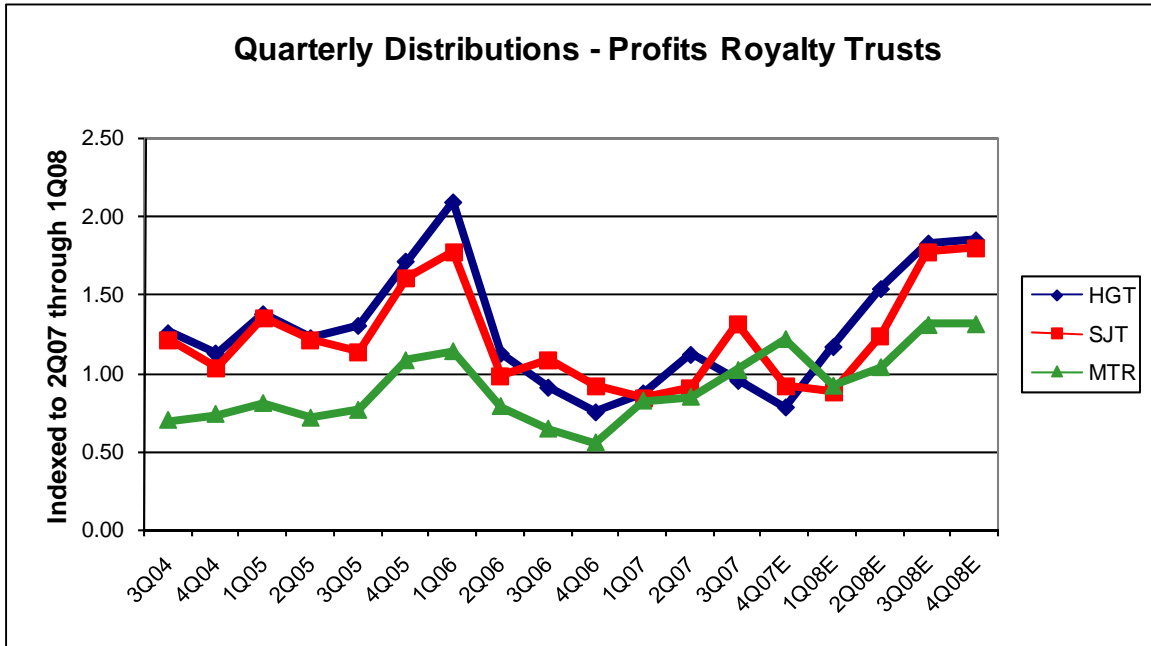
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Oil and Gas Income Stocks

A Weekly Analysis

May 2, 2008



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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		1-May 2008	(mm)				
U.S. Royalty Trusts								
Permian Basin RT	PBT		21.40	46.6	1,000	18.00	-	1.19
Sabine Royalty Trust	SBR		50.00	14.6	730	48.00	-	1.04
Mesa Royalty Trust	MTR		71.60	1.9	130	70.00	-	1.02
Cross Timbers Royalty Trust	CRT		46.04	6.0	280	47.00	-	0.98
San Juan Basin Royalty Trust	SJT	B	38.04	46.6	1,770	40.00	-	0.95
Hugoton Royalty Trust	HGT	B	29.57	40.0	1,180	34.00	-	0.87
<i>Total or Median</i>					5,100			1.00
Canadian Income Trusts (US\$)								
Pengrowth Energy Trust	PGH		19.46	247.0	4,810	19.00	0.27	1.02
Canadian Oil Sands Trust	COSWF	B	43.40	479.0	20,790	45.00	0.05	0.97
Enerplus Resources Fund	ERF		44.73	153.0	6,840	52.00	0.16	0.88
Penn West Energy Trust	PWE	B	29.70	372.6	11,070	37.00	0.23	0.85
<i>Total or Median</i>					43,500		0.20	0.92
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	S	58.96	188.2	11,100	17.00	0.57	2.07
Encore Energy Partners, L.P. (32%)	ENP		20.25	10.2	210	20.00	0.24	1.01
Dorchester Minerals, L.P.	DMLP		24.83	28.2	700	27.00	-	0.92
Linn Energy, LLC	LINE		21.69	114.0	2,470	27.00	0.34	0.87
<i>Total or Median</i>					14,500		0.29	0.96
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	PV/ Ebitda	EV/ Ebitda	P/E	Divd or Distrib NTM (%)
	Symbol/ Rating		1-May 2008	NTM	NTM	NTM	NTM	
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT		46.04	13.5	8.4	8.2	8.7	11.5
San Juan Basin Royalty Trust	SJT	B	38.04	10.8	8.1	7.7	9.3	10.8
Sabine Royalty Trust	SBR		50.00	9.2	7.3	7.6	7.6	13.1
Mesa Royalty Trust	MTR		71.60	21.1	7.3	7.4	8.5	11.7
Permian Basin RT	PBT		21.40	8.2	6.3	7.4	7.9	12.6
Hugoton Royalty Trust	HGT	B	29.57	13.2	7.2	6.3	8.9	11.3
<i>Median</i>				12.0	7.3	7.5	8.6	11.6
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	B	43.40	23.2	8.3	8.1	9.4	9.1
Pengrowth Energy Trust	PGH		19.46	8.7	5.6	5.7	9.8	13.7
Enerplus Resources Fund	ERF		44.73	9.6	6.3	5.5	7.6	11.1
Penn West Energy Trust	PWE	B	29.70	7.3	5.5	4.7	10.3	13.6
<i>Median</i>				9.2	5.9	5.6	9.6	12.3
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	S	58.96	8.0	7.4	15.2	22.7	6.2
Linn Energy, LLC	LINE		21.69	19.1	8.3	7.3		11.6
Dorchester Minerals, L.P.	DMLP		24.83	8.6	7.9	7.3	9.4	13.7
Encore Energy Partners, L.P.	ENP		20.25	12.4	6.5	6.5		7.7
<i>Median</i>				10.5	7.7	7.3	16.0	9.6
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2009; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								

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Natural Gas and Oil Income Stocks - Rank by NTM Distribution Yield								
			Natural					
		Revenue	Gas/		Dist/			Dist.
	Symbol	Royalty	Ebitda	Dist/	Equity	NTM Distribution		Yield
		(%)	(%)	Ebitda	Ebitda	(\$mm)	(\$/un)	(%)
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	-	98	0.83	0.83	191	4.11	10.8
Hugoton Royalty Trust	HGT	-	88	0.71	0.71	134	3.34	11.3
Cross Timbers Royalty Trust	CRT	84	68	0.94	0.94	32	5.28	11.5
Mesa Royalty Trust	MTR	-	68	0.88	0.88	16	8.41	11.7
Permian Basin RT	PBT	32	36	0.94	0.94	126	2.70	12.6
Sabine Royalty Trust	SBR	100	56	1.00	1.00	95	6.54	13.1
	<i>Total or Median</i>		68	0.91	0.91	600		11.6
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(8)	0.69	0.73	1,892	3.95	9.1
Enerplus Resources Fund	ERF	-	49	0.51	0.60	761	4.97	11.1
Penn West Energy Trust	PWE	-	35	0.46	0.60	1,500	4.03	13.6
Pengrowth Energy Trust	PGH	-	39	0.57	0.78	658	2.66	13.7
	<i>Total or Median</i>		37	0.54	0.67	4,800		12.3
U.S. Master Limited Partnerships (MLPs)								
Kinder Morgan Energy Partners, L.P.	KMP	-	-	0.69	1.59	693	3.68	6.2
Encore Energy Partners, L.P.	ENP	-	25	0.38	0.50	16	1.55	7.7
Linn Energy, LLC	LINE	-	66	0.52	0.78	287	2.52	11.6
Dorchester Minerals, L.P.	DMLP	64	71	1.00	1.00	96	3.40	13.7
	<i>Total or Median</i>		46	0.60	0.89	1,100		9.6
NTM = Next Twelve Months Ended March 31, 2009								
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.

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