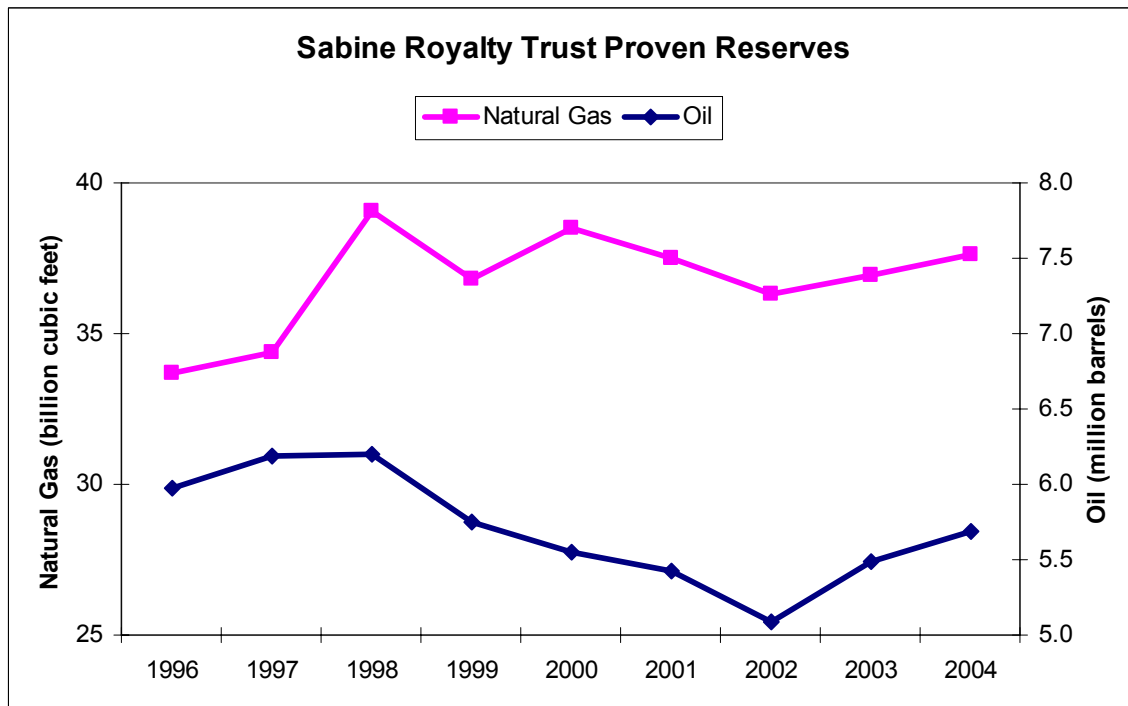


Owner Vigilance Rewarded

Summary and Recommendation

Recent experience with **Sabine Royalty Trust (SBR)** demonstrates the need for owners to be ever watchful over valuable property. A proxy solicitation that started to destroy value has apparently been suspended as of January 31 and the stock has rebounded in price. We attempted to point out the dangers in our research on January 6 and January 20, 2006. On January 24, the trustee weighed in with advice. The unique advantages of U.S. royalty trusts are not well understood by regulators, analysts, the press and investors. As an example, the proven reserves of SBR have been growing for the past decade, confounding common expectations (see chart). Meanwhile our current projection is a median distribution yield in 2006 of 9.5% for U.S. royalty trusts. The distribution would likely be more than a median 8.5% for Canadian trusts, a group including buy-recommended **Canadian Oil Sands Trust (COSWF)** and buy-recommended **Penn West Energy Trust (PWTF)**.

Kurt H. Wulff, CFA



Source: Adapted by McDep Associates from SBR Trustee Press Release, January 24, 2006

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.

Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating	Price (\$/sh) 2-Feb 2006	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
U.S. Royalty Trusts							
Hugoton RoyaltyTrust (46%)	HGT	38.07	18.4	700	34.00	-	1.12
San Juan Basin Royalty Trust	SJT H	43.93	46.6	2,050	40.00	-	1.10
Dorchester Minerals, L.P.	DMLP	27.81	28.2	790	26.00	-	1.07
Permian Basin RT	PBT	15.92	46.6	740	15.00	-	1.06
Cross Timbers Royalty Trust	CRT	46.95	6.0	280	45.00	-	1.04
Sabine Royalty Trust	SBR	43.50	14.6	630	42.00	-	1.04
Mesa RoyaltyTrust	MTR	67.31	1.9	130	75.00	-	0.89
	<i>Total or Median</i>			5,300			1.06
Canadian Income Trusts							
Enerplus Resources Fund	ERF	53.65	110.0	5,900	42.00	0.14	1.24
Pengrowth Energy Trust	PGH	24.40	159.0	3,880	20.00	0.16	1.19
Penn West Energy Trust	PWTFF B	36.42	179.4	6,530	33.00	0.13	1.09
Canadian Oil Sands Trust (US\$)	COSWF B	133.03	93.1	12,390	136.00	0.12	0.98
	<i>Total or Median</i>			28,700		0.14	1.14

B = Buy, H = Hold

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

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

	Symbol/ Rating	Price (\$/sh) 2-Feb 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	Divd or Distrib P/E NTM	NTM (%)
U.S. Royalty Trusts							
Cross Timbers Royalty Trust	CRT	46.95	18.9	10.3	10.8	10.9	9.2
San Juan Basin Royalty Trust	SJT H	43.93	12.1	9.3	10.3	11.3	8.9
Sabine Royalty Trust	SBR	43.50	11.6	9.8	10.1	10.1	9.9
Dorchester Minerals, L.P.	DMLP	27.81	11.5	9.5	10.1	15.5	9.8
Mesa RoyaltyTrust	MTR	67.31	20.0	10.8	9.6	10.5	9.5
Hugoton RoyaltyTrust (46%)	HGT	38.07	13.5	8.1	9.1	11.3	8.9
Permian Basin RT	PBT	15.92	14.9	8.2	8.7	9.4	10.6
	<i>Median</i>		13.5	9.5	10.1	10.9	9.5
Canadian Income Trusts							
Canadian Oil Sands Trust (US\$)	COSWF B	133.03	20.0	11.3	11.1	14.6	2.6
Enerplus Resources Fund	ERF	53.65	8.6	5.7	7.0	10.9	8.2
Pengrowth Energy Trust	PGH	24.40	7.6	5.6	6.6	10.0	10.7
Penn West Energy Trust	PWTFF B	36.42	8.0	5.6	6.1	9.3	8.9
	<i>Median</i>		8.3	5.7	6.8	10.4	8.5

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

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.