

PWE Rings the Bell

Summary and Recommendation

Buy-recommended **Penn West Energy Trust** (new symbol **PWE**) began trading in the U.S. as management rang the opening bell at the New York Stock Exchange on June 22. The Canadian oil and gas income stock distributes qualified dividends at the current rate of 9.7% a year from long-lasting cash flow. Enhanced recovery using greenhouse gas in the giant old Pembina oil field, future production from Peace River oil sands and investment by others in PWE lands may add sustainability to high current income. Meanwhile natural gas oriented U.S. royalty trusts including buy-recommended **San Juan Basin Royalty Trust (SJT)** also promise distributions more than 8% for the next twelve months. Latest declarations of monthly distributions lag real-time natural gas price that has reached some of the lowest levels relative to oil this decade (see charts). Finally, while natural gas price is low relative to oil, buy-recommended **Canadian Oil Sands Trust (COSWF)** proposes a creative transaction to acquire Arctic natural gas reserves as a long-term hedge against natural gas costs in oil sands production.

Kurt H. Wulff, CFA

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

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 22-Jun 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	42.59	6.0	260	46.00	-	0.93	
Permian Basin RT	PBT	15.07	46.6	700	16.50	-	0.91	
Sabine Royalty Trust	SBR	40.89	14.6	600	45.00	-	0.91	
San Juan Basin Royalty Trust	SJT	B	36.31	46.6	1,690	40.00	-	0.91
Dorchester Minerals, L.P.	DMLP	23.88	28.2	670	27.00	-	0.88	
Mesa RoyaltyTrust	MTR	63.40	1.9	120	75.00	-	0.84	
Hugoton RoyaltyTrust	HGT	28.58	40.0	1,140	34.00	-	0.84	
	<i>Total or Median</i>			<i>5,200</i>			<i>0.91</i>	
Canadian Income Trusts (US\$)								
Pengrowth Energy Trust	PGH	23.45	161.0	3,780	20.00	0.15	1.15	
Enerplus Resources Fund	ERF	52.00	123.1	6,400	47.00	0.11	1.09	
Penn West Energy Trust	PWE	B	37.47	243.7	9,130	0.12	0.97	
Canadian Oil Sands Trust	COSWF	B	27.57	464.1	12,790	0.10	0.81	
	<i>Total or Median</i>			<i>32,100</i>		<i>0.11</i>	<i>1.03</i>	

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) 22-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	42.59	13.7	12.5	11.6	12.0	8.4
San Juan Basin Royalty Trust	SJT B	36.31	13.8	11.6	10.5	12.4	8.1
Sabine Royalty Trust	SBR	40.89	10.2	11.0	10.0	10.0	10.0
Mesa RoyaltyTrust	MTR	63.40	20.1	11.7	9.9	10.8	9.2
Dorchester Minerals, L.P.	DMLP	23.88	8.2	10.8	9.5	15.0	9.8
Permian Basin RT	PBT	15.07	7.8	9.8	8.9	9.8	10.2
Hugoton RoyaltyTrust	HGT	28.58	13.8	9.8	8.2	11.6	8.6
	<i>Median</i>		<i>13.7</i>	<i>11.0</i>	<i>9.9</i>	<i>11.6</i>	<i>9.2</i>
Canadian Income Trusts (US\$)							
Canadian Oil Sands Trust	COSWF B	27.57	25.1	11.3	9.1	11.7	6.8
Enerplus Resources Fund	ERF	52.00	9.4	7.2	7.9	15.1	8.7
Pengrowth Energy Trust	PGH	23.45	7.5	6.7	7.6	13.1	11.4
Penn West Energy Trust	PWE B	37.47	7.9	7.0	6.8	9.4	9.7
	<i>Median</i>		<i>8.6</i>	<i>7.1</i>	<i>7.8</i>	<i>12.4</i>	<i>9.2</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

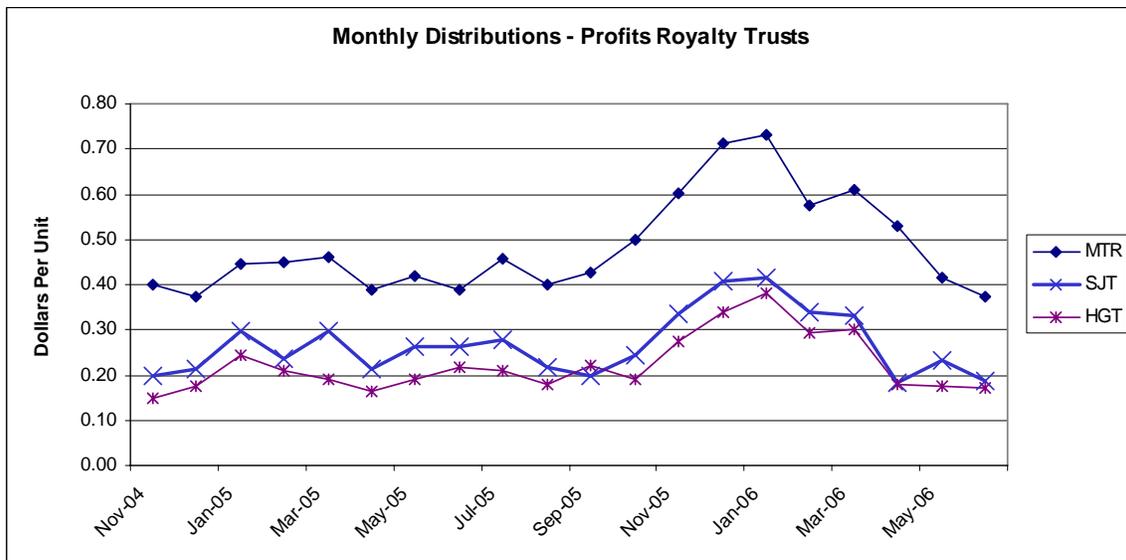
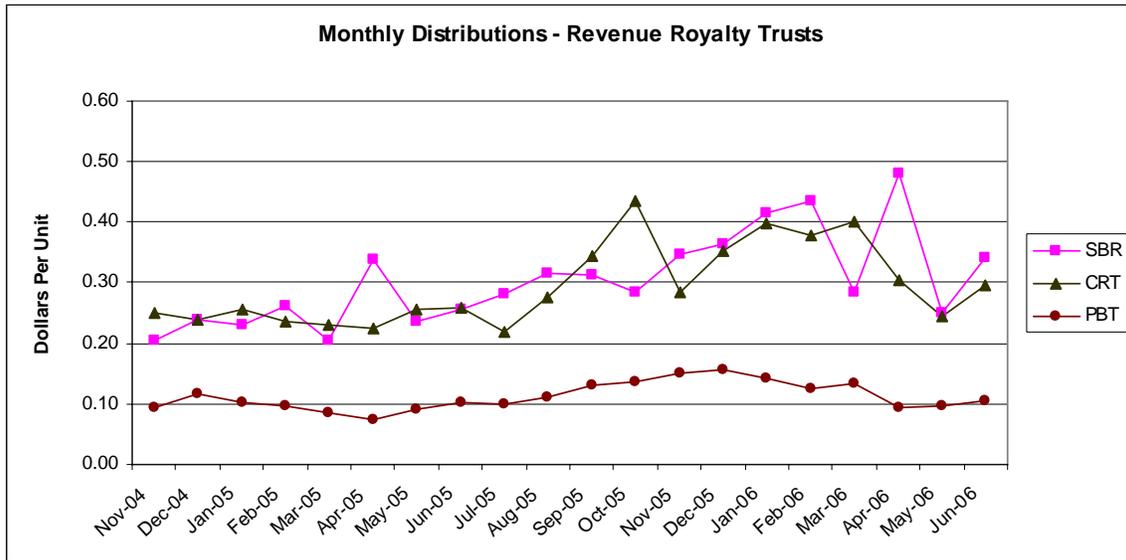
Rank by NTM Distribution Yield

	Symbol	Revenue Royalty (%)	Natural Gas/ Ebitda (%)	Dist/ Ebitda	Dist/ Equity Ebitda	NTM Distribution (\$mm)	Dist. Distribution (\$/un)	Dist. Yield (%)
U.S. Royalty Trusts								
San Juan Basin Royalty Trust	SJT	-	98	0.85	0.85	137	2.93	8.1
Cross Timbers Royalty Trust	CRT	81	65	0.96	0.96	21	3.56	8.4
Hugoton RoyaltyTrust	HGT	-	90	0.71	0.71	99	2.47	8.6
Mesa RoyaltyTrust	MTR	-	73	0.91	0.91	11	5.85	9.2
Dorchester Minerals, L.P.	DMLP	56	73	0.93	0.93	66	2.33	9.8
Sabine Royalty Trust	SBR	100	50	1.00	1.00	60	4.10	10.0
Permian Basin RT	PBT	29	35	0.91	0.91	72	1.54	10.2
	<i>Total or Median</i>		<i>73</i>	<i>0.91</i>	<i>0.91</i>	<i>500</i>		<i>9.2</i>
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(8)	0.55	0.60	871	1.88	6.8
Enerplus Resources Fund	ERF	-	46	0.62	0.69	554	4.50	8.7
Penn West Energy Trust	PWE	-	40	0.58	0.66	889	3.65	9.7
Pengrowth Energy Trust	PGH	-	37	0.76	0.89	432	2.68	11.4
	<i>Total or Median</i>		<i>39</i>	<i>0.60</i>	<i>0.67</i>	<i>2,700</i>		<i>9.2</i>
Kinder Morgan Energy Partners	KMP			0.80	1.79			7.1

NTM = Next Twelve Months Ended June 30, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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