

Look Ahead for Distribution Yield

Summary and Recommendation

Rolling forward our Next Twelve Months (NTM) time frame to the period ending 12/31/07 boosts projected distribution yield to a median 8.7% for U.S. royalty trusts from 7.7% last week when our NTM time frame ended 9/30/07. Investors watching the popularly quoted near month oil futures see a similar type of discontinuity around the 22nd of each month when trading shifts to the next full near month. Considering that near month futures are lower than far months the shift is generally upward. The two trusts most concentrated on natural gas, **Hugoton Royalty Trust (HGT)** and buy-recommended **San Juan Basin Royalty Trust (SJT)**, get an extra boost when the low point of fourth quarter 2006 is no longer in the NTM time frame (see charts, page 3, Monthly Distributions and Quarterly Distributions). Projected distributions for **Mesa Royalty Trust (MTR)** also render moot the non-recurring deductions for a legal settlement that have reduced recent declarations and contributed to an exaggerated impact on stock price. Volume trends present a steadier picture than recent distributions (see chart, page 3, Quarterly Natural Gas and Oil Volume).

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-Nov 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								
Sabine Royalty Trust	SBR	50.32	14.6	730	45.00	-	1.12	
Cross Timbers Royalty Trust	CRT	49.48	6.0	300	46.00	-	1.08	
Permian Basin RT	PBT	16.43	46.6	770	16.50	-	1.00	
San Juan Basin Royalty Trust	SJT	B	38.05	46.6	1,770	40.00	-	0.95
Dorchester Minerals, L.P.	DMLP	23.57	28.2	670	27.00	-	0.87	
Hugoton RoyaltyTrust	HGT	27.43	40.0	1,100	34.00	-	0.81	
Mesa RoyaltyTrust	MTR	50.00	1.9	90	70.00	-	0.71	
	<i>Total or Median</i>			<i>5,400</i>			<i>0.95</i>	
Canadian Income Trusts (US\$)								
Enerplus Resources Fund	ERF	44.65	123.1	5,500	47.00	0.11	0.96	
Pengrowth Energy Trust	PGH	17.87	220.2	3,930	20.00	0.22	0.92	
Penn West Energy Trust	PWE	B	31.47	239.0	7,520	39.00	0.13	0.83
Canadian Oil Sands Trust	COSWF	B	25.45	468.1	11,910	35.00	0.08	0.75
	<i>Total or Median</i>			<i>28,900</i>		<i>0.12</i>	<i>0.87</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-Nov 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	49.48		12.2	13.2	13.4	7.4
Sabine Royalty Trust	SBR	50.32		11.6	13.0	13.0	7.7
Permian Basin RT	PBT	16.43		10.5	10.4	11.6	8.6
Dorchester Minerals, L.P.	DMLP	23.57		10.9	9.6	14.6	9.8
San Juan Basin Royalty Trust	SJT	B 38.05		10.0	9.5	11.5	8.7
Mesa RoyaltyTrust	MTR	50.00		11.3	8.1	9.9	10.1
Hugoton RoyaltyTrust	HGT	27.43		9.4	7.6	11.3	8.8
	<i>Median</i>			10.9	9.6	11.6	8.7
Canadian Income Trusts (US\$)							
Canadian Oil Sands Trust	COSWF	B 25.45	23.2	12.4	9.3	12.4	7.2
Enerplus Resources Fund	ERF	44.65	9.5	7.3	7.0	14.6	9.8
Penn West Energy Trust	PWE	B 31.47	8.1	8.1	6.7	11.2	11.3
Pengrowth Energy Trust	PGH	17.87	7.6	7.2	6.6	8.9	14.6
	<i>Median</i>		8.8	7.7	6.8	11.8	10.6

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

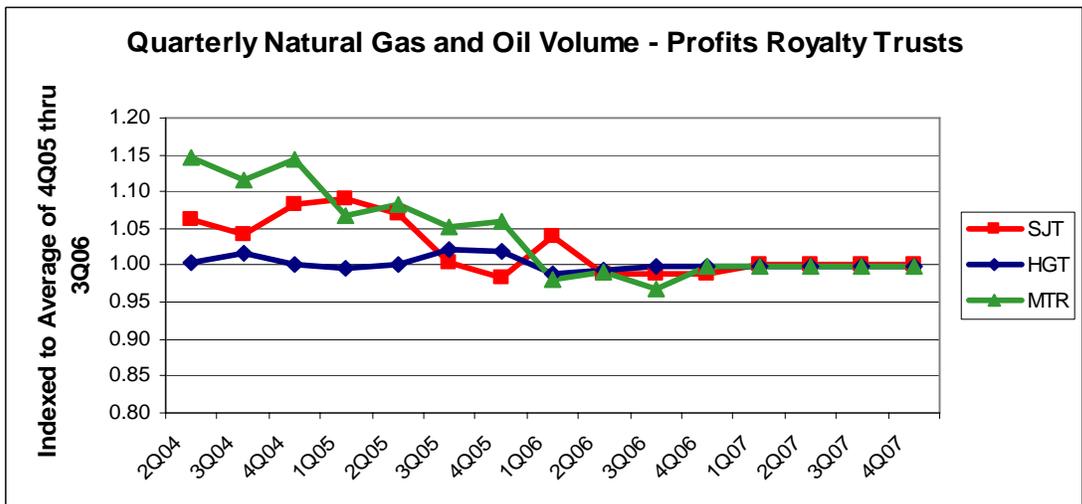
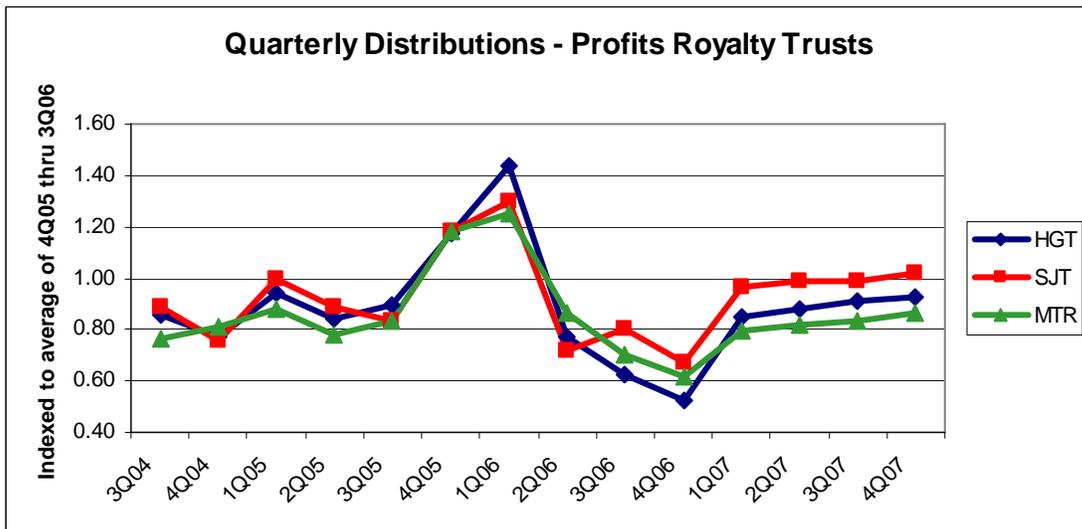
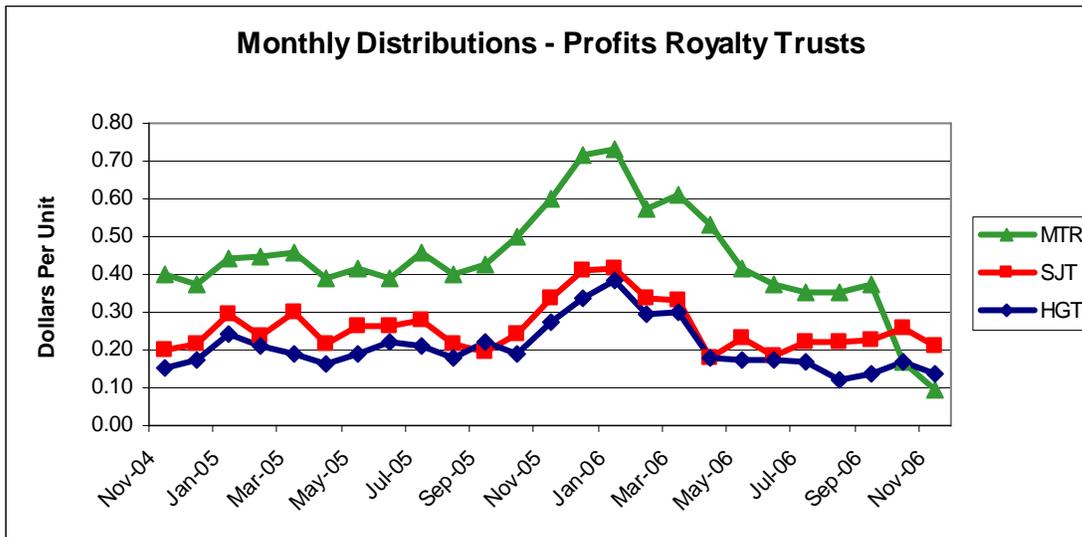
Natural Gas and Oil Royalty Trusts Rank by NTM Distribution Yield

	Symbol	Revenue Royalty (%)	Natural Gas/ Ebitda (%)	Dist/ Ebitda	Dist/ Equity Ebitda	NTM Distribution (\$mm)	Dist. Distribution (\$/un)	Dist. Yield (%)
U.S. Royalty Trusts								
Cross Timbers Royalty Trust	CRT	81	71	0.98	0.98	22	3.68	7.4
Sabine Royalty Trust	SBR	100	58	1.00	1.00	56	3.87	7.7
Permian Basin RT	PBT	29	38	0.90	0.90	66	1.41	8.6
San Juan Basin Royalty Trust	SJT	-	98	0.83	0.83	154	3.31	8.7
Hugoton RoyaltyTrust	HGT	-	92	0.67	0.67	97	2.43	8.8
Dorchester Minerals, L.P.	DMLP	56	76	0.93	0.93	65	2.30	9.8
Mesa RoyaltyTrust	MTR	-	78	0.82	0.82	9	5.07	10.1
	<i>Total or Median</i>		76	0.90	0.90	500		8.7
Canadian Income Trusts (US\$)								
Canadian Oil Sands Trust	COSWF	-	(9)	0.60	0.65	857	1.83	7.2
Enerplus Resources Fund	ERF	-	46	0.60	0.68	541	4.40	9.8
Penn West Energy Trust	PWE	-	41	0.64	0.73	850	3.56	11.3
Pengrowth Energy Trust	PGH	-	44	0.74	0.94	576	2.62	14.6
	<i>Total or Median</i>		43	0.62	0.71	2,800		10.6
Kinder Morgan Energy Partners	KMP			0.75	1.70			7.2

NTM = Next Twelve Months Ended December 31, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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