

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003

CRT Outperforms Outstanding Management

Summary and Recommendation

Historical performance of **Cross Timbers Royalty Trust (CRT)** illustrates the appeal we see in natural gas royalty trusts as resource investments without the potential drag of management. Since the stock started trading in early 1992 at \$10 a unit it has paid an average annual distribution of \$1.50. Counting appreciation to today's price near \$20 a unit and including the value of coal seam gas tax credits the total return becomes 20% per year. CRT was formed by Cross Timbers Oil Company, which followed its royalty trust by a year in going public and later changed its name to **XTO Energy (XTO)**. Highly concentrated on North American natural gas, XTO has returned 24% per year to investors who purchased in 1993. Even though that is outstanding performance for an operating company, it does not beat CRT when we take account of leverage. CRT has no debt. XTO started with one-third debt in 1993. To put XTO performance on an unlevered basis, the comparable numbers are 20% for CRT versus 16% for XTO. Future performance will depend primarily on the price of natural gas, a commodity that has attractive potential, in our opinion. Meanwhile the market cap is too small for institutional investors to accumulate any meaningful position, but CRT is an attractive stock, we believe, for individuals including those who manage institutional money. Our recap of CRT accompanies the introduction of projections of monthly distributions. We own the stock. We are not paid by the trust for our research or for our opinion.

Kurt H. Wulff, CFA

Natural Gas and Oil Futures

April 30, 2003

	2004	2005	2006	2007	2008	2009	Six Year
Natural Gas (\$/mmbtu)							
Year ending May	5.41	4.73	4.50	4.33	4.38	4.36	4.62
Light Sweet Crude Oil (\$/bbl)							
Year ending May	24.90	23.98	23.71	23.69	23.68	23.72	23.95
Natural Gas/Oil (6:1 = 1.0)							
Year ending May	1.30	1.18	1.14	1.10	1.11	1.10	1.16

Source: Nymex, FutureSource, wsj.com, McDep Associates

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003

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

	Symbol/ Rating	Price (\$/sh) 30-Apr 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Cross Timbers Royalty Trust	CRT	21.05	6.0	126	21.80	-	0.96
Hugoton RoyaltyTrust (46%)	HGT	14.56	18.4	270	16.90	-	0.86
San Juan Basin Royalty Trust	SJT B	15.17	46.6	710	18.20	-	0.83

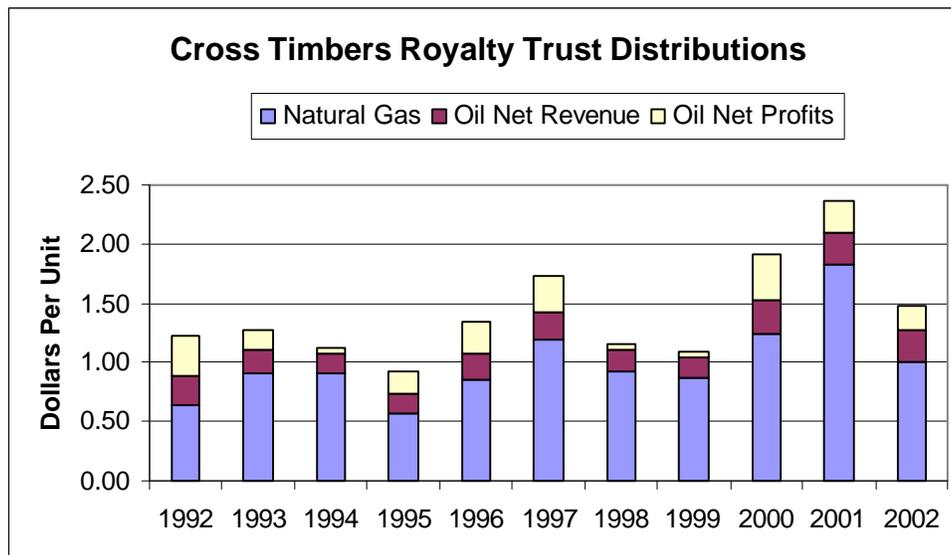
Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

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) 30-Apr 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Cross Timbers Royalty Trust	CRT	21.05	6.1	8.4	9	11.3	8.7
San Juan Basin Royalty Trust	SJT B	15.17	5.1	6.2	7	13.8	7.5
Hugoton RoyaltyTrust (46%)	HGT	14.56	4.5	5.9	7	14.7	6.8

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

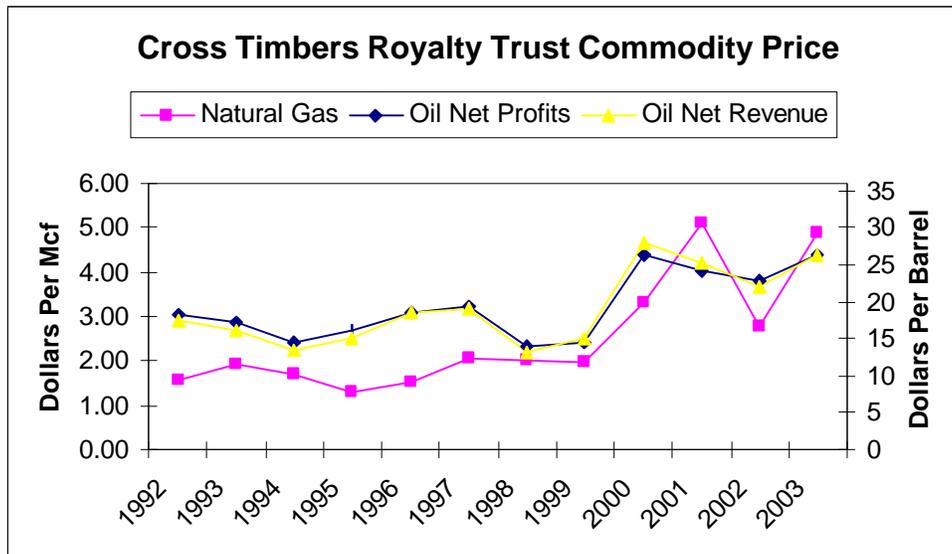
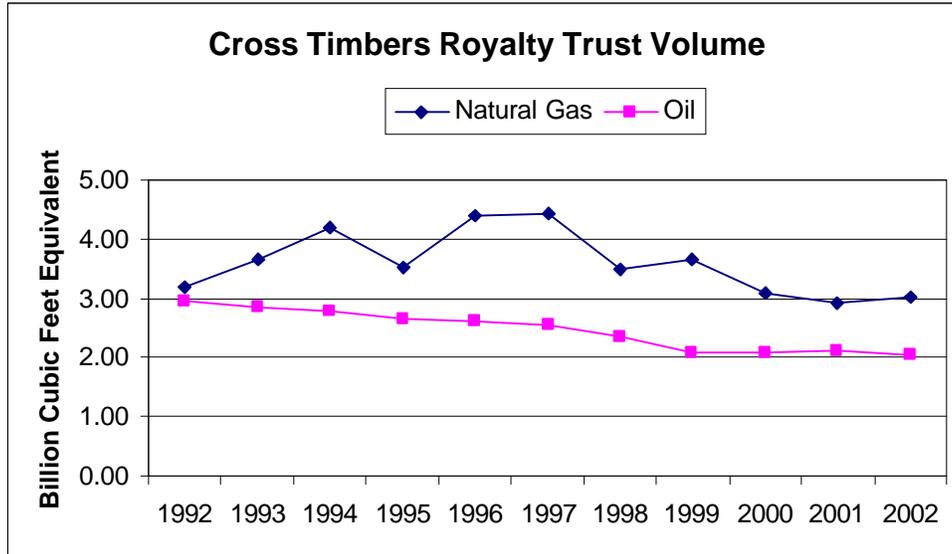


Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003



Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003

Table CRT-1
Cross Timbers Royalty Trust
Present Value

Volume Decline (%/yr):	10	Price Escalation post 2008 (%/yr):	2.6
Volume Enhancement (%/yr):	10	Discount Rate (%/yr):	5.4
Variable Cost (%):	16	U.S. TIPS Inflation (%/yr):	1.8
		U.S. 10 Year Yield (%/yr):	4.0
PV/Volume (\$/mcf):	3.00	PV/EBITDA 2004:	8.9

Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Cost (\$mm)	Oil			Disc Factor	Present Value (\$/unit)
	Basic (bcf)	Enhanced (bcf)	Total (bcf)				Net (\$mm)	Distribution (\$mm)	(\$/unit)		
Total 2004 through 2030; years ending on 3/31											
	26	18	44	4.84	211	34	27	204	34.03	0.64	21.80
2004	2.8	0.0	2.8	5.03	13.9	2.2	2.6	14.3	2.38	0.97	2.32
2005	2.5	0.3	2.8	4.65	12.8	2.1	2.1	12.8	2.14	0.92	1.98
2006	2.2	0.5	2.8	4.35	12.0	1.9	1.9	12.0	2.00	0.88	1.76
2007	2.0	0.7	2.8	4.13	11.4	1.8	1.8	11.4	1.90	0.83	1.58
2008	1.8	0.9	2.8	4.16	11.5	1.8	1.8	11.4	1.90	0.79	1.50
2009	1.6	1.1	2.8	4.17	11.5	1.8	1.7	11.4	1.89	0.75	1.42
2010	1.5	1.3	2.8	4.28	11.8	1.9	1.7	11.6	1.93	0.71	1.37
2011	1.3	1.4	2.8	4.39	12.1	1.9	1.6	11.8	1.97	0.67	1.33
2012	1.2	1.3	2.5	4.50	11.2	1.8	2.0	11.4	1.90	0.64	1.22
2013	1.1	1.2	2.2	4.62	10.3	1.7	1.8	10.5	1.75	0.61	1.06
2014	1.0	1.0	2.0	4.74	9.5	1.5	1.6	9.6	1.60	0.58	0.92
2015	0.9	0.9	1.8	4.86	8.8	1.4	1.5	8.8	1.47	0.55	0.81
2016	0.8	0.8	1.6	4.98	8.1	1.3	1.3	8.1	1.35	0.52	0.70
2017	0.7	0.8	1.5	5.11	7.5	1.2	1.1	7.4	1.24	0.49	0.61
2018	0.6	0.7	1.3	5.24	6.9	1.1	1.0	6.8	1.14	0.47	0.53
2019	0.6	0.6	1.2	5.38	6.4	1.0	0.9	6.3	1.04	0.44	0.46
2020	0.5	0.6	1.1	5.52	5.9	0.9	0.8	5.7	0.95	0.42	0.40
2021	0.5	0.5	1.0	5.66	5.4	0.9		4.6	0.76	0.40	0.30
2022	0.4	0.5	0.9	5.80	5.0	0.8		4.2	0.70	0.38	0.27
2023	0.4	0.4	0.8	5.95	4.6	0.7		3.9	0.65	0.36	0.23
2024	0.3	0.4	0.7	6.11	4.3	0.7		3.6	0.60	0.34	0.20
2025	0.3	0.3	0.6	6.26	4.0	0.6		3.3	0.55	0.32	0.18
2026	0.3	0.3	0.6	6.42	3.6	0.6		3.1	0.51	0.31	0.16
2027	0.2	0.3	0.5	6.59	3.4	0.5		2.8	0.47	0.29	0.14
2028	0.2	0.2	0.5	6.76	3.1	0.5		2.6	0.44	0.28	0.12
2029	0.2	0.2	0.4	6.93	2.9	0.5		2.4	0.40	0.26	0.11
2030	0.2	0.2	0.4	7.11	2.6	0.4		2.2	0.37	0.25	0.09

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003

Table CRT-1A
Cross Timbers Royalty Trust
Oil Present Value

Volume Decline (%/yr):	10	Price Escalation post 2009 (%/yr):	1.8
Volume Enhancement (%/yr):	6	Discount rate (%/yr):	5.4
Capex/Cash Flow (%):	21	U.S. TIPS Inflation (%/yr):	1.8
Variable Cost (%):	40	U.S. 10 Year Yield (%/yr):	4.0

Year	Basic (mb)	Volume Enhanced (mb)	Total (mb)	Price (\$/bbl)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$/unit)	Disc Factor	Present Value (\$/unit)	
Total 2004 through 2030; years ending on 3/31												
	2244	813	3057	23.12	71	11	28	4	27	4.54	0.70	3.20
2004	254	0	254	24.57	6.2	0.7	2.5	0.5	2.6	0.44	0.97	0.43
2005	231	15	246	22.21	5.5	0.7	2.2	0.5	2.1	0.34	0.92	0.32
2006	210	29	239	21.72	5.2	0.7	2.1	0.5	1.9	0.32	0.88	0.28
2007	191	40	231	21.69	5.0	0.7	2.0	0.5	1.8	0.31	0.83	0.26
2008	174	50	224	21.68	4.8	0.7	1.9	0.5	1.8	0.30	0.79	0.23
2009	158	58	216	21.72	4.7	0.7	1.9	0.5	1.7	0.28	0.75	0.21
2010	144	65	209	22.10	4.6	0.7	1.8	0.4	1.7	0.28	0.71	0.20
2011	131	71	202	22.50	4.5	0.7	1.8	0.4	1.6	0.27	0.67	0.18
2012	119	76	195	22.89	4.5	0.7	1.8		2.0	0.34	0.64	0.21
2013	108	69	177	23.30	4.1	0.7	1.7		1.8	0.30	0.61	0.18
2014	98	63	161	23.71	3.8	0.7	1.5		1.6	0.27	0.58	0.16
2015	89	57	147	24.13	3.5	0.7	1.4		1.5	0.24	0.55	0.13
2016	81	52	133	24.56	3.3	0.7	1.3		1.3	0.22	0.52	0.11
2017	74	47	121	24.99	3.0	0.7	1.2		1.1	0.19	0.49	0.09
2018	67	43	110	25.44	2.8	0.7	1.1		1.0	0.17	0.47	0.08
2019	61	39	100	25.89	2.6	0.7	1.0		0.9	0.15	0.44	0.07
2020	55	36	91	26.34	2.4	0.7	1.0		0.8	0.13	0.42	0.05

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003

Table CRT-2
Cross Timbers Royalty Trust
Distributable Income

	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Next
	9/30/02	12/31/02	2002	3/31/03	6/30/03	9/30/03	12/31/03	2003E	3/31/04	Twelve
										Months
										3/31/04
Highlights										
Tax credit (\$mm)										
Per unit	0.03	0.01	0.08							
Distributable Income (\$mm)	2.49	2.80	8.82	2.60	4.09	3.40	3.39	13.47	3.40	14.28
Per unit	0.42	0.47	1.47	0.43	0.68	0.57	0.57	2.25	0.57	2.38
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Volume										
Natural Gas (bcf)	0.77	0.77	3.03	0.76	0.76	0.76	0.77	3.05	0.77	3.06
Natural Gas (mmcf)	8.4	8.4	8.3	8.3	8.4	8.4	8.4	8.4	8.4	8.4
Days	91	92	365	92	90	91	92	365	92	365
Oil (mb)	82	91	339	83	77	79	79	318	79	314
Oil (mbd)	0.89	0.99	0.93	0.90	0.86	0.86	0.86	0.87	0.86	0.86
Days	92	92	365	92	89	92	92	365	92	365
Total (bcf)	1.26	1.32	5.06	1.26	1.22	1.24	1.25	4.96	1.25	4.95
Price										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	3.38	3.21	2.88	4.30	6.38	5.26	5.45	5.35	5.52	5.65
Differential (\$/mmbtu)	0.33	0.21	0.09	0.43	0.87	0.53	0.55	0.59	0.55	0.62
CRT (\$/mcf)	3.05	3.00	2.79	3.87	5.51	4.73	4.91	4.75	4.97	5.03
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	26.49	28.96	24.70	29.55	32.50	25.50	25.30	28.21	24.89	27.04
CRT	24.79	26.30	22.31	27.55	28.74	23.50	23.30	25.77	22.89	24.57
Total (\$/mcf)	3.47	3.57	3.17	4.16	5.24	4.42	4.52	4.58	4.53	4.67
Revenue (\$mm)										
Natural Gas	2.33	2.32	8.45	2.95	4.16	3.61	3.79	14.52	3.84	15.41
Oil	2.03	2.40	7.55	2.28	2.20	1.86	1.84	8.18	1.81	7.72
Total	4.37	4.71	16.01	5.23	6.36	5.47	5.64	22.71	5.65	23.12
Cost (\$mm)										
Tax, transport & other	0.60	0.66	2.11	0.73	0.89	0.77	0.79	3.18	0.79	3.24
Production	0.79	0.75	3.01	0.75	0.75	0.75	0.75	3.00	0.75	3.00
Total	1.40	1.41	5.13	1.48	1.64	1.52	1.54	6.18	1.54	6.24
Cash flow (\$mm)										
Development	0.08	0.06	0.57	0.15	0.15	0.15	0.15	0.60	0.15	0.60
Excess or other		(0.02)	(0.02)					-		
Net proceeds (\$mm)										
	2.89	3.26	10.33	3.60	4.57	3.81	3.95	15.93	3.96	16.28
Royalty income (\$mm)										
	2.53	2.82	9.05	3.13	4.13	3.44	3.43	14.13	3.44	14.44
Royalty/Net proceeds	87%	87%	88%	87%	90%	90%	87%	89%	87%	89%
Administration	0.04	0.02	0.22	0.54	0.04	0.04	0.04	0.66	0.04	0.16
Distributable income (\$mm)										
	2.49	2.80	8.82	2.60	4.09	3.40	3.39	13.47	3.40	14.28
<i>Modeling ratios</i>										
Tax and other/revenue	0.14	0.14	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

Natural Gas Royalty Trusts

A Weekly Analysis

May 1, 2003

Table CRT-3
Cross Timbers Royalty Trust
Monthly Distributions

	<i>Mar-03</i>	<i>Apr-03</i>	<i>May-03</i>	<i>Jun-03</i>
Distribution (\$/unit)				
Declared	0.18	0.20		
Projected			0.22	0.26
Volume				
Natural Gas (bcf)	233	266	232	257
Natural Gas (mmcf/d)	7.52	8.58	8.30	8.30
Days	31	31	28	31
Oil (mb)	24.8	24.1	26.7	25.8
Oil (mbd)	0.80	0.86	0.86	0.86
Days	31	28	31	30
Total (bcf)	382	411	392	412
Price				
Natural gas industry quotes lagged three months (\$/mmbtu)				
Henry Hub Daily/Futures	4.76	5.41	7.77	5.95
San Juan Monthly Index	3.45	4.14	4.58	5.91
CRT/Henry Hub	0.90	0.83	0.72	1.09
CRT/San Juan Index	1.25	1.08	1.22	1.10
CRT (\$/mcf)	4.30	4.48	5.59	6.51
Oil (\$/bbl)				
WTI Cushing (lagged two months)	32.94	35.87	33.27	28.35
CRT/WTI Cushing	0.91	0.88	0.89	0.89
CRT	29.87	31.53	29.61	25.23
Total (\$/mcf)	4.56	4.75	5.32	5.64
Revenue (\$mm)				
Natural Gas	1.00	1.19	1.30	1.67
Oil	0.74	0.76	0.79	0.65
Total	1.74	1.95	2.09	2.33
Distributable income (\$mm)	1.06	1.23	1.32	1.54
Distributable Income/Revenue (%)				
Natural Gas	75	75	75	75
Oil	41	44	44	44
Total	61	63	63	66

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.