

## Natural Gas Royalty Trusts

A Weekly Analysis

September 9, 2002

# Vote Your Proxy

## Summary and Recommendation

By now most owners should have received from the current trustee their Proxy Statement and Voting Instruction Form for the Special Meeting of Unit Holders of the San Juan Basin Royalty Trust to be held on September 30 in Fort Worth, Texas. The main issue is to elect a successor trustee. We are pleased that the only nominee for successor trustee is the candidate proposed by McDep Associates and certain Unit Holders. Though the outcome of the election now seems more evident it is still necessary that a quorum of a majority of Unit Holders be represented at the meeting. We urge you to vote. At the same time we disclaim any role in proxy solicitation that may need to be covered by a filing with the Securities and Exchange Commission.

Kurt H. Wulff, CFA

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

	<i>Symbol/</i>		<i>Price</i>		<i>Market</i>	<i>Net</i>		
	<i>Rating</i>		<i>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Present</i>	<i>Debt/</i>	<i>McDep</i>
			<i>5-Sep</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Present</i>	<i>Ratio</i>
			<i>2002</i>			<i>(\$/sh)</i>	<i>Value</i>	
Cross Timbers Royalty Trust	CRT		16.85	6.0	101	20.40	-	0.83
San Juan Basin Royalty Trust	SJT	B	11.52	46.6	540	16.40	-	0.70
Hugoton RoyaltyTrust (46%)	HGT		11.20	18.4	210	16.60	-	0.67

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.

	<i>Symbol/</i>		<i>Price</i>		<i>EV/</i>	<i>EV/</i>	<i>Dividend or</i>	
	<i>Rating</i>		<i>(\$/sh)</i>	<i>Sales</i>	<i>Ebitda</i>	<i>P/E</i>	<i>Distribution</i>	<i>PV/</i>
			<i>5-Sep</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>Ebitda</i>
			<i>2002</i>				<i>(%)</i>	<i>NTM</i>
Cross Timbers Royalty Trust	CRT		16.85	6.0	8.5	9	10.9	10.3
San Juan Basin Royalty Trust	SJT	B	11.52	5.6	7.2	10	10.3	10.3
Hugoton RoyaltyTrust (46%)	HGT		11.20	4.6	6.7	9	10.8	10.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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**Table CRT-1**  
**Cross Timbers Royalty Trust**  
**Present Value**

Volume Decline (%/yr):	10	Price Escalation post 2007 (%/yr):	2.4
Volume Enhancement (%/yr):	10	Discount Rate (%/yr):	5.3
		U.S. TIPS Inflation (%/yr):	1.6
		U.S. 10 Year Yield (%/yr):	3.9
PV/Volume (\$/mcf):	2.79	PV/EBITDA 2002:	10.5

Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Oil Net (\$mm)	Distribution (\$mm)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)	
	Basic (bcf)	Enhanced (bcf)	Total (bcf)								
Total 2003 through 2032; years ending on 9/30											
	25	19	44	4.31	189	9	198	33.07	0.02	0.62	<b>20.40</b>
2003	2.6	0.0	2.6	3.56	9.2	1.9	11.1	1.84	0.02	0.97	1.82
2004	2.3	0.3	2.6	3.76	9.7	1.7	11.4	1.90		0.93	1.75
2005	2.1	0.5	2.6	3.70	9.5	1.3	10.8	1.81		0.88	1.59
2006	1.9	0.7	2.6	3.68	9.5	1.1	10.6	1.77		0.83	1.48
2007	1.7	0.9	2.6	3.69	9.5	1.0	10.5	1.75		0.79	1.39
2008	1.5	1.1	2.6	3.78	9.7	0.9	10.6	1.77		0.75	1.33
2009	1.4	1.2	2.6	3.87	10.0	0.8	10.8	1.80		0.71	1.29
2010	1.2	1.3	2.6	3.96	10.2	0.8	11.0	1.84		0.68	1.25
2011	1.1	1.5	2.6	4.06	10.5		10.5	1.74		0.64	1.12
2012	1.0	1.3	2.3	4.16	9.6		9.6	1.61		0.61	0.98
2013	0.9	1.2	2.1	4.26	8.9		8.9	1.48		0.58	0.86
2014	0.8	1.1	1.9	4.36	8.2		8.2	1.37		0.55	0.75
2015	0.7	1.0	1.7	4.47	7.6		7.6	1.26		0.52	0.66
2016	0.7	0.9	1.5	4.58	7.0		7.0	1.16		0.50	0.58
2017	0.6	0.8	1.4	4.69	6.4		6.4	1.07		0.47	0.51
2018	0.5	0.7	1.2	4.80	5.9		5.9	0.99		0.45	0.44
2019	0.5	0.6	1.1	4.92	5.5		5.5	0.91		0.43	0.39
2020	0.4	0.6	1.0	5.04	5.0		5.0	0.84		0.40	0.34
2021	0.4	0.5	0.9	5.16	4.6		4.6	0.77		0.38	0.30
2022	0.3	0.5	0.8	5.29	4.3		4.3	0.71		0.36	0.26
2023	0.3	0.4	0.7	5.42	3.9		3.9	0.66		0.35	0.23
2024	0.3	0.4	0.7	5.55	3.6		3.6	0.61		0.33	0.20
2025	0.3	0.3	0.6	5.68	3.4		3.4	0.56		0.31	0.17
2026	0.2	0.3	0.5	5.82	3.1		3.1	0.51		0.30	0.15
2027	0.2	0.3	0.5	5.96	2.8		2.8	0.47		0.28	0.13
2028	0.2	0.2	0.4	6.11	2.6		2.6	0.44		0.27	0.12
2029	0.2	0.2	0.4	6.25	2.4		2.4	0.40		0.25	0.10
2030	0.1	0.2	0.3	6.41	2.2		2.2	0.37		0.24	0.09
2031	0.1	0.2	0.3	6.56	2.1		2.1	0.34		0.23	0.08
2032	0.1	0.2	0.3	6.72	1.9		1.9	0.32		0.22	0.07

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**Table CRT-2**  
**Cross Timbers Royalty Trust**  
**Distributable Income**

	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next</i>	
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>9/30/03</i>	<i>Twelve</i>	
									<i>Months</i>	
									<i>9/30/03</i>	
<b>Highlights</b>										
Tax credit (\$mm)										
Per unit	0.03	0.02	0.02	0.02	0.09					0.02
Distributable Income (\$mm)	1.80	1.72	2.60	2.56	8.68	2.85	2.87	2.78		11.06
Per unit	0.30	0.29	0.43	0.43	1.45	0.48	0.48	0.46		1.84
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0		6.0
<b>Volume</b>										
Natural Gas (bcf)	0.78	0.71	0.71	0.72	2.92	0.72	0.71	0.71		2.86
Natural Gas (mmcf)	8.5	7.8	7.8	7.8	8.0	7.8	7.8	7.8		7.8
Days	92	90	91	92	365	92	90	91		365
Oil (mb)	83	82	85	85	336	85	82	85		338
Oil (mbd)	0.90	0.93	0.93	0.93	0.92	0.93	0.93	0.93		3.70
Days	92	89	92	92	365	92	89	92		365
Total (bcf)	1.28	1.20	1.23	1.23	4.94	1.23	1.20	1.23		4.89
<b>Price</b>										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	2.41	2.53	3.38	3.09	2.85	3.64	4.00	3.81		3.64
Differential (\$/mmbtu)	(0.13)	(0.04)	0.07	0.06	(0.00)	0.07	0.08	0.08		0.08
CRT (\$/mcf)	2.54	2.57	3.31	3.03	2.86	3.57	3.92	3.74		3.56
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	19.56	23.80	26.49	28.75	24.65	28.78	27.70	26.61		27.96
CRT	17.28	20.50	24.49	26.75	22.30	26.78	25.70	24.61		25.96
Total (\$/mcf)	2.67	2.92	3.63	3.62	3.21	3.94	4.07	3.89		3.88
<b>Revenue (\$mm)</b>										
Natural Gas	1.98	1.82	2.37	2.19	8.35	2.58	2.77	2.67		10.20
Oil	1.44	1.69	2.09	2.28	7.49	2.28	2.12	2.10		8.77
Total	3.42	3.50	4.45	4.47	15.84	4.86	4.88	4.76		18.98
<b>Cost (\$mm)</b>										
Tax, transport & other	0.34	0.51	0.62	0.63	2.10	0.68	0.68	0.67		2.66
Production	0.75	0.72	0.72	0.72	2.91	0.72	0.72	0.72		2.88
Total	1.09	1.23	1.34	1.35	5.01	1.40	1.40	1.39		5.54
<b>Cash flow (\$mm)</b>										
Development	0.28	0.14	0.14	0.20	0.77	0.20	0.20	0.20		0.80
Excess	(0.07)	0.07								
<b>Net proceeds (\$mm)</b>	2.11	2.06	2.96	2.92	10.06	3.26	3.28	3.18		12.64
<b>Royalty income (\$mm)</b>										
Royalty/Net proceeds	89%	89%	89%	89%	89%	89%	89%	89%		89%
Administration	0.08	0.09	0.04	0.04	0.25	0.04	0.04	0.04		0.16
<b>Distributable income (\$mm)</b>	1.80	1.72	2.60	2.56	8.68	2.85	2.87	2.78		11.06

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**Table HGT-1**  
**Hugoton Royalty Trust**  
**Present Value**

Volume Decline (%/yr):	10	Price Escalation Post 2007 (%/yr):	2.4
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	5.9
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.6
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	3.9
PV/Volume (\$/mcf):	1.29	PV/EBITDA 2002:	10.0

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2003 through 2032; years ending on 9/30													
	290	225	514	4.20	2162	440	368	208	1147	28.68	0.00	0.58	16.60
2003	30.2	0.0	30.2	3.23	97.7	14.7	16.6	18.2	48.2	1.20	0.00	0.97	1.17
2004	27.2	3.0	30.2	3.68	111.2	14.7	18.9	23.3	54.4	1.36		0.92	1.25
2005	24.5	5.7	30.2	3.62	109.5	14.7	18.6	22.9	53.4	1.33		0.87	1.16
2006	22.0	8.2	30.2	3.60	109.0	14.7	18.5	22.7	53.1	1.33		0.82	1.09
2007	19.8	10.4	30.2	3.61	109.2	14.7	18.6	22.8	53.2	1.33		0.77	1.03
2008	17.9	12.4	30.2	3.70	111.9	14.7	19.0	23.5	54.7	1.37		0.73	1.00
2009	16.1	14.2	30.2	3.79	114.6	14.7	19.5	24.1	56.3	1.41		0.69	0.97
2010	14.5	15.8	30.2	3.88	117.4	14.7	20.0	24.8	57.9	1.45		0.65	0.94
2011	13.0	17.2	30.2	3.98	120.2	14.7	20.4	25.5	59.6	1.49		0.61	0.91
2012	11.7	15.5	27.2	4.07	110.8	14.7	18.8		77.3	1.93		0.58	1.12
2013	10.5	13.9	24.5	4.17	102.2	14.7	17.4		70.2	1.75		0.55	0.96
2014	9.5	12.6	22.0	4.27	94.2	14.7	16.0		63.5	1.59		0.52	0.82
2015	8.5	11.3	19.8	4.38	86.8	14.7	14.8		57.4	1.44		0.49	0.70
2016	7.7	10.2	17.9	4.48	80.1	14.7	13.6		51.8	1.29		0.46	0.60
2017	6.9	9.2	16.1	4.59	73.8	14.7	12.5		46.6	1.17		0.43	0.51
2018	6.2	8.2	14.5	4.70	68.0	14.7	11.6		41.8	1.05		0.41	0.43
2019	5.6	7.4	13.0	4.82	62.7	14.7	10.7		37.4	0.94		0.39	0.36
2020	5.0	6.7	11.7	4.94	57.8	14.7	9.8		33.3	0.83		0.37	0.31
2021	4.5	6.0	10.5	5.06	53.3	14.7	9.1		29.6	0.74		0.35	0.26
2022	4.1	5.4	9.5	5.18	49.1	14.7	8.4		26.1	0.65		0.33	0.21
2023	3.7	4.9	8.5	5.30	45.3	14.7	7.7		22.9	0.57		0.31	0.18
2024	3.3	4.4	7.7	5.43	41.8	14.7	7.1		20.0	0.50		0.29	0.15
2025	3.0	3.9	6.9	5.56	38.5	14.7	6.5		17.3	0.43		0.27	0.12
2026	2.7	3.5	6.2	5.70	35.5	14.7	6.0		14.8	0.37		0.26	0.10
2027	2.4	3.2	5.6	5.84	32.7	14.7	5.6		12.5	0.31		0.24	0.08
2028	2.2	2.9	5.0	5.98	30.2	14.7	5.1		10.4	0.26		0.23	0.06
2029	2.0	2.6	4.5	6.13	27.8	14.7	4.7		8.4	0.21		0.22	0.05
2030	1.8	2.3	4.1	6.27	25.6	14.7	4.4		6.6	0.17		0.21	0.03
2031	1.6	2.1	3.7	6.43	23.6	14.7	4.0		5.0	0.12		0.19	0.02
2032	1.4	1.9	3.3	6.58	21.8	14.7	3.7		3.4	0.09		0.18	0.02

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**Hugoton Royalty Trust**  
**Distributable Income**

	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next Twelve Months</i>
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>9/30/03</i>	<i>9/30/03</i>
<b>Highlights</b>									
Revenue (\$mm) (80%)	18.5	16.5	21.7	21.7	78.3	25.8	25.0	25.2	97.7
Cash flow (\$mm) (80%)	12.0	10.1	14.2	14.2	50.5	17.9	17.3	17.4	66.7
Per unit	0.30	0.25	0.35	0.35	1.26	0.45	0.43	0.43	1.67
Tax credit (\$mm)	0.2	0.2	0.2	0.2	0.7				0.2
Per unit	0.00	0.00	0.00	0.00	0.02				0.00
Distributable Income (\$mm)	7.4	5.3	9.5	9.5	31.7	13.2	12.7	12.7	48.2
Per unit	0.18	0.13	0.24	0.24	0.79	0.33	0.32	0.32	1.20
<b>Units</b> (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>Volume</b>									
Natural Gas (bcf)	9.0	8.3	9.0	9.0	35.3	9.0	8.7	9.0	35.7
Natural Gas (mmcf)	98.1	93.1	97.8	97.8	96.7	97.8	97.8	97.8	97.8
Days	92	89	92	92	365	92	89	92	365
Oil (mb)	90	88	90	90	358	89	85	87	350
Oil (mbd)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0
Days	92	89	92	92	365	92	89	92	365
Total (bcf)	9.6	8.8	9.5	9.5	37.5	9.5	9.2	9.5	37.8
<b>Price</b>									
Natural Gas (HH lagged two months)									
Henry Hub (\$/mmbtu)	2.34	2.92	3.23	3.21	2.93	3.88	3.91	3.83	3.71
Differential (\$/mmbtu)	(0.03)	0.67	0.49	0.48	0.40	0.58	0.59	0.57	0.56
HGT (\$/mcf)	2.38	2.25	2.75	2.73	2.53	3.30	3.32	3.25	3.15
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	19.56	23.80	26.49	28.75	24.65	28.78	27.70	26.61	27.96
HGT	18.80	22.27	25.99	28.25	23.83	28.28	27.20	26.11	27.47
Total (\$/mcf)	2.42	2.33	2.84	2.84	2.61	3.38	3.39	3.31	3.23
<b>Revenue</b> (\$mm)									
Natural Gas	21.5	18.6	24.7	24.6	89.4	29.7	28.9	29.3	112.5
Oil	1.7	2.0	2.4	2.5	8.5	2.5	2.3	2.3	9.6
Total	23.2	20.6	27.1	27.1	97.9	32.2	31.2	31.5	122.1
<b>Cost</b> (\$mm)									
Tax, transport & other	1.7	1.9	2.7	2.7	9.0	3.2	3.1	3.2	12.2
Production	4.4	4.0	4.8	4.8	18.0	4.8	4.6	4.8	18.9
Overhead	2.0	2.0	1.9	1.9	7.8	1.9	1.8	1.9	7.6
Total	8.1	7.9	9.4	9.4	34.8	9.9	9.6	9.8	38.7
<b>Cash flow</b> (\$mm)									
Development	5.8	5.8	5.7	5.7	23.0	5.7	5.7	5.7	22.8
<b>Net proceeds</b> (\$mm)	9.3	6.9	12.0	12.0	40.2	16.6	16.0	16.0	60.6
<b>Royalty income</b> (\$mm)	7.4	5.5	9.6	9.6	32.1	13.3	12.8	12.8	48.5
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.1	0.2	0.1	0.1	0.4	0.1	0.1	0.1	0.3
<b>Distributable income</b> (\$mm)	7.4	5.3	9.5	9.5	31.7	13.2	12.7	12.7	48.2
<i>Cost ratios</i>									
Tax and other/revenue	7%	9%	10%	10%	9%	10%	10%	10%	10%
Production cost (\$/mcf)	0.46	0.46	0.50	0.50	0.48	0.50	0.50	0.50	0.50
Overhead cost (\$/mcf)	0.21	0.23	0.20	0.20	0.21	0.20	0.20	0.20	0.20
Development/Cash flow	0.38	0.46	0.32	0.32	0.36	0.26	0.26	0.26	0.27

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# Natural Gas Royalty Trusts

## A Weekly Analysis

September 9, 2002

**Table SJT-1**  
**San Juan Basin Royalty Trust**  
**Present Value**

Volume Decline (%/yr):	10	Price Escalation Post 2007 (%/yr):	2.4
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	5.9
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.6
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	3.9
PV/Volume (\$/mcf):	1.35	PV/EBITDA 2002:	10.5

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2003 through 2032; years ending on 9/30													
	318	247	565	3.84	2169	388	260	191	1328	28.51	0.01	0.58	16.40
2003	33.2	0.0	33.2	2.90	96.1	11.5	11.5	18.1	55.1	1.18	0.01	0.97	1.16
2004	29.9	3.3	33.2	3.36	111.6	13.0	13.4	21.3	63.9	1.37		0.92	1.26
2005	26.9	6.3	33.2	3.31	109.9	13.0	13.2	20.9	62.8	1.35		0.87	1.17
2006	24.2	9.0	33.2	3.29	109.4	13.0	13.1	20.8	62.5	1.34		0.82	1.10
2007	21.8	11.4	33.2	3.30	109.6	13.0	13.2	20.9	62.6	1.34		0.77	1.04
2008	19.6	13.6	33.2	3.38	112.3	13.0	13.5	21.5	64.4	1.38		0.73	1.01
2009	17.6	15.6	33.2	3.46	115.0	13.0	13.8	22.1	66.2	1.42		0.69	0.98
2010	15.9	17.3	33.2	3.55	117.8	13.0	14.1	22.7	68.0	1.46		0.65	0.95
2011	14.3	18.9	33.2	3.63	120.7	13.0	14.5	23.3	69.9	1.50		0.61	0.92
2012	12.9	17.0	29.9	3.72	111.3	13.0	13.4		84.9	1.82		0.58	1.06
2013	11.6	15.3	26.9	3.81	102.6	13.0	12.3		77.3	1.66		0.55	0.91
2014	10.4	13.8	24.2	3.91	94.5	13.0	11.3		70.2	1.51		0.52	0.78
2015	9.4	12.4	21.8	4.00	87.2	13.0	10.5		63.7	1.37		0.49	0.67
2016	8.4	11.2	19.6	4.10	80.4	13.0	9.6		57.7	1.24		0.46	0.57
2017	7.6	10.1	17.6	4.20	74.1	13.0	8.9		52.2	1.12		0.43	0.49
2018	6.8	9.0	15.9	4.30	68.3	13.0	8.2		47.1	1.01		0.41	0.41
2019	6.2	8.1	14.3	4.40	63.0	13.0	7.6		42.4	0.91		0.39	0.35
2020	5.5	7.3	12.9	4.51	58.0	13.0	7.0		38.1	0.82		0.37	0.30
2021	5.0	6.6	11.6	4.62	53.5	13.0	6.4		34.1	0.73		0.35	0.25
2022	4.5	5.9	10.4	4.73	49.3	13.0	5.9		30.4	0.65		0.33	0.21
2023	4.0	5.3	9.4	4.85	45.5	13.0	5.5		27.0	0.58		0.31	0.18
2024	3.6	4.8	8.4	4.97	41.9	13.0	5.0		23.9	0.51		0.29	0.15
2025	3.3	4.3	7.6	5.09	38.6	13.0	4.6		21.0	0.45		0.27	0.12
2026	2.9	3.9	6.8	5.21	35.6	13.0	4.3		18.3	0.39		0.26	0.10
2027	2.6	3.5	6.2	5.34	32.8	13.0	3.9		15.9	0.34		0.24	0.08
2028	2.4	3.2	5.5	5.47	30.3	13.0	3.6		13.6	0.29		0.23	0.07
2029	2.1	2.8	5.0	5.60	27.9	13.0	3.3		11.6	0.25		0.22	0.05
2030	1.9	2.6	4.5	5.73	25.7	13.0	3.1		9.6	0.21		0.21	0.04
2031	1.7	2.3	4.0	5.87	23.7	13.0	2.8		7.9	0.17		0.19	0.03
2032	1.6	2.1	3.6	6.02	21.9	13.0	2.6		6.2	0.13		0.18	0.02

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# Natural Gas Royalty Trusts

## A Weekly Analysis

September 9, 2002

**Table SJT-2**  
**San Juan Basin Royalty Trust**  
**Distributable Income**

	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next</i>
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>9/30/03</i>	<i>Twelve</i>
									<i>Months</i>
<b>Highlights</b>									
Revenue (\$mm) (75%)	19.2	18.6	20.5	20.5	78.8	26.0	25.2	24.4	96.1
Cash flow (\$mm) (75%)	14.1	14.1	15.7	15.6	59.5	20.2	19.7	18.8	74.3
Per unit	0.30	0.30	0.34	0.33	1.28	0.43	0.42	0.40	1.60
Tax credit (\$mm)	0.5	0.5	0.5	0.5	1.9				0.5
Per unit	0.01	0.01	0.01	0.01	0.04				0.01
Distributable Income (\$mm)	3.5	9.0	11.0	11.6	35.2	15.0	14.6	13.9	55.1
Per unit	0.08	0.19	0.24	0.25	0.76	0.32	0.31	0.30	1.18
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Volume</b>									
Natural gas (mmbtu)	12.5	12.0	11.6	11.6	47.8	11.6	11.3	11.6	46.1
Heat Content(btu/cf)	1,092	1,077	968	1,059	1,047	1,059	1,059	1,059	1,059
Natural gas (bcf)	11.5	11.1	12.0	11.0	45.6	11.0	10.6	11.0	43.6
Natural Gas (mmcf)	124.7	125.1	130.4	119.4	124.9	119.4	119.4	119.4	119.4
Days	92	89	92	92	365	92	89	92	365
Oil (mb)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Oil (mbd)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total gas & oil (bcf)	11.6	11.3	12.2	11.2	46.2	11.2	10.8	11.2	44.3
<b>Price</b>									
Natural gas (\$/mmbtu) (Henry Hub lagged two months)									
Henry Hub (\$/mmbtu)	2.34	2.92	3.23	3.21	2.93	3.88	3.91	3.64	3.66
Differential (%)	14	31	32	25	26	25	25	25	26
Total	2.01	2.02	2.29	2.41	2.15	2.91	2.93	2.73	2.72
Natural gas (\$/mcf)	2.20	2.18	2.22	2.55	2.25	3.08	3.10	2.89	2.88
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	19.56	23.80	26.49	28.75	24.65	28.78	27.70	28.95	28.54
SJT	15.78	19.14	22.49	24.75	20.80	24.78	23.70	24.95	24.55
Total gas & oil (\$/mcf)	2.20	2.19	2.24	2.46	2.27	3.10	3.12	2.91	2.90
<b>Revenue</b> (\$mm)									
Natural Gas	25.2	24.2	26.6	26.7	102.8	33.9	33.0	31.8	125.3
Oil	0.4	0.5	0.7	0.7	2.3	0.7	0.7	0.7	2.8
Total	25.6	24.8	27.3	27.4	105.1	34.6	33.7	32.5	128.2
<b>Cost</b> (\$mm)									
Severance tax	2.6	2.4	2.3	2.7	9.9	3.5	3.4	3.3	12.7
Operating	4.1	3.7	4.0	3.9	15.8	4.2	4.0	4.2	16.3
Total	6.7	6.0	6.3	6.6	25.7	7.6	7.4	7.4	29.1
<b>Cash flow</b> (\$mm)	18.8	18.8	21.0	20.8	79.4	27.0	26.3	25.1	99.1
Development	11.3	3.4	3.2	4.5	22.3	6.7	6.6	6.3	24.1
<b>Net proceeds</b> (\$mm)	7.5	15.4	17.8	16.3	57.1	20.2	19.7	18.8	75.0
<b>Royalty income</b> (\$mm)	5.6	11.5	13.4	12.2	42.8	15.2	14.8	14.1	56.3
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	3.0
Administration	0.4	0.5	0.7	0.2	1.8	0.2	0.2	0.2	0.8
One-time	1.7	2.0	1.6		5.3				-
<b>Distributable income</b> (\$mm)	3.5	9.0	11.0	11.6	35.2	15.0	14.6	13.9	55.1
<i>Modeling ratios</i>									
Severance tax/revenue	10.2%	9.5%	8.3%	9.7%	9.4%	10.0%	10.0%	10.0%	9.9%
Operating cost (\$/mcf)	0.36	0.32	0.33	0.35	0.34	0.37	0.37	0.37	0.37

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## Natural Gas Royalty Trusts

### A Weekly Analysis

September 9, 2002

**Table SJT-3**  
**San Juan Basin Royalty Trust**  
**Monthly Declarations**

	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
<b>Distribution</b> (\$/unit)								
Declared	0.10	0.08	0.08	0.08				
Projected					0.08	0.08	0.08	0.09
<b>Volume</b>								
Natural gas (mmbtu)	4.29	3.88	3.92	3.77	3.92	3.92	3.79	3.92
Heat Content(btu/cf)	1,108	1,064	1,081	807	1,059	1,059	1,059	1,059
Natural gas (bcf)	3.87	3.65	3.63	4.67	3.70	3.70	3.58	3.70
Natural Gas (mmcf)	125	122	117	156	119	119	119	119
Days	31	30	31	30	31	31	30	31
<b>Price</b>								
Natural gas industry quotes lagged two months (\$/mmbtu)								
Henry Hub Daily/Futures	3.03	3.42	3.49	3.22	2.99	3.09	3.20	3.35
San Juan Monthly Index	2.14	3.04	2.39	2.24	2.62	2.50	2.42	
SJT/Henry Hub	0.64	0.78	0.65	0.75	0.74	0.72	0.69	0.73
SJT/San Juan Index	0.91	0.88	0.95	1.08	0.84	0.89	0.92	
SJT (\$/mmbtu)	1.95	2.68	2.27	2.41	2.20	2.22	2.22	2.44
SJT (\$/mcf)	2.16	2.85	2.45	1.95	2.33	2.35	2.35	2.59
<b>Revenue</b> (\$mm)								
Natural Gas	8.4	10.4	8.9	9.1	8.6	8.7	8.4	9.6
Other	0.3	(0.4)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Cost</b> (\$mm)								
Severance tax	0.8	1.1	0.6	0.8	0.9	0.9	0.8	1.0
Operating	1.2	1.1	1.1	1.6	1.3	1.3	1.3	1.3
Total	2.1	2.1	1.8	2.4	2.2	2.2	2.2	2.3
<b>Cash flow</b> (\$mm)	6.6	7.9	7.1	6.5	6.4	6.5	6.2	7.3
Development	(0.9)	1.3	0.7	1.0	1.5	1.5	1.5	1.5
<b>Net proceeds</b> (\$mm)	7.5	6.6	6.4	5.5	4.9	5.0	4.7	5.8
<b>Royalty income</b> (\$mm)	5.6	5.0	4.8	4.1	3.7	3.7	3.6	4.3
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%
One time	1.0	1.0	1.0	0.6				
<b>Distributable income</b> (\$mm)	4.6	4.0	3.8	3.5	3.7	3.7	3.6	4.3
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Distribution</b> (\$/unit)	0.10	0.08	0.08	0.08	0.08	0.08	0.08	0.09
<i>Latest Twelve Month Average</i>								
Heat Content(btu/cf)	1,092	1,086	1,091	1,059				
Natural Gas (mmcf)	120	120	121	124				
SJT/Henry Hub	0.75	0.75	0.73	0.73				
SJT/San Juan Index	0.85	0.85	0.85	0.87				
Other revenue	0.0	0.0	(0.0)	(0.0)				
Operating	1.3	1.3	1.3	1.3				
Development	2.9	2.9	2.7	2.5				
Severance tax/revenue	10.4%	10.5%	10.2%	10.0%				

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