

Brrrrrrrrrr...Burlington Resources

McDep Ratios continue to signal long-term investment opportunity in natural gas producers including **Energy Partners Ltd., Hugoton Royalty Trust, San Juan Basin Royalty Trust, Cross Timbers Royalty Trust and Burlington Resources, Inc.**, (see table below). The significant change we noticed in the past week is that once again SJT has outperformed BR as the two stocks reverse rank by McDep Ratio. That has been the pattern for more than a decade as SJT acts like a winner and BR is just cold---brrrrrr. Frigid is also the descriptor for the ongoing adversarial relationship between SJT and the operator of its properties, BR. SJT is a showcase of the best properties in BR. Instead of trying to make SJT look bad, BR should be promoting it much like a proud corporate parent promotes a successful spinoff. We explain our views after recapping the weekly tables for seven stocks.

| | <i>Symbol</i> | <i>Price</i> | | <i>Market</i> | <i>Net</i> | | <i>McDep</i> | |
|------------------------------|---------------|---------------|---------------|---------------|------------|----------------|--------------|--------------|
| | | <i>23-Feb</i> | <i>Shares</i> | | <i>Cap</i> | <i>Present</i> | | <i>Debt/</i> |
| | | | | | | | | |
| E Exxon Mobil Corporation | XOM | 83.50 | 3,517 | 294,000 | 71.60 | 0.14 | 1.14 | |
| Dorchester Hugoton, Ltd. | DHULZ | 13.50 | 10.7 | 145 | 13.10 | - | 1.03 | |
| San Juan Basin Royalty Trust | SJT | 14.10 | 46.6 | 660 | 16.00 | - | 0.89 | |
| Burlington Resources | BR | 44.55 | 215 | 9,600 | 53.50 | 0.17 | 0.86 | |
| Cross Timbers Royalty Trust | CRT | 16.17 | 6.0 | 97 | 19.20 | - | 0.84 | |
| Hugoton RT (42.5%) | HGT | 14.99 | 17.0 | 255 | 17.90 | - | 0.84 | |
| Energy Partners, Ltd. | EPL | 11.00 | 27.1 | 300 | 18.60 | - | 0.59 | |

Cash flow estimates for 2001 decreased about 3% during the past week in line with lower natural gas price for the next twelve months. Stocks are ranked by the unlevered cash flow multiple, EV/Ebitda, Enterprise Value to Earnings before interest, tax, depletion, amortization and non-operating charges (see table below). EV/Ebitda is a less complete measure than McDep Ratio as there are more unrecognized factors that may justify a different rank.

| | <i>Symbol</i> | <i>Price</i> | <i>Ebitda 2001</i> | | | | <i>EV/</i> | |
|------------------------------|---------------|--------------|--------------------|-------------|------------------|---------------|------------|--------------|
| | | | <i>23-Feb</i> | <i>N Am</i> | <i>Oil &</i> | | | <i>Total</i> |
| | | | | <i>Gas</i> | <i>OS Gas</i> | <i>Other</i> | | |
| | | <i>2000</i> | <i>(%)</i> | <i>(%)</i> | <i>(%)</i> | <i>(\$mm)</i> | | |
| E Exxon Mobil Corporation | XOM | 83.50 | 13 | 51 | 36 | 43,400 | 7.7 | |
| Cross Timbers Royalty Trust | CRT | 16.17 | 86 | 14 | - | 16 | 6.1 | |
| Dorchester Hugoton, Ltd. | DHULZ | 13.50 | 100 | - | - | 27 | 5.5 | |
| San Juan Basin Royalty Trust | SJT | 14.10 | 100 | - | - | 125 | 5.3 | |
| Hugoton RT (42.5%) | HGT | 14.99 | 100 | - | - | 50 | 5.1 | |
| Burlington Resources | BR | 44.55 | 85 | 15 | - | 2,580 | 4.6 | |
| Energy Partners, Ltd. | EPL | 11.00 | 40 | 60 | - | 121 | 2.5 | |

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Dynamic Distribution Yields for the royalty trusts cluster in a narrow range of 14-16% in cash (see table below).

| Rank by Distributions | <i>Symbol</i> | <i>Price (\$/sh)</i> | | <i>Earnings 2001</i> | | <i>Distribution 2001</i> | |
|------------------------------|---------------|----------------------|-----------------|----------------------|------------|--------------------------|------------|
| | | <i>23-Feb 2000</i> | <i>Price/CF</i> | <i>(\$/sh)</i> | <i>P/E</i> | <i>(\$/sh)</i> | <i>(%)</i> |
| Energy Partners, Ltd. | EPL | 11.00 | 2.5 | 1.37 | 8.0 | - | - |
| Burlington Resources | BR | 44.55 | 4.2 | 5.16 | 8.6 | 0.55 | 1.2 |
| Exxon Mobil Corporation | XOM | 83.50 | 8.1 | 4.90 | 17.0 | 1.76 | 2.1 |
| Dorchester Hugoton, Ltd. | DHULZ | 13.50 | 5.5 | 2.29 | 5.9 | 1.20 | 8.9 |
| San Juan Basin Royalty Trust | SJT | 14.10 | 5.3 | 2.00 | 7.1 | 2.00 | 14.2 |
| Hugoton RT (42.5%) | HGT | 14.99 | 5.1 | 2.21 | 6.8 | 2.21 | 14.7 |
| Cross Timbers Royalty Trust | CRT | 16.17 | 6.1 | 2.56 | 6.3 | 2.56 | 15.8 |

If we can be comfortable with the ranking of stocks by PV/EBITDA, then we can be confident that the ranking by McDep Ratio is a reasonable indication of overall relative valuation (see table below).

| Rank by PV/Ebitda | <i>Reserves/Prod 2001</i> | <i>Prod 2001/</i> | | <i>Ebitda Margin</i> | | <i>Present Value</i> | | <i>PV/Ebitda</i> |
|------------------------------|---------------------------|-------------------|------------------|----------------------|-----------------|----------------------|-----------------|------------------|
| | | <i>Prod 2000</i> | <i>Prod 2000</i> | <i>(\$/mcf)</i> | <i>(\$/boe)</i> | <i>(\$/mcf)</i> | <i>(\$/boe)</i> | |
| Cross Timbers Royalty Trust | 12 | 0.95 | 3.77 | 22.60 | 2.40 | 14 | 7.3 | |
| Exxon Mobil Corporation | 11 | 1.00 | 2.95 | 17.68 | 1.30 | 8 | 6.7 | |
| Hugoton RT (42.5%) | 11 | 1.00 | 3.77 | 22.62 | 2.10 | 12 | 6.1 | |
| San Juan Basin Royalty Trust | 11 | 0.99 | 3.93 | 23.57 | 2.10 | 13 | 6.0 | |
| Burlington Resources | 11 | 0.95 | 3.07 | 18.40 | 1.50 | 9 | 5.3 | |
| Dorchester Hugoton, Ltd. | 8 | 0.94 | 4.23 | 25.38 | 2.80 | 17 | 5.3 | |
| Energy Partners, Ltd. | 5 | 1.75 | 3.08 | 18.46 | 2.50 | 15 | 4.2 | |

BR Treats SJT Negatively

Hardly any time goes by and we are reminded that BR regards SJT as an adversary rather than an ally. Late last year, BR abruptly without explanation ceased to disclose monthly production information for coal seam gas production as it had been doing for a decade. In mid year the trust distributed the latest of several one-time payments for compensation withheld until it was challenged. At the low point a decade ago, the Court awarded SJT restitution from BR for overcharges, underpayments and costly delays.

A little digression into history will shed some light on how we got to where we are. We first introduced research on the properties that were to become SJT when we published

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our analysis of Aztec Oil & Gas in 1976. Within a few years, Southland Royalty Company acquired Aztec. Then in 1980 Southland distributed shares in newly created SJT to its stockholders. The expectation was that the unique value of San Juan Basin natural gas would be better appreciated in a separate, tax-efficient entity. Southland put all of its San Juan Basin properties into the trust to avoid operating conflicts and it retained a 25% interest to give it enough incentive to operate the properties efficiently.

Within a few years Burlington Northern Railroad moved into the San Juan Basin with the acquisition of El Paso Natural Gas, one of the two largest producers in the area. Later in the mid 1980s Burlington acquired Southland Royalty. Because Burlington was a large producer in the Basin, it now had the conflict that Southland avoided. Burlington's operating priorities in the San Juan Basin lie with the properties where it had a near total working interest rather than in the SJT properties where it had only a 25% working interest. At the end of the 1980s Burlington Resources was spun off from its railroad parent.

Investors Recognize SJT

Despite apparent disadvantageous treatment as well as skimpy disclosure and operating guidance from BR, SJT has outperformed BR by a wide margin in total return for the past decade. Today we can be gratified by SJT performance. Moreover SJT's high quality natural gas resources should continue to be valuable especially as our cleanest fossil fuel is now in great demand for electrical generation.

Associating With SJT Can Warm Up BR

Although BR stock has kept up some with SJT in the past year, its ten-year record is not comparable. As a result it seems to us that BR has the most to gain from making sure that investors in SJT are treated not only with minimum fairness, but also with ample disclosure and guidance. Management of BR could point proudly to the total return on SJT as an indicator of the value of BR's properties in the same choice area of New Mexico. BR managers could say, "We contribute to creating the value in SJT because we operate the properties. In fact we are creating the same value on our majority-owned properties in the San Juan Basin. Moreover we are creating that kind of value throughout our company." A cold winter may be good for the natural gas business, but it is time for a thaw in BR's frigid treatment of SJT and in BR's cold stock market performance.

The tables that follow present details of the latest present value and next twelve months estimates for six stocks in the order CRT, DHULZ, HGT, SJT, BR, and EPL.

Kurt H. Wulff, CFA

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Table CRT-1
Cross Timbers Royalty Trust
Present Value

| | | | |
|----------------------------|------|------------------------------------|-----|
| Volume Decline (%/yr): | 10 | Price Escalation post 2007 (%/yr): | 2.5 |
| Volume Enhancement (%/yr): | 10 | Discount Rate (%/yr): | 6.5 |
| | | U.S. TIPS Inflation (%/yr): | 1.7 |
| | | U.S. 10 Year Yield (%/yr): | 5.1 |
| PV/Volume (\$/mcf): | 2.42 | PV/EBITDA 2001: | 7.5 |

| Year | Natural Gas Volume | | | Price (\$/mcf) | Revenue (\$mm) | Oil | | Tax Credit (\$/unit) | Disc Factor | Present Value (\$/unit) | |
|-------------------------|--------------------|----------------|-------------|----------------|----------------|------------|------------------------|----------------------|-------------|-------------------------|-------|
| | Basic (bcf) | Enhanced (bcf) | Total (bcf) | | | Net (\$mm) | Distribution (\$/unit) | | | | |
| Total 2001 through 2030 | | | | | | | | | | | |
| | 25 | 22 | 48 | 4.10 | 195 | 4 | 199 | 33.14 | 0.24 | 0.58 | 19.20 |
| 2001 | 2.7 | 0.0 | 2.7 | 5.09 | 13.5 | 1.8 | 15.3 | 2.56 | 0.12 | 0.97 | 2.59 |
| 2002 | 2.4 | 0.3 | 2.7 | 4.59 | 12.2 | 1.2 | 13.4 | 2.23 | 0.12 | 0.91 | 2.13 |
| 2003 | 2.2 | 0.5 | 2.7 | 4.06 | 10.8 | 0.7 | 11.5 | 1.92 | | 0.85 | 1.64 |
| 2004 | 1.9 | 0.7 | 2.7 | 3.87 | 10.3 | | 10.3 | 1.72 | | 0.80 | 1.38 |
| 2005 | 1.7 | 0.9 | 2.7 | 3.57 | 9.5 | | 9.5 | 1.58 | | 0.75 | 1.19 |
| 2006 | 1.6 | 1.1 | 2.7 | 3.31 | 8.8 | | 8.8 | 1.47 | | 0.71 | 1.04 |
| 2007 | 1.4 | 1.2 | 2.7 | 3.39 | 9.0 | | 9.0 | 1.50 | | 0.66 | 1.00 |
| 2008 | 1.3 | 1.4 | 2.7 | 3.48 | 9.2 | | 9.2 | 1.54 | | 0.62 | 0.96 |
| 2009 | 1.1 | 1.5 | 2.7 | 3.56 | 9.5 | | 9.5 | 1.58 | | 0.59 | 0.93 |
| 2010 | 1.0 | 1.6 | 2.7 | 3.65 | 9.7 | | 9.7 | 1.62 | | 0.55 | 0.89 |
| 2011 | 0.9 | 1.5 | 2.4 | 3.74 | 9.0 | | 9.0 | 1.49 | | 0.52 | 0.77 |
| 2012 | 0.8 | 1.3 | 2.2 | 3.84 | 8.3 | | 8.3 | 1.38 | | 0.49 | 0.67 |
| 2013 | 0.8 | 1.2 | 1.9 | 3.93 | 7.6 | | 7.6 | 1.27 | | 0.46 | 0.58 |
| 2014 | 0.7 | 1.1 | 1.7 | 4.03 | 7.0 | | 7.0 | 1.17 | | 0.43 | 0.50 |
| 2015 | 0.6 | 1.0 | 1.6 | 4.13 | 6.5 | | 6.5 | 1.08 | | 0.40 | 0.43 |
| 2016 | 0.5 | 0.9 | 1.4 | 4.24 | 6.0 | | 6.0 | 1.00 | | 0.38 | 0.38 |
| 2017 | 0.5 | 0.8 | 1.3 | 4.34 | 5.5 | | 5.5 | 0.92 | | 0.35 | 0.33 |
| 2018 | 0.4 | 0.7 | 1.1 | 4.45 | 5.1 | | 5.1 | 0.85 | | 0.33 | 0.28 |
| 2019 | 0.4 | 0.6 | 1.0 | 4.56 | 4.7 | | 4.7 | 0.78 | | 0.31 | 0.24 |
| 2020 | 0.4 | 0.6 | 0.9 | 4.68 | 4.3 | | 4.3 | 0.72 | | 0.29 | 0.21 |
| 2021 | 0.3 | 0.5 | 0.8 | 4.79 | 4.0 | | 4.0 | 0.67 | | 0.28 | 0.18 |
| 2022 | 0.3 | 0.5 | 0.8 | 4.91 | 3.7 | | 3.7 | 0.61 | | 0.26 | 0.16 |
| 2023 | 0.3 | 0.4 | 0.7 | 5.04 | 3.4 | | 3.4 | 0.57 | | 0.24 | 0.14 |
| 2024 | 0.2 | 0.4 | 0.6 | 5.16 | 3.1 | | 3.1 | 0.52 | | 0.23 | 0.12 |
| 2025 | 0.2 | 0.3 | 0.5 | 5.29 | 2.9 | | 2.9 | 0.48 | | 0.21 | 0.10 |
| 2026 | 0.2 | 0.3 | 0.5 | 5.42 | 2.7 | | 2.7 | 0.45 | | 0.20 | 0.09 |
| 2027 | 0.2 | 0.3 | 0.4 | 5.56 | 2.5 | | 2.5 | 0.41 | | 0.19 | 0.08 |
| 2028 | 0.2 | 0.2 | 0.4 | 5.70 | 2.3 | | 2.3 | 0.38 | | 0.18 | 0.07 |
| 2029 | 0.1 | 0.2 | 0.4 | 5.84 | 2.1 | | 2.1 | 0.35 | | 0.17 | 0.06 |
| 2030 | 0.1 | 0.2 | 0.3 | 5.99 | 1.9 | | 1.9 | 0.32 | | 0.16 | 0.05 |

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Table CRT-2
Cross Timbers Royalty Trust
Distributable Income

| | Q4 | Year | Q1 | Q2 | Q3 | Q4E | Year | Q1E | Q2E | Q3E | Q4E | Year |
|--------------------------------------|----------|--------|---------|---------|---------|----------|--------|---------|---------|---------|----------|-------|
| | 12/31/99 | 1999 | 3/31/00 | 6/30/00 | 9/30/00 | 12/31/00 | 2000E | 3/31/01 | 6/30/01 | 9/30/01 | 12/31/01 | 2001E |
| Highlights | | | | | | | | | | | | |
| Tax credit (\$mm) | | | | | | | | | | | | |
| Per unit | 0.03 | 0.16 | 0.03 | 0.03 | 0.03 | 0.03 | 0.13 | 0.03 | 0.03 | 0.03 | 0.03 | 0.12 |
| Distributable Income (\$mm) | 2.28 | 6.55 | 2.30 | 2.42 | 3.35 | 3.43 | 11.50 | 4.18 | 4.11 | 3.55 | 3.50 | 15.34 |
| Per unit | 0.38 | 1.09 | 0.38 | 0.40 | 0.56 | 0.57 | 1.92 | 0.70 | 0.68 | 0.59 | 0.58 | 2.56 |
| Units (millions) | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Volume | | | | | | | | | | | | |
| Natural Gas (bcf) | 0.97 | 3.64 | 0.80 | 0.77 | 0.83 | 0.76 | 3.16 | 0.76 | 0.72 | 0.74 | 0.73 | 2.95 |
| Natural Gas (mmcf) | 10.6 | 10.0 | 8.7 | 8.5 | 9.1 | 8.3 | 8.6 | 8.2 | 8.1 | 8.1 | 8.0 | 8.1 |
| Days | 92 | 365 | 92 | 91 | 91 | 92 | 366 | 92 | 89 | 92 | 92 | 365 |
| Oil (mb) | 94 | 349 | 88 | 81 | 93 | 91 | 353 | 89 | 84 | 85 | 85 | 343 |
| Oil (mbd) | 1.03 | 0.96 | 0.96 | 0.90 | 1.01 | 0.99 | 0.96 | 0.97 | 0.95 | 0.92 | 0.92 | 0.94 |
| Days | 92 | 365 | 92 | 90 | 92 | 92 | 366 | 92 | 89 | 92 | 92 | 365 |
| Total (bcf) | 1.54 | 5.73 | 1.33 | 1.26 | 1.39 | 1.31 | 5.28 | 1.29 | 1.23 | 1.25 | 1.24 | 5.01 |
| Price | | | | | | | | | | | | |
| Natural Gas (HH lagged three months) | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 2.52 | 2.12 | 2.45 | 2.62 | 3.63 | 4.48 | 3.29 | 6.52 | 6.29 | 5.19 | 5.27 | 5.82 |
| Differential (\$/mmbtu) | 0.13 | 0.13 | (0.27) | (0.26) | 0.16 | - | (0.09) | 1.22 | 0.63 | 0.52 | 0.53 | 0.72 |
| CRT (\$/mcf) | 2.39 | 1.99 | 2.72 | 2.88 | 3.47 | 4.48 | 3.38 | 5.30 | 5.66 | 4.67 | 4.74 | 5.09 |
| Oil (\$/bbl) (WTI lagged two months) | | | | | | | | | | | | |
| WTI Cushing | 22.59 | 17.02 | 26.07 | 28.33 | 30.12 | 32.73 | 29.31 | 30.84 | 29.20 | 28.36 | 27.19 | 28.90 |
| CRT | 20.21 | 14.89 | 24.20 | 26.86 | 27.91 | 30.73 | 27.46 | 28.84 | 27.20 | 26.36 | 25.19 | 26.92 |
| Total (\$/mcf) | 2.75 | 2.17 | 3.25 | 3.50 | 3.94 | 4.75 | 3.86 | 5.10 | 5.20 | 4.56 | 4.52 | 4.84 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas | 2.33 | 7.26 | 2.17 | 2.22 | 2.88 | 3.42 | 10.68 | 4.01 | 4.10 | 3.46 | 3.48 | 15.05 |
| Oil | 1.91 | 5.19 | 2.14 | 2.18 | 2.59 | 2.79 | 9.70 | 2.57 | 2.30 | 2.23 | 2.14 | 9.23 |
| Total | 4.23 | 12.45 | 4.31 | 4.40 | 5.47 | 6.21 | 20.38 | 6.57 | 6.40 | 5.70 | 5.61 | 24.28 |
| Cost (\$mm) | | | | | | | | | | | | |
| Tax, transport & other | | | | | | | | | | | | |
| Production | 0.50 | 1.61 | 0.58 | 0.61 | 0.74 | 0.87 | 2.80 | 0.92 | 0.90 | 0.80 | 0.79 | 3.40 |
| Total | 0.60 | 2.39 | 0.59 | 0.65 | 0.62 | 0.68 | 2.54 | 0.67 | 0.63 | 0.64 | 0.64 | 2.57 |
| Total | 1.09 | 4.00 | 1.17 | 1.26 | 1.36 | 1.55 | 5.34 | 1.59 | 1.53 | 1.43 | 1.42 | 5.97 |
| Cash flow (\$mm) | | | | | | | | | | | | |
| Development | 3.14 | 8.46 | 3.13 | 3.14 | 4.11 | 4.66 | 15.04 | 4.99 | 4.87 | 4.26 | 4.19 | 18.31 |
| Excess | 0.12 | 0.74 | 0.21 | 0.13 | 0.16 | 0.16 | 0.67 | 0.16 | 0.16 | 0.17 | 0.17 | 0.66 |
| Recovery of excess | | (0.43) | | | | | - | | | | | - |
| Net proceeds (\$mm) | 0.40 | 0.63 | 0.24 | 0.15 | | | 0.38 | | | | | - |
| Net proceeds (\$mm) | 2.62 | 7.52 | 2.68 | 2.86 | 3.95 | 4.50 | 13.99 | 4.83 | 4.71 | 4.09 | 4.02 | 17.65 |
| Royalty income (\$mm) | 2.30 | 6.69 | 2.35 | 2.48 | 3.39 | 3.89 | 12.11 | 4.22 | 4.15 | 3.59 | 3.54 | 15.50 |
| Royalty/Net proceeds | 88% | 89% | 88% | 87% | 86% | 86% | 87% | 87% | 88% | 88% | 88% | 88% |
| Administration | 0.02 | 0.14 | 0.05 | 0.05 | 0.05 | 0.46 | 0.61 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 |
| Distributable income (\$mm) | 2.28 | 6.55 | 2.30 | 2.42 | 3.35 | 3.43 | 11.50 | 4.18 | 4.11 | 3.55 | 3.50 | 15.34 |
| Modeling ratios | | | | | | | | | | | | |
| Tax and other/revenue | 0.12 | 0.13 | 0.13 | 0.14 | 0.13 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| Production exp (\$/bbl) | 6.31 | 6.86 | 6.71 | 8.00 | 6.69 | 7.50 | 7.20 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| Accounting items | | | | | | | | | | | | |
| Interest on excess costs | 0.01 | 0.06 | | | | | | | | | | |
| Cumulative excess costs | 0.37 | 0.37 | 0.15 | | | | | | | | | |

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Table DHULZ-1
Dorchester Hugoton, Ltd.
Present Value

| | | | |
|----------------------------|------|------------------------------------|-----|
| Volume Decline (%/yr): | 11 | Price Escalation Post 2006 (%/yr): | 2.5 |
| Volume Enhancement (%/yr): | 7 | Discount rate (%/yr): | 6.5 |
| Capex/Cash Flow (%): | 20 | U.S. TIPS Inflation (%/yr): | 1.7 |
| Variable Cost (%): | 11 | U.S. 10 Year Yield (%/yr): | 5.1 |
| PV/Volume (\$/mcf): | 1.99 | PV/EBITDA 2001: | 6.2 |

| Year | Basic (bcf) | Volume Enhanced (bcf) | Total (bcf) | Price (\$/mcf) | Revenue (\$mm) | Fixed Cost (\$mm) | Var Cost (\$mm) | Cap Ex (\$mm) | Free Cash Flow (\$mm) | (\$/unit) | Disc Factor | Present Value (\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|--------------------------|-----------|----------------|-------------------------------|
| Total 2001 through 2030 | | | | | | | | | | | | |
| | 54 | 30 | 84 | 4.06 | 341 | 86 | 38 | 30 | 187 | 17.28 | 0.76 | 13.10 |
| | | | | | | Other assets, net | | | 20.0 | 1.84 | 1.00 | 1.84 |
| 2001 | 6.3 | 0.0 | 6.3 | 5.42 | 34.0 | 3.4 | 3.7 | 5.4 | 21.5 | 1.98 | 0.97 | 1.92 |
| 2002 | 5.6 | 0.4 | 6.0 | 4.60 | 27.7 | 3.4 | 3.1 | 4.2 | 17.0 | 1.57 | 0.91 | 1.43 |
| 2003 | 5.0 | 0.8 | 5.8 | 4.06 | 23.5 | 3.4 | 2.6 | 3.5 | 14.0 | 1.29 | 0.85 | 1.10 |
| 2004 | 4.4 | 1.1 | 5.6 | 3.87 | 21.5 | 3.4 | 2.4 | 3.1 | 12.6 | 1.16 | 0.80 | 0.93 |
| 2005 | 3.9 | 1.4 | 5.3 | 3.57 | 19.0 | 3.4 | 2.1 | 2.7 | 10.8 | 1.00 | 0.75 | 0.75 |
| 2006 | 3.5 | 1.6 | 5.1 | 3.31 | 16.9 | 3.4 | 1.9 | 2.3 | 9.3 | 0.86 | 0.71 | 0.61 |
| 2007 | 3.1 | 1.8 | 4.9 | 3.39 | 16.7 | 3.4 | 1.8 | 2.3 | 9.1 | 0.84 | 0.66 | 0.56 |
| 2008 | 2.8 | 1.9 | 4.7 | 3.48 | 16.4 | 3.4 | 1.8 | 2.2 | 8.9 | 0.82 | 0.62 | 0.51 |
| 2009 | 2.5 | 2.1 | 4.5 | 3.56 | 16.1 | 3.4 | 1.8 | 2.2 | 8.7 | 0.81 | 0.59 | 0.47 |
| 2010 | 2.2 | 2.1 | 4.3 | 3.65 | 15.9 | 3.4 | 1.7 | 2.1 | 8.6 | 0.79 | 0.55 | 0.43 |
| 2011 | 2.0 | 2.2 | 4.2 | 3.74 | 15.6 | 3.4 | 1.7 | | 10.5 | 0.97 | 0.52 | 0.50 |
| 2012 | 1.7 | 2.0 | 3.7 | 3.84 | 14.3 | 3.4 | 1.6 | | 9.2 | 0.85 | 0.49 | 0.41 |
| 2013 | 1.6 | 1.8 | 3.3 | 3.93 | 13.0 | 3.4 | 1.4 | | 8.1 | 0.75 | 0.46 | 0.34 |
| 2014 | 1.4 | 1.6 | 2.9 | 4.03 | 11.9 | 3.4 | 1.3 | | 7.1 | 0.66 | 0.43 | 0.28 |
| 2015 | 1.2 | 1.4 | 2.6 | 4.13 | 10.8 | 3.4 | 1.2 | | 6.2 | 0.57 | 0.40 | 0.23 |
| 2016 | 1.1 | 1.2 | 2.3 | 4.24 | 9.9 | 3.4 | 1.1 | | 5.3 | 0.49 | 0.38 | 0.19 |
| 2017 | 1.0 | 1.1 | 2.1 | 4.34 | 9.0 | 3.4 | 1.0 | | 4.6 | 0.42 | 0.35 | 0.15 |
| 2018 | 0.9 | 1.0 | 1.8 | 4.45 | 8.2 | 3.4 | 0.9 | | 3.9 | 0.36 | 0.33 | 0.12 |
| 2019 | 0.8 | 0.9 | 1.6 | 4.56 | 7.5 | 3.4 | 0.8 | | 3.2 | 0.30 | 0.31 | 0.09 |
| 2020 | 0.7 | 0.8 | 1.5 | 4.68 | 6.8 | 3.4 | 0.8 | | 2.6 | 0.24 | 0.29 | 0.07 |
| 2021 | 0.6 | 0.7 | 1.3 | 4.79 | 6.2 | 3.4 | 0.7 | | 2.1 | 0.19 | 0.28 | 0.05 |
| 2022 | 0.5 | 0.6 | 1.2 | 4.91 | 5.7 | 3.4 | 0.6 | | 1.6 | 0.15 | 0.26 | 0.04 |
| 2023 | 0.5 | 0.5 | 1.0 | 5.04 | 5.2 | 3.4 | 0.6 | | 1.2 | 0.11 | 0.24 | 0.03 |
| 2024 | 0.4 | 0.5 | 0.9 | 5.16 | 4.7 | 3.4 | 0.5 | | 0.8 | 0.07 | 0.23 | 0.02 |
| 2025 | 0.4 | 0.4 | 0.8 | 5.29 | 4.3 | 3.4 | 0.5 | | 0.4 | 0.04 | 0.21 | 0.01 |

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Table DHULZ-2
Dorchester Hugoton, Ltd.
Income Model

| | <i>Q4</i> | <i>Year</i> | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4</i> | <i>Year</i> | <i>Q1E</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Q4E</i> | <i>Year</i> |
|-----------------------------|-----------------|-------------|----------------|----------------|----------------|-----------------|-------------|----------------|----------------|----------------|-----------------|--------------|
| | <i>12/31/99</i> | <i>1999</i> | <i>3/31/00</i> | <i>6/30/00</i> | <i>9/30/00</i> | <i>12/31/00</i> | <i>2000</i> | <i>3/31/01</i> | <i>6/30/01</i> | <i>9/30/01</i> | <i>12/31/01</i> | <i>2001E</i> |
| Highlights | | | | | | | | | | | | |
| Revenue (\$mm) | 4.39 | 15.3 | 4.16 | 5.57 | 7.04 | 8.42 | 25.2 | 9.26 | 7.63 | 7.74 | 7.81 | 32.4 |
| Cash flow (\$mm) | 3.25 | 10.9 | 3.09 | 3.87 | 5.69 | 7.11 | 19.8 | 7.69 | 6.20 | 6.31 | 6.36 | 26.6 |
| Per unit | 0.30 | 1.01 | 0.28 | 0.36 | 0.52 | 0.66 | 1.82 | 0.71 | 0.57 | 0.58 | 0.59 | 2.45 |
| Earnings (\$mm) | 2.78 | 9.0 | 2.64 | 3.40 | 5.24 | 6.69 | 18.0 | 7.26 | 5.78 | 5.88 | 5.94 | 24.9 |
| Per unit | 0.26 | 0.83 | 0.24 | 0.32 | 0.48 | 0.62 | 1.66 | 0.67 | 0.53 | 0.54 | 0.55 | 2.29 |
| Distribution (\$mm) | 1.93 | 7.7 | 3.01 | 1.93 | 2.36 | 2.36 | 9.7 | 3.22 | 3.22 | 3.22 | 3.22 | 12.9 |
| Per unit | 0.18 | 0.72 | 0.28 | 0.18 | 0.22 | 0.22 | 0.90 | 0.30 | 0.30 | 0.30 | 0.30 | 1.20 |
| Units (millions) | 10.74 | 10.7 | 10.74 | 10.74 | 10.74 | 10.74 | 10.7 | 10.74 | 10.74 | 10.74 | 10.74 | 10.7 |
| Volume | | | | | | | | | | | | |
| Natural gas (bcf) | | | | | | | | | | | | |
| Oklahoma | 1.43 | 5.6 | 1.39 | 1.37 | 1.43 | 1.38 | 5.6 | 1.34 | 1.35 | 1.36 | 1.35 | 5.4 |
| Kansas | 0.31 | 1.3 | 0.29 | 0.28 | 0.27 | 0.24 | 1.1 | 0.23 | 0.22 | 0.22 | 0.21 | 0.9 |
| Total | 1.74 | 6.9 | 1.68 | 1.66 | 1.70 | 1.62 | 6.7 | 1.57 | 1.57 | 1.57 | 1.56 | 6.3 |
| Natural Gas (mmcf) | 18.9 | 18.9 | 18.5 | 18.2 | 18.4 | 17.6 | 18.2 | 17.5 | 17.3 | 17.1 | 16.9 | 17.2 |
| Days | 92 | 365 | 91 | 91 | 92 | 92 | 366 | 90 | 91 | 92 | 92 | 365 |
| Price | | | | | | | | | | | | |
| Natural gas | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 2.45 | 2.24 | 2.62 | 3.63 | 4.48 | 6.52 | 4.31 | 6.29 | 5.19 | 5.27 | 5.36 | 5.53 |
| Oklahoma (\$/mcf) | 2.60 | 2.28 | 2.53 | 3.50 | 4.33 | 5.43 | 3.95 | 6.17 | 5.07 | 5.15 | 5.24 | 5.41 |
| Kansas (\$/mcf) | 2.70 | 2.36 | 2.72 | 3.58 | 4.41 | 5.54 | 3.99 | 6.25 | 5.15 | 5.23 | 5.32 | 5.50 |
| Total (\$/mcf) | 2.62 | 2.30 | 2.57 | 3.51 | 4.34 | 5.45 | 3.96 | 6.19 | 5.09 | 5.16 | 5.25 | 5.42 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | | |
| Oklahoma | 3.73 | 12.7 | 3.53 | 4.81 | 6.18 | 7.51 | 22.0 | 8.30 | 6.85 | 6.98 | 7.06 | 29.2 |
| Kansas | 0.83 | 3.1 | 0.79 | 1.01 | 1.19 | 1.33 | 4.3 | 1.42 | 1.15 | 1.15 | 1.13 | 4.9 |
| Other | 0.05 | 0.2 | 0.05 | 0.05 | 0.06 | 0.05 | 0.2 | 0.05 | 0.05 | 0.05 | 0.05 | 0.2 |
| Production payment (ORRI) | (0.23) | (0.8) | (0.21) | (0.30) | (0.39) | (0.47) | (1.4) | (0.52) | (0.42) | (0.43) | (0.43) | (1.8) |
| Total | 4.39 | 15.3 | 4.16 | 5.57 | 7.04 | 8.42 | 25.2 | 9.26 | 7.63 | 7.74 | 7.81 | 32.4 |
| Cost (\$mm) | | | | | | | | | | | | |
| Operating | 0.95 | 3.6 | 0.92 | 1.04 | 1.07 | 1.35 | 4.4 | 1.27 | 1.16 | 1.17 | 1.18 | 4.8 |
| General and administrative | 0.16 | 0.6 | 0.14 | 0.18 | 0.20 | 0.28 | 0.8 | 0.20 | 0.18 | 0.18 | 0.18 | 0.7 |
| Management | 0.13 | 0.5 | 0.13 | 0.14 | 0.16 | 0.17 | 0.6 | 0.18 | 0.16 | 0.16 | 0.17 | 0.7 |
| Other | (0.10) | (0.3) | (0.11) | 0.35 | (0.07) | (0.49) | (0.3) | (0.08) | (0.08) | (0.08) | (0.08) | (0.3) |
| Total | 1.13 | 4.4 | 1.07 | 1.70 | 1.35 | 1.31 | 5.4 | 1.57 | 1.43 | 1.44 | 1.45 | 5.9 |
| Cash flow (\$mm) | 3.25 | 10.9 | 3.09 | 3.87 | 5.69 | 7.11 | 19.8 | 7.69 | 6.20 | 6.31 | 6.36 | 26.6 |
| Depletion, deprec. & amort. | 0.48 | 1.9 | 0.45 | 0.46 | 0.45 | 0.42 | 1.8 | 0.42 | 0.42 | 0.43 | 0.42 | 1.7 |
| Earnings (\$mm) | 2.78 | 9.0 | 2.64 | 3.40 | 5.24 | 6.69 | 18.0 | 7.26 | 5.78 | 5.88 | 5.94 | 24.9 |
| Capital expenditures (\$mm) | 0.10 | 0.4 | 0.04 | 0.13 | 0.23 | 0.09 | 0.5 | 1.15 | 0.93 | 0.95 | 0.95 | 4.0 |
| Cost ratios | | | | | | | | | | | | |
| Prod pay/revenue | 5.0% | 4.7% | 4.8% | 5.1% | 5.3% | 5.3% | 5.2% | 5.3% | 5.3% | 5.3% | 5.3% | 5.3% |
| Operating cost (\$/mcf) | 0.54 | 0.52 | 0.54 | 0.63 | 0.63 | 0.83 | 0.66 | 0.81 | 0.74 | 0.74 | 0.75 | 0.76 |
| Depletion (\$/mcf) | 0.27 | 0.28 | 0.27 | 0.28 | 0.27 | 0.26 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 |

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Table HGT-1
Hugoton Royalty Trust
Present Value

| | | | |
|----------------------------|------|------------------------------------|-----|
| Volume Decline (%/yr): | 10 | Price Escalation Post 2006 (%/yr): | 2.5 |
| Volume Enhancement (%/yr): | 10 | Discount rate (%/yr): | 6.5 |
| Capex/Cash Flow (%): | 25 | U.S. TIPS Inflation (%/yr): | 1.7 |
| Variable Cost (%): | 12 | U.S. 10 Year Yield (%/yr): | 5.1 |
| PV/Volume (\$/mcf): | 1.28 | PV/EBITDA 2001: | 6.1 |

| 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 200 through 2030 | | | | | | | | | | | | | |
| | 300 | 261 | 560 | 4.08 | 2286 | 573 | 274 | 216 | 1223 | 30.57 | 0.04 | 0.58 | 17.90 |
| 2001 | 31.3 | 0.0 | 31.3 | 4.98 | 155.7 | 19.1 | 18.7 | 29.6 | 88.4 | 2.21 | 0.02 | 0.97 | 2.16 |
| 2002 | 28.2 | 3.1 | 31.3 | 4.37 | 136.8 | 19.1 | 16.4 | 25.3 | 75.9 | 1.90 | 0.02 | 0.91 | 1.75 |
| 2003 | 25.3 | 5.9 | 31.3 | 4.06 | 127.2 | 19.1 | 15.3 | 23.2 | 69.6 | 1.74 | | 0.85 | 1.49 |
| 2004 | 22.8 | 8.5 | 31.3 | 3.87 | 121.2 | 19.1 | 14.5 | 21.9 | 65.7 | 1.64 | | 0.80 | 1.32 |
| 2005 | 20.5 | 10.8 | 31.3 | 3.57 | 111.7 | 19.1 | 13.4 | 19.8 | 59.4 | 1.48 | | 0.75 | 1.12 |
| 2006 | 18.5 | 12.8 | 31.3 | 3.31 | 103.5 | 19.1 | 12.4 | 18.0 | 54.0 | 1.35 | | 0.71 | 0.96 |
| 2007 | 16.6 | 14.7 | 31.3 | 3.39 | 106.1 | 19.1 | 12.7 | 18.6 | 55.7 | 1.39 | | 0.66 | 0.93 |
| 2008 | 15.0 | 16.3 | 31.3 | 3.48 | 108.8 | 19.1 | 13.1 | 19.2 | 57.5 | 1.44 | | 0.62 | 0.90 |
| 2009 | 13.5 | 17.8 | 31.3 | 3.56 | 111.5 | 19.1 | 13.4 | 19.8 | 59.3 | 1.48 | | 0.59 | 0.87 |
| 2010 | 12.1 | 19.2 | 31.3 | 3.65 | 114.3 | 19.1 | 13.7 | 20.4 | 61.1 | 1.53 | | 0.55 | 0.84 |
| 2011 | 10.9 | 17.2 | 28.2 | 3.74 | 105.4 | 19.1 | 12.7 | | 73.7 | 1.84 | | 0.52 | 0.95 |
| 2012 | 9.8 | 15.5 | 25.3 | 3.84 | 97.3 | 19.1 | 11.7 | | 66.5 | 1.66 | | 0.49 | 0.81 |
| 2013 | 8.8 | 14.0 | 22.8 | 3.93 | 89.7 | 19.1 | 10.8 | | 59.8 | 1.50 | | 0.46 | 0.68 |
| 2014 | 8.0 | 12.6 | 20.5 | 4.03 | 82.8 | 19.1 | 9.9 | | 53.7 | 1.34 | | 0.43 | 0.57 |
| 2015 | 7.2 | 11.3 | 18.5 | 4.13 | 76.3 | 19.1 | 9.2 | | 48.1 | 1.20 | | 0.40 | 0.48 |
| 2016 | 6.4 | 10.2 | 16.6 | 4.24 | 70.4 | 19.1 | 8.5 | | 42.9 | 1.07 | | 0.38 | 0.40 |
| 2017 | 5.8 | 9.2 | 15.0 | 4.34 | 65.0 | 19.1 | 7.8 | | 38.1 | 0.95 | | 0.35 | 0.34 |
| 2018 | 5.2 | 8.3 | 13.5 | 4.45 | 59.9 | 19.1 | 7.2 | | 33.6 | 0.84 | | 0.33 | 0.28 |
| 2019 | 4.7 | 7.4 | 12.1 | 4.56 | 55.3 | 19.1 | 6.6 | | 29.6 | 0.74 | | 0.31 | 0.23 |
| 2020 | 4.2 | 6.7 | 10.9 | 4.68 | 51.0 | 19.1 | 6.1 | | 25.8 | 0.64 | | 0.29 | 0.19 |
| 2021 | 3.8 | 6.0 | 9.8 | 4.79 | 47.1 | 19.1 | 5.6 | | 22.3 | 0.56 | | 0.28 | 0.15 |
| 2022 | 3.4 | 5.4 | 8.8 | 4.91 | 43.4 | 19.1 | 5.2 | | 19.1 | 0.48 | | 0.26 | 0.12 |
| 2023 | 3.1 | 4.9 | 8.0 | 5.04 | 40.0 | 19.1 | 4.8 | | 16.1 | 0.40 | | 0.24 | 0.10 |
| 2024 | 2.8 | 4.4 | 7.2 | 5.16 | 36.9 | 19.1 | 4.4 | | 13.4 | 0.34 | | 0.23 | 0.08 |
| 2025 | 2.5 | 3.9 | 6.4 | 5.29 | 34.1 | 19.1 | 4.1 | | 10.9 | 0.27 | | 0.21 | 0.06 |
| 2026 | 2.2 | 3.6 | 5.8 | 5.42 | 31.4 | 19.1 | 3.8 | | 8.6 | 0.21 | | 0.20 | 0.04 |
| 2027 | 2.0 | 3.2 | 5.2 | 5.56 | 29.0 | 19.1 | 3.5 | | 6.4 | 0.16 | | 0.19 | 0.03 |
| 2028 | 1.8 | 2.9 | 4.7 | 5.70 | 26.8 | 19.1 | 3.2 | | 4.4 | 0.11 | | 0.18 | 0.02 |
| 2029 | 1.6 | 2.6 | 4.2 | 5.84 | 24.7 | 19.1 | 3.0 | | 2.6 | 0.07 | | 0.17 | 0.01 |
| 2030 | 1.5 | 2.3 | 3.8 | 5.99 | 22.8 | 19.1 | 2.7 | | 0.9 | 0.02 | | 0.16 | 0.00 |

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Table HGT-2
Hugoton Royalty Trust
Distributable Income

| | Q4 12/31/99 | Year 1999 | Q1 3/31/00 | Q2 6/30/00 | Q3 9/30/00 | Q4E 12/31/00 | Year 2000E | Q1E 3/31/01 | Q2E 6/30/01 | Q3E 9/30/01 | Q4E 12/31/01 | Year 2001E |
|--|----------------|--------------|---------------|---------------|---------------|-----------------|---------------|----------------|----------------|----------------|-----------------|---------------|
| Highlights | | | | | | | | | | | | |
| Revenue (\$mm) (80%) | 20.4 | 63.1 | 20.0 | 19.8 | 28.2 | 33.4 | 101.5 | 47.4 | 35.6 | 36.3 | 36.4 | 155.7 |
| Cash flow (\$mm) (80%) | 14.4 | 42.2 | 14.1 | 13.9 | 20.8 | 25.5 | 74.3 | 37.2 | 26.7 | 27.1 | 27.3 | 118.3 |
| Per unit | 0.36 | 1.06 | 0.35 | 0.35 | 0.52 | 0.64 | 1.86 | 0.93 | 0.67 | 0.68 | 0.68 | 2.96 |
| Tax credit (\$mm) | 0.2 | 0.8 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| Per unit | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| Distributable Income (\$mm) | 12.2 | 33.1 | 10.9 | 11.3 | 16.2 | 18.3 | 56.7 | 27.8 | 19.9 | 20.3 | 20.4 | 88.4 |
| Per unit | 0.30 | 0.83 | 0.27 | 0.28 | 0.40 | 0.46 | 1.42 | 0.69 | 0.50 | 0.51 | 0.51 | 2.21 |
| Units (millions) | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
| Volume | | | | | | | | | | | | |
| Natural Gas (bcf) | 9.6 | 34.2 | 9.7 | 8.6 | 9.1 | 9.4 | 36.8 | 9.3 | 9.0 | 9.3 | 9.3 | 36.9 |
| Natural Gas (mmcf) | 104.2 | 102.1 | 105.5 | 96.0 | 98.4 | 102.7 | 100.9 | 101.0 | 101.0 | 101.0 | 101.0 | 101.0 |
| Days | 92 | 335 | 92 | 90 | 92 | 92 | 366 | 92 | 89 | 92 | 92 | 365 |
| Oil (mb) | 103 | 388 | 100 | 105 | 98 | 97 | 399 | 96 | 92 | 94 | 93 | 374 |
| Oil (mmbd) | 1.1 | 1.1 | 1.1 | 1.2 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Days | 92 | 342 | 92 | 90 | 92 | 92 | 366 | 92 | 89 | 92 | 92 | 365 |
| Total (bcf) | 10.2 | 36.5 | 10.3 | 9.3 | 9.6 | 10.0 | 39.2 | 9.9 | 9.5 | 9.9 | 9.8 | 39.1 |
| Price | | | | | | | | | | | | |
| Natural Gas (HH lagged two months) | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 2.66 | 2.18 | 2.35 | 2.82 | 3.94 | 4.83 | 3.49 | 7.57 | 5.29 | 5.23 | 5.27 | 5.84 |
| Differential (\$/mmbtu) | 0.24 | 0.06 | 0.04 | 0.29 | 0.37 | 0.72 | 0.35 | 1.50 | 0.64 | 0.63 | 0.63 | 0.85 |
| HGT (\$/mcf) | 2.42 | 2.12 | 2.32 | 2.54 | 3.57 | 4.11 | 3.14 | 6.07 | 4.66 | 4.60 | 4.64 | 4.99 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | | | |
| WTI Cushing | 22.59 | 17.39 | 26.07 | 28.33 | 30.12 | 31.56 | 29.02 | 30.84 | 29.20 | 28.36 | 27.19 | 28.90 |
| HGT | 21.72 | 16.53 | 25.19 | 27.63 | 29.71 | 30.56 | 28.24 | 30.34 | 28.70 | 27.86 | 26.69 | 28.41 |
| Total (\$/mcf) | 2.49 | 2.16 | 2.43 | 2.68 | 3.65 | 4.17 | 3.23 | 6.01 | 4.67 | 4.60 | 4.63 | 4.98 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas | 23.2 | 72.5 | 22.5 | 21.9 | 32.3 | 38.9 | 115.6 | 56.4 | 41.9 | 42.7 | 43.1 | 184.1 |
| Oil | 2.2 | 6.4 | 2.5 | 2.9 | 2.9 | 3.0 | 11.3 | 2.9 | 2.6 | 2.6 | 2.5 | 10.6 |
| Total | 25.4 | 78.9 | 25.0 | 24.8 | 35.2 | 41.8 | 126.8 | 59.3 | 44.5 | 45.3 | 45.6 | 194.7 |
| Cost (\$mm) | | | | | | | | | | | | |
| Tax, transport & other | | | | | | | | | | | | |
| Production | 3.0 | 11.0 | 3.3 | 3.2 | 3.9 | 4.6 | 15.0 | 4.9 | 4.8 | 4.9 | 4.9 | 19.6 |
| Overhead | 1.7 | 6.9 | 1.7 | 1.8 | 1.9 | 1.8 | 7.2 | 2.0 | 1.9 | 2.0 | 2.0 | 7.8 |
| Total | 7.4 | 26.2 | 7.4 | 7.4 | 9.2 | 9.9 | 34.0 | 12.8 | 11.1 | 11.4 | 11.4 | 46.8 |
| Cash flow (\$mm) | | | | | | | | | | | | |
| Development | 2.8 | 11.3 | 3.9 | 3.3 | 5.8 | 8.9 | 21.8 | 11.6 | 8.3 | 8.5 | 8.5 | 37.0 |
| Net proceeds (\$mm) | | | | | | | | | | | | |
| Royalty/Net proceeds | 15.2 | 41.4 | 13.7 | 14.1 | 20.3 | 23.0 | 71.1 | 34.8 | 25.0 | 25.4 | 25.6 | 110.9 |
| Royalty income (\$mm) | | | | | | | | | | | | |
| Royalty/Net proceeds | 12.2 | 33.2 | 11.0 | 11.3 | 16.2 | 18.4 | 56.9 | 27.9 | 20.0 | 20.3 | 20.5 | 88.7 |
| Administration | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |
| Distributable income (\$mm) | | | | | | | | | | | | |
| Royalty/Net proceeds | 12.2 | 33.1 | 10.9 | 11.3 | 16.2 | 18.3 | 56.7 | 27.8 | 19.9 | 20.3 | 20.4 | 88.4 |
| Cost ratios | | | | | | | | | | | | |
| Tax and other/revenue | 10% | 10% | 10% | 10% | 10% | 8% | 9% | 10% | 10% | 10% | 10% | 10% |
| Production cost (\$/mcf) | 0.29 | 0.30 | 0.32 | 0.35 | 0.40 | 0.46 | 0.38 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Overhead cost (\$/mcf) | 0.17 | 0.19 | 0.17 | 0.19 | 0.20 | 0.18 | 0.18 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |

Note: The trust was formed on December 1, 1998. Also there is a two month lag between actual and reported production. As a result, the first year of operations includes only eleven months of actual production from December 1998 through October 1999.

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Table SJT-1
San Juan Basin Royalty Trust
Present Value

| | | | |
|----------------------------|------|------------------------------------|-----|
| Volume Decline (%/yr): | 10 | Price Escalation Post 2006 (%/yr): | 2.5 |
| Volume Enhancement (%/yr): | 10 | Discount rate (%/yr): | 6.5 |
| Capex/Cash Flow (%): | 25 | U.S. TIPS Inflation (%/yr): | 1.7 |
| Variable Cost (%): | 9 | U.S. 10 Year Yield (%/yr): | 5.1 |
| PV/Volume (\$/mcf): | 1.31 | PV/EBITDA 2001: | 6.0 |

| 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 2001 through 2030 | | | | | | | | | | | | | |
| | 304 | 264 | 568 | 3.67 | 2082 | 389 | 187 | 217 | 1289 | 27.65 | 0.32 | 0.57 | 16.00 |
| 2001 | 31.7 | 0.0 | 31.7 | 4.77 | 151.1 | 13.0 | 13.6 | 31.3 | 93.2 | 2.00 | 0.16 | 0.97 | 2.09 |
| 2002 | 28.5 | 3.2 | 31.7 | 3.91 | 124.0 | 13.0 | 11.2 | 25.0 | 74.9 | 1.61 | 0.16 | 0.91 | 1.61 |
| 2003 | 25.7 | 6.0 | 31.7 | 3.64 | 115.3 | 13.0 | 10.4 | 23.0 | 68.9 | 1.48 | | 0.85 | 1.26 |
| 2004 | 23.1 | 8.6 | 31.7 | 3.47 | 109.9 | 13.0 | 9.9 | 21.8 | 65.3 | 1.40 | | 0.80 | 1.12 |
| 2005 | 20.8 | 10.9 | 31.7 | 3.19 | 101.2 | 13.0 | 9.1 | 19.8 | 59.4 | 1.27 | | 0.75 | 0.96 |
| 2006 | 18.7 | 13.0 | 31.7 | 2.96 | 93.8 | 13.0 | 8.4 | 18.1 | 54.3 | 1.17 | | 0.71 | 0.82 |
| 2007 | 16.8 | 14.9 | 31.7 | 3.03 | 96.2 | 13.0 | 8.7 | 18.6 | 55.9 | 1.20 | | 0.66 | 0.80 |
| 2008 | 15.2 | 16.5 | 31.7 | 3.11 | 98.6 | 13.0 | 8.9 | 19.2 | 57.6 | 1.24 | | 0.62 | 0.77 |
| 2009 | 13.6 | 18.1 | 31.7 | 3.19 | 101.1 | 13.0 | 9.1 | 19.7 | 59.2 | 1.27 | | 0.59 | 0.74 |
| 2010 | 12.3 | 19.4 | 31.7 | 3.27 | 103.6 | 13.0 | 9.3 | 20.3 | 61.0 | 1.31 | | 0.55 | 0.72 |
| 2011 | 11.1 | 17.5 | 28.5 | 3.35 | 95.6 | 13.0 | 8.6 | | 74.0 | 1.59 | | 0.52 | 0.82 |
| 2012 | 9.9 | 15.7 | 25.7 | 3.43 | 88.2 | 13.0 | 7.9 | | 67.2 | 1.44 | | 0.49 | 0.70 |
| 2013 | 9.0 | 14.2 | 23.1 | 3.52 | 81.3 | 13.0 | 7.3 | | 61.0 | 1.31 | | 0.46 | 0.60 |
| 2014 | 8.1 | 12.7 | 20.8 | 3.61 | 75.0 | 13.0 | 6.8 | | 55.3 | 1.19 | | 0.43 | 0.51 |
| 2015 | 7.3 | 11.5 | 18.7 | 3.70 | 69.2 | 13.0 | 6.2 | | 50.0 | 1.07 | | 0.40 | 0.43 |
| 2016 | 6.5 | 10.3 | 16.8 | 3.79 | 63.8 | 13.0 | 5.7 | | 45.1 | 0.97 | | 0.38 | 0.37 |
| 2017 | 5.9 | 9.3 | 15.2 | 3.88 | 58.9 | 13.0 | 5.3 | | 40.6 | 0.87 | | 0.35 | 0.31 |
| 2018 | 5.3 | 8.4 | 13.6 | 3.98 | 54.3 | 13.0 | 4.9 | | 36.5 | 0.78 | | 0.33 | 0.26 |
| 2019 | 4.8 | 7.5 | 12.3 | 4.08 | 50.1 | 13.0 | 4.5 | | 32.6 | 0.70 | | 0.31 | 0.22 |
| 2020 | 4.3 | 6.8 | 11.1 | 4.18 | 46.2 | 13.0 | 4.2 | | 29.1 | 0.62 | | 0.29 | 0.18 |
| 2021 | 3.9 | 6.1 | 9.9 | 4.29 | 42.7 | 13.0 | 3.8 | | 25.8 | 0.55 | | 0.28 | 0.15 |
| 2022 | 3.5 | 5.5 | 9.0 | 4.40 | 39.3 | 13.0 | 3.5 | | 22.8 | 0.49 | | 0.26 | 0.13 |
| 2023 | 3.1 | 4.9 | 8.1 | 4.51 | 36.3 | 13.0 | 3.3 | | 20.1 | 0.43 | | 0.24 | 0.10 |
| 2024 | 2.8 | 4.4 | 7.3 | 4.62 | 33.5 | 13.0 | 3.0 | | 17.5 | 0.38 | | 0.23 | 0.09 |
| 2025 | 2.5 | 4.0 | 6.5 | 4.73 | 30.9 | 13.0 | 2.8 | | 15.1 | 0.32 | | 0.21 | 0.07 |
| 2026 | 2.3 | 3.6 | 5.9 | 4.85 | 28.5 | 13.0 | 2.6 | | 13.0 | 0.28 | | 0.20 | 0.06 |
| 2027 | 2.0 | 3.2 | 5.3 | 4.97 | 26.3 | 13.0 | 2.4 | | 10.9 | 0.23 | | 0.19 | 0.04 |
| 2028 | 1.8 | 2.9 | 4.8 | 5.10 | 24.2 | 13.0 | 2.2 | | 9.1 | 0.20 | | 0.18 | 0.03 |
| 2029 | 1.7 | 2.6 | 4.3 | 5.22 | 22.4 | 13.0 | 2.0 | | 7.4 | 0.16 | | 0.17 | 0.03 |
| 2030 | 1.5 | 2.4 | 3.9 | 5.36 | 20.6 | 13.0 | 1.9 | | 5.8 | 0.12 | | 0.16 | 0.02 |

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

| | Q4 12/31/99 | Year 1999 | Q1 3/31/00 | Q2 6/30/00 | Q3 9/30/00 | Q4E 12/31/00 | Year 2000E | Q1E 3/31/01 | Q2E 6/30/01 | Q3E 9/30/01 | Q4E 12/31/01 | Year 2001E |
|--|----------------|--------------|---------------|---------------|---------------|-----------------|---------------|----------------|----------------|----------------|-----------------|---------------|
| Highlights | | | | | | | | | | | | |
| Revenue (\$mm) (75%) | 17.4 | 53.2 | 17.3 | 19.3 | 29.0 | 29.8 | 95.3 | 48.5 | 34.3 | 34.3 | 34.1 | 151.1 |
| Cash flow (\$mm) (75%) | 13.4 | 39.6 | 13.3 | 13.7 | 23.6 | 24.7 | 75.2 | 40.9 | 28.2 | 28.2 | 28.0 | 125.3 |
| Per unit | 0.29 | 0.85 | 0.28 | 0.29 | 0.51 | 0.53 | 1.61 | 0.88 | 0.61 | 0.60 | 0.60 | 2.69 |
| Tax credit (\$mm) | 2.5 | 7.6 | 1.9 | 1.9 | 1.9 | 1.9 | 7.5 | 1.9 | 1.9 | 1.9 | 1.9 | 7.5 |
| Per unit | 0.05 | 0.16 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 |
| Distributable Income (\$mm) | 11.3 | 31.8 | 9.9 | 13.2 | 19.7 | 16.5 | 59.2 | 30.5 | 21.0 | 20.9 | 20.8 | 93.2 |
| Per unit | 0.24 | 0.68 | 0.21 | 0.28 | 0.42 | 0.35 | 1.27 | 0.65 | 0.45 | 0.45 | 0.45 | 2.00 |
| Units (millions) | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 | 46.6 |
| Volume | | | | | | | | | | | | |
| Natural gas (mmbtu) | | | | | | | | | | | | |
| Conventional | 6.7 | 26.9 | 7.0 | 7.1 | 8.4 | | | | | | | |
| Coal Seam | 3.5 | 14.4 | 3.6 | 3.9 | 4.0 | | | | | | | |
| Total | 10.3 | 41.3 | 10.6 | 11.0 | 12.4 | 11.2 | 45.1 | 11.3 | 11.0 | 11.1 | 11.0 | 44.4 |
| Heat Content(btu/cf) | 1,045 | 1,035 | 1,053 | 1,028 | 1,104 | 1,084 | 1,068 | 1,061 | 1,061 | 1,061 | 1,061 | 1,061 |
| Natural gas (bcf) | | | | | | | | | | | | |
| Conventional | 5.8 | 23.5 | 5.9 | 6.3 | 6.7 | | | | | | | |
| Coal Seam | 4.0 | 16.4 | 4.1 | 4.4 | 4.5 | | | | | | | |
| Total | 9.8 | 39.9 | 10.1 | 10.7 | 11.2 | 10.3 | 42.2 | 10.7 | 10.3 | 10.5 | 10.4 | 41.8 |
| Natural Gas (mmcf) | 106.7 | 109.4 | 109.6 | 118.5 | 121.6 | 111.8 | 115.4 | 116.0 | 114.8 | 113.7 | 112.6 | 114.3 |
| Days | 92 | 365 | 92 | 90 | 92 | 92 | 366 | 92 | 90 | 92 | 92 | 366 |
| Oil (mb) | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Oil (mbd) | 0.2 | 0.2 | 0.3 | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Days | 92 | 365 | 92 | 90 | 92 | 92 | 366 | 92 | 90 | 92 | 92 | 366 |
| Total gas & oil (bcf) | 9.9 | 40.4 | 10.2 | 10.8 | 11.4 | 10.4 | 42.8 | 10.8 | 10.4 | 10.6 | 10.5 | 42.3 |
| Price | | | | | | | | | | | | |
| Natural gas (\$/mmbtu) (Henry Hub lagged two months) | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 2.66 | 2.17 | 2.35 | 2.82 | 3.94 | 4.83 | 3.49 | 7.57 | 5.29 | 5.23 | 5.27 | 5.84 |
| Differential (\$/mmbtu) | 0.44 | 0.48 | 0.23 | 0.52 | 0.87 | 1.31 | 0.72 | 1.90 | 1.16 | 1.15 | 1.16 | 1.34 |
| SJT Conventional | 2.27 | 1.75 | 2.17 | 2.36 | 3.14 | | | | | | | |
| SJT Coal Seam | 2.13 | 1.58 | 2.03 | 2.20 | 2.92 | | | | | | | |
| Total | 2.22 | 1.69 | 2.12 | 2.30 | 3.07 | 3.52 | 2.77 | 5.67 | 4.13 | 4.08 | 4.11 | 4.50 |
| Natural gas (\$/mcf) | | | | | | | | | | | | |
| Conventional | 2.63 | 2.00 | 2.54 | 2.67 | 3.95 | | | | | | | |
| Coal Seam | 1.88 | 1.39 | 1.79 | 1.94 | 2.56 | | | | | | | |
| Total | 2.32 | 1.75 | 2.23 | 2.37 | 3.39 | 3.81 | 2.96 | 5.34 | 3.89 | 3.84 | 3.87 | 4.78 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | | | |
| WTI Cushing | 22.59 | 17.02 | 26.07 | 28.33 | 30.12 | 32.73 | 29.31 | 28.79 | 29.20 | 28.36 | 18.77 | 26.28 |
| SJT | 20.66 | 14.25 | 22.48 | 21.66 | 25.58 | 28.73 | 24.49 | 24.79 | 25.20 | 24.36 | 14.77 | 22.27 |
| Total gas & oil (\$/mcf) | 2.33 | 1.76 | 2.25 | 2.38 | 3.40 | 3.82 | 2.97 | 5.99 | 4.38 | 4.32 | 4.34 | 4.77 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas - Conventional | | | | | | | | | | | | |
| Coal Seam | 7.6 | 22.8 | 7.4 | 8.5 | 11.6 | | | | | | | |
| Total | 22.8 | 69.9 | 22.5 | 25.2 | 37.9 | 39.2 | 124.9 | 64.2 | 45.3 | 45.2 | 45.1 | 199.8 |
| Oil | 0.4 | 1.0 | 0.5 | 0.5 | 0.7 | 0.5 | 2.2 | 0.5 | 0.5 | 0.4 | 0.3 | 1.6 |
| Total | 23.2 | 71.0 | 23.0 | 25.7 | 38.6 | 39.8 | 127.1 | 64.6 | 45.7 | 45.7 | 45.4 | 201.4 |
| Cost (\$mm) | | | | | | | | | | | | |
| Severance tax | 2.4 | 7.3 | 2.2 | 2.3 | 4.2 | 3.7 | 12.4 | 6.5 | 4.6 | 4.6 | 4.5 | 20.1 |
| Operating | 2.9 | 10.8 | 3.1 | 5.2 | 3.1 | 3.2 | 14.5 | 3.6 | 3.5 | 3.6 | 3.5 | 14.2 |
| Total | 5.3 | 18.1 | 5.4 | 7.5 | 7.2 | 6.9 | 26.9 | 10.1 | 8.1 | 8.1 | 8.1 | 34.4 |
| Cash flow (\$mm) | | | | | | | | | | | | |
| Development | 2.6 | 10.6 | 4.6 | 4.8 | 5.0 | 11.2 | 25.6 | 13.6 | 9.4 | 9.4 | 9.3 | 41.8 |
| Net proceeds (\$mm) | 15.3 | 42.3 | 13.1 | 13.5 | 26.4 | 21.7 | 74.6 | 40.9 | 28.2 | 28.2 | 28.0 | 125.3 |
| Royalty income (\$mm) | | | | | | | | | | | | |
| Royalty/Net proceeds | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% |
| Administration | 0.2 | 0.8 | 0.2 | 0.4 | 0.2 | (0.2) | 0.5 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| One-time | | 0.9 | 0.3 | 3.5 | | | 3.7 | | | | | - |
| Distributable income (\$mm) | 11.3 | 31.8 | 9.9 | 13.2 | 19.7 | 16.5 | 59.2 | 30.5 | 21.0 | 20.9 | 20.8 | 93.2 |
| Modeling ratios | | | | | | | | | | | | |
| Severance tax/revenue | 10.3% | 10.3% | 9.8% | 9.0% | 10.8% | 9.2% | 9.7% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Operating cost (\$/mcf) | 0.29 | 0.27 | 0.30 | 0.48 | 0.27 | 0.31 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 |

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Table BR-1
Burlington Resources
Present Value

| | | | |
|----------------------------|-------|------------------------------------|-----|
| Volume Decline (%/yr): | 11 | Price Escalation Post 2006 (%/yr): | 2.5 |
| Volume Enhancement (%/yr): | 11 | Discount rate (%/yr): | 6.5 |
| Capex/Cash Flow (%): | 50 | U.S. TIPS Inflation (%/yr): | 1.7 |
| Variable Cost (%): | 14 | U.S. 10 Year Yield (%/yr): | 5.1 |
| PV/Volume (\$/mcf): | 0.76 | PV/EBITDA 2001: | 5.3 |
| PV/Share (\$): | 53.20 | | |

| Year | Basic (bcf) | Volume Enhanced (bcf) | Total (bcf) | Price (\$/mcf) | Revenue (\$mm) | Fixed Cost (\$mm) | Var Cost (\$mm) | Cap Ex (\$mm) | Cash Flow (\$mm) | Disc Factor | Present Value (\$mm) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|------------------------|----------------|----------------------------|
| Total 2001 through 2030 | | | | | | | | | | | |
| | 7417 | 10827 | 18244 | 3.86 | 70439 | 16853 | 9861 | 15063 | 28662 | 0.48 | 13800 |
| 2001 | 841 | 0 | 841 | 4.34 | 3654 | 562 | 512 | 1290 | 1290 | 0.97 | 1250 |
| 2002 | 749 | 93 | 841 | 4.13 | 3477 | 562 | 487 | 1214 | 1214 | 0.91 | 1105 |
| 2003 | 666 | 175 | 841 | 3.28 | 2763 | 562 | 387 | 907 | 907 | 0.85 | 775 |
| 2004 | 593 | 248 | 841 | 3.22 | 2710 | 562 | 379 | 884 | 884 | 0.80 | 710 |
| 2005 | 528 | 313 | 841 | 3.17 | 2671 | 562 | 374 | 868 | 868 | 0.75 | 654 |
| 2006 | 470 | 372 | 841 | 3.14 | 2638 | 562 | 369 | 853 | 853 | 0.71 | 604 |
| 2007 | 418 | 423 | 841 | 3.21 | 2704 | 562 | 379 | 882 | 882 | 0.66 | 586 |
| 2008 | 372 | 469 | 841 | 3.29 | 2771 | 562 | 388 | 911 | 911 | 0.62 | 568 |
| 2009 | 331 | 510 | 841 | 3.38 | 2841 | 562 | 398 | 941 | 941 | 0.59 | 551 |
| 2010 | 295 | 547 | 841 | 3.46 | 2912 | 562 | 408 | 971 | 971 | 0.55 | 534 |
| 2011 | 262 | 579 | 841 | 3.55 | 2985 | 562 | 418 | 1002 | 1002 | 0.52 | 518 |
| 2012 | 234 | 608 | 841 | 3.64 | 3059 | 562 | 428 | 1035 | 1035 | 0.49 | 502 |
| 2013 | 208 | 634 | 841 | 3.73 | 3136 | 562 | 439 | 1067 | 1067 | 0.46 | 486 |
| 2014 | 185 | 656 | 841 | 3.82 | 3214 | 562 | 450 | 1101 | 1101 | 0.43 | 471 |
| 2015 | 165 | 677 | 841 | 3.92 | 3294 | 562 | 461 | 1136 | 1136 | 0.40 | 456 |
| 2016 | 147 | 602 | 749 | 4.01 | 3005 | 562 | 421 | | 2023 | 0.38 | 763 |
| 2017 | 130 | 536 | 666 | 4.11 | 2742 | 562 | 384 | | 1796 | 0.35 | 636 |
| 2018 | 116 | 477 | 593 | 4.22 | 2501 | 562 | 350 | | 1589 | 0.33 | 529 |
| 2019 | 103 | 425 | 528 | 4.32 | 2282 | 562 | 319 | | 1400 | 0.31 | 438 |
| 2020 | 92 | 378 | 470 | 4.43 | 2081 | 562 | 291 | | 1228 | 0.29 | 360 |
| 2021 | 82 | 336 | 418 | 4.54 | 1899 | 562 | 266 | | 1071 | 0.28 | 295 |
| 2022 | 73 | 299 | 372 | 4.65 | 1732 | 562 | 242 | | 928 | 0.26 | 240 |
| 2023 | 65 | 266 | 331 | 4.77 | 1580 | 562 | 221 | | 797 | 0.24 | 194 |
| 2024 | 58 | 237 | 295 | 4.89 | 1441 | 562 | 202 | | 678 | 0.23 | 155 |
| 2025 | 51 | 211 | 262 | 5.01 | 1315 | 562 | 184 | | 569 | 0.21 | 122 |
| 2026 | 46 | 188 | 234 | 5.14 | 1200 | 562 | 168 | | 470 | 0.20 | 95 |
| 2027 | 41 | 167 | 208 | 5.27 | 1094 | 562 | 153 | | 379 | 0.19 | 72 |
| 2028 | 36 | 149 | 185 | 5.40 | 998 | 562 | 140 | | 297 | 0.18 | 53 |
| 2029 | 32 | 132 | 165 | 5.53 | 911 | 562 | 127 | | 221 | 0.17 | 37 |
| 2030 | 29 | 118 | 147 | 5.67 | 831 | 562 | 116 | | 153 | 0.16 | 24 |

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Table BR-2
Burlington Resources
Income Model

| | <i>Q4</i> | <i>Year</i> | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4</i> | <i>Year</i> | <i>Q1E</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Q4E</i> | <i>Year</i> |
|----------------------------|-----------------|--------------|----------------|----------------|----------------|-----------------|--------------|----------------|----------------|----------------|-----------------|--------------|
| | <i>12/31/99</i> | <i>1999</i> | <i>3/31/00</i> | <i>6/30/00</i> | <i>9/30/00</i> | <i>12/31/00</i> | <i>2000</i> | <i>3/31/01</i> | <i>6/30/01</i> | <i>9/30/01</i> | <i>12/31/01</i> | <i>2001E</i> |
| Highlights | | | | | | | | | | | | |
| Revenue (\$mm) | 690 | 2,313 | 708 | 680 | 760 | 999 | 3,147 | 943 | 854 | 917 | 940 | 3,654 |
| Ebitda (\$mm) | 390 | 1,319 | 466 | 413 | 519 | 711 | 2,109 | 673 | 588 | 648 | 671 | 2,581 |
| Cash Flow (\$mm) | 347 | 1,099 | 411 | 335 | 440 | 653 | 1,839 | 600 | 519 | 576 | 599 | 2,293 |
| Per share (\$) | 1.61 | 5.09 | 1.90 | 1.55 | 2.04 | 3.04 | 8.51 | 2.79 | 2.41 | 2.68 | 2.78 | 10.67 |
| Net Income (\$mm) | (84) | 1 | 77 | 94 | 200 | 304 | 675 | 313 | 236 | 273 | 288 | 1,109 |
| Per share (\$) | (0.38) | 0.01 | 0.36 | 0.43 | 0.93 | 1.41 | 3.13 | 1.46 | 1.10 | 1.27 | 1.34 | 5.16 |
| Shares (millions) | 216 | 216 | 216 | 216 | 216 | 215 | 216 | 215 | 215 | 215 | 215 | 215 |
| Volume | | | | | | | | | | | | |
| Natural gas (bcf) | | | | | | | | | | | | |
| U.S. | 141 | 543 | 140 | 134 | 127 | 127 | 528 | 124 | 126 | 127 | 127 | 504 |
| Canada | 38 | 157 | 38 | 34 | 36 | 37 | 145 | 40 | 40 | 40 | 40 | 161 |
| Overseas | 13 | 32 | 15 | 10 | 7 | 12 | 45 | 13 | 13 | 13 | 13 | 51 |
| Total | 192 | 731 | 193 | 179 | 170 | 176 | 718 | 176 | 178 | 180 | 180 | 715 |
| Natural Gas (mmcf) | | | | | | | | | | | | |
| U.S. | 1,536 | 1,487 | 1,535 | 1,470 | 1,382 | 1,380 | 1,441 | 1,380 | 1,380 | 1,380 | 1,380 | 1,376 |
| Canada | 417 | 429 | 419 | 379 | 387 | 403 | 397 | 440 | 440 | 440 | 440 | 439 |
| Overseas | 137 | 88 | 167 | 114 | 80 | 128 | 122 | 140 | 140 | 140 | 140 | 140 |
| Total | 2,090 | 2,004 | 2,121 | 1,963 | 1,849 | 1,911 | 1,961 | 1,960 | 1,960 | 1,960 | 1,960 | 1,955 |
| Days | 92 | 365 | 91 | 91 | 92 | 92 | 366 | 90 | 91 | 92 | 92 | 365 |
| Oil (mb) | 8 | 33 | 8 | 7 | 7 | 6 | 29 | 6 | 5 | 5 | 5 | 21 |
| Oil (mbd) | 89 | 90 | 91 | 79 | 73 | 70 | 78 | 64 | 60 | 55 | 51 | 58 |
| Total gas & oil (bcf) | 241 | 928 | 242 | 222 | 211 | 214 | 889 | 211 | 211 | 211 | 209 | 841 |
| Price | | | | | | | | | | | | |
| Natural gas (\$/mcf) | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 2.45 | 2.24 | 2.62 | 3.63 | 4.48 | 6.52 | 4.31 | 6.29 | 5.19 | 5.27 | 5.36 | 5.53 |
| U.S. | 2.78 | 2.49 | 2.64 | 2.70 | 3.26 | 4.47 | 3.25 | 4.39 | 4.07 | 4.60 | 4.86 | 4.48 |
| Canada | 2.04 | 1.76 | 2.63 | 3.09 | 4.05 | 6.04 | 3.96 | 5.29 | 4.19 | 4.27 | 4.36 | 4.53 |
| Overseas | 1.68 | 1.93 | 1.90 | 2.17 | 2.31 | 2.58 | 2.21 | 2.54 | 2.47 | 2.36 | 2.25 | 2.40 |
| Total | 2.56 | 2.31 | 2.58 | 2.74 | 3.38 | 4.67 | 3.32 | 4.46 | 3.98 | 4.36 | 4.56 | 4.34 |
| Oil (\$/bbl) | | | | | | | | | | | | |
| WTI Cushing | 24.52 | 19.24 | 28.84 | 28.79 | 31.61 | 32.00 | 30.31 | 29.38 | 28.73 | 27.57 | 26.50 | 28.04 |
| Worldwide | 22.52 | 16.85 | 23.36 | 24.38 | 26.81 | 26.39 | 25.11 | 25.38 | 24.73 | 23.57 | 22.50 | 24.12 |
| Total gas & oil (\$/mcf) | 2.86 | 2.49 | 2.92 | 3.06 | 3.61 | 4.66 | 3.54 | 4.47 | 4.05 | 4.35 | 4.50 | 4.34 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | | |
| U.S. | 393 | 1,351 | 369 | 361 | 414 | 568 | 1,712 | 545 | 511 | 584 | 617 | 2,257 |
| Canada | 78 | 276 | 100 | 107 | 144 | 224 | 575 | 210 | 168 | 173 | 177 | 727 |
| Overseas | 21 | 62 | 29 | 23 | 17 | 30 | 99 | 32 | 32 | 30 | 29 | 123 |
| Total | 492 | 1,689 | 498 | 490 | 576 | 822 | 2,386 | 787 | 710 | 787 | 823 | 3,107 |
| Oil | 184 | 553 | 193 | 176 | 181 | 169 | 719 | 146 | 134 | 120 | 107 | 507 |
| Other | 14 | 71 | 17 | 14 | 3 | 8 | 43 | 10 | 10 | 10 | 10 | 40 |
| Total | 690 | 2,313 | 708 | 680 | 760 | 999 | 3,147 | 943 | 854 | 917 | 940 | 3,654 |
| Cost (\$mm) | | | | | | | | | | | | |
| Production Taxes | 34 | 109 | 33 | 38 | 31 | 45 | 147 | 44 | 40 | 43 | 44 | 172 |
| Operating | 178 | 703 | 171 | 183 | 175 | 174 | 703 | 171 | 171 | 171 | 169 | 682 |
| Administrative | 33 | 141 | 39 | 39 | 37 | 50 | 165 | 50 | 50 | 50 | 50 | 200 |
| Other | 55 | 41 | (1) | 7 | (2) | 19 | 23 | 5 | 5 | 5 | 5 | 20 |
| Total | 300 | 994 | 242 | 267 | 241 | 288 | 1,038 | 270 | 266 | 269 | 268 | 1,073 |
| Ebitda (\$mm) | 390 | 1,319 | 466 | 413 | 519 | 711 | 2,109 | 673 | 588 | 648 | 671 | 2,581 |
| Interest | 49 | 211 | 50 | 53 | 48 | 46 | 197 | 46 | 46 | 46 | 46 | 184 |
| Current income tax | (6) | 9 | 5 | 25 | 31 | 12 | 73 | 27 | 24 | 26 | 27 | 103 |
| Cash flow (\$mm) | 347 | 1,099 | 411 | 335 | 440 | 653 | 1,839 | 600 | 519 | 576 | 599 | 2,293 |
| Exploration | 76 | 225 | 98 | 48 | 28 | 63 | 237 | 120 | 50 | 50 | 50 | 270 |
| Deprec., Deplet., & Amort. | 166 | 631 | 180 | 171 | 171 | 182 | 704 | 182 | 182 | 182 | 182 | 728 |
| Other non cash | 221 | 229 | 1 | 3 | (1) | 1 | 4 | 1 | 1 | 1 | 1 | 4 |
| Income before deferred tax | (116) | 14 | 132 | 113 | 242 | 407 | 894 | 297 | 286 | 343 | 366 | 1,561 |
| Deferred income tax | (32) | 13 | 55 | 19 | 42 | 103 | 219 | 104 | 100 | 120 | 128 | 452 |
| Net Income (\$mm) | (84) | 1 | 77 | 94 | 200 | 304 | 675 | 313 | 236 | 273 | 288 | 1,109 |
| Production Tax/Revenue | 4.9% | 4.7% | 4.7% | 5.6% | 4.1% | 4.5% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% | 4.7% |
| Operating Cost (\$/mcf) | 0.74 | 0.76 | 0.71 | 0.82 | 0.83 | 0.81 | 0.79 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 |
| Margin - relative | 50% | 48% | 58% | 49% | 58% | 65% | 58% | 64% | 61% | 63% | 64% | 63% |
| Margin - absolute (\$/mcf) | 1.44 | 1.18 | 1.69 | 1.51 | 2.09 | 3.05 | 2.07 | 2.84 | 2.46 | 2.73 | 2.87 | 2.73 |
| Tax rate | 31% | 96% | 44% | 32% | 27% | 27% | 30% | 29% | 34% | 35% | 35% | 33% |

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Table EPL-1
Energy Partners, Ltd.
Present Value

| | | | |
|----------------------------|-------|------------------------------------|-----|
| Volume Decline (%/yr): | 15 | Price Escalation post 2006 (%/yr): | 1.7 |
| Volume Enhancement (%/yr): | 34 | Discount rate (%/yr): | 6.5 |
| Capex/Cash Flow (%): | 100 | U.S. TIPS Inflation (%/yr): | 1.7 |
| Variable Cost (%): | 16 | U.S. 10 Year Yield (%/yr): | 5.1 |
| PV/Volume (\$/bbl): | 3.50 | PV/EBITDA 2001: | 4.2 |
| PV/Share (\$): | 18.60 | | |

| Year | Basic (mb) | Volume Enhanced (mb) | Total (mb) | Price (\$/bbl) | Revenue (\$mm) | Fixed Cost (\$mm) | Var Cost (\$mm) | Cap Ex (\$mm) | Pre-Tax (\$mm) | Income Tax (\$mm) | Cash Flow (\$mm) | Disc Factor | Present Value (\$mm) |
|-------------------------|------------|----------------------|------------|----------------|----------------|-------------------|-----------------|---------------|----------------|-------------------|------------------|-------------|----------------------|
| Total 2001 through 2015 | | | | | | | | | | | | | |
| | 42100 | 101200 | 143300 | 22.61 | 3240 | 609 | 518 | 1034 | 1079 | 154 | 925 | 0.47 | 505 |
| 2001 | 6570 | 0 | 6570 | 27.20 | 179 | 30 | 29 | 120 | 0 | 0 | 0 | 0.97 | 0 |
| 2002 | 5584 | 2234 | 7818 | 25.44 | 199 | 30 | 32 | 137 | 0 | 0 | 0 | 0.91 | 0 |
| 2003 | 4747 | 4557 | 9303 | 23.44 | 218 | 30 | 35 | 153 | 0 | 0 | 0 | 0.85 | 0 |
| 2004 | 4035 | 7036 | 11071 | 22.37 | 248 | 30 | 40 | 178 | 0 | 0 | 0 | 0.80 | 0 |
| 2005 | 3429 | 9745 | 13174 | 21.41 | 282 | 30 | 45 | 207 | 0 | 0 | 0 | 0.75 | 0 |
| 2006 | 2915 | 12763 | 15678 | 20.60 | 323 | 30 | 52 | 241 | 0 | 0 | 0 | 0.71 | 0 |
| 2007 | 2478 | 10848 | 13326 | 20.95 | 279 | 30 | 45 | | 204 | 29 | 175 | 0.66 | 116 |
| 2008 | 2106 | 9221 | 11327 | 21.31 | 241 | 30 | 39 | | 172 | 25 | 148 | 0.62 | 92 |
| 2009 | 1790 | 7838 | 9628 | 21.67 | 209 | 30 | 33 | | 145 | 21 | 124 | 0.59 | 73 |
| 2010 | 1522 | 6662 | 8184 | 22.04 | 180 | 30 | 29 | | 121 | 17 | 104 | 0.55 | 57 |
| 2011 | 1293 | 5663 | 6956 | 22.41 | 156 | 30 | 25 | | 101 | 14 | 86 | 0.52 | 45 |
| 2012 | 1099 | 4813 | 5913 | 22.79 | 135 | 30 | 22 | | 83 | 12 | 71 | 0.49 | 34 |
| 2013 | 934 | 4091 | 5026 | 23.18 | 116 | 30 | 19 | | 67 | 10 | 58 | 0.46 | 26 |
| 2014 | 794 | 3478 | 4272 | 23.57 | 101 | 30 | 16 | | 54 | 8 | 46 | 0.43 | 20 |
| 2015 | 675 | 2956 | 3631 | 23.97 | 87 | 30 | 14 | | 43 | 6 | 37 | 0.40 | 15 |
| 2016 | 574 | 2513 | 3087 | 24.38 | 75 | 30 | 12 | | 33 | 5 | 28 | 0.38 | 11 |
| 2017 | 488 | 2136 | 2624 | 24.80 | 65 | 30 | 10 | | 24 | 3 | 21 | 0.35 | 7 |
| 2018 | 415 | 1815 | 2230 | 25.22 | 56 | 30 | 9 | | 17 | 2 | 14 | 0.33 | 5 |
| 2019 | 352 | 1543 | 1896 | 25.65 | 49 | 30 | 8 | | 10 | 1 | 9 | 0.31 | 3 |
| 2020 | 300 | 1312 | 1611 | 26.08 | 42 | 30 | 7 | | 5 | 1 | 4 | 0.29 | 1 |

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Table EPL-2
Energy Partners, Ltd.
Cash Flow

| | <i>H1</i> | <i>Q3</i> | <i>Q4</i> | <i>Year</i> | <i>Q1E</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Q4E</i> | <i>Year</i> |
|----------------------------|----------------|----------------|-----------------|-------------|----------------|----------------|----------------|-----------------|--------------|
| | <i>6/30/00</i> | <i>9/30/00</i> | <i>12/31/00</i> | <i>2000</i> | <i>3/31/01</i> | <i>6/30/01</i> | <i>9/30/01</i> | <i>12/31/01</i> | <i>2001E</i> |
| Highlights | | | | | | | | | |
| Revenue (\$mm) | 30.4 | 30.7 | 42.0 | 103.1 | 43.8 | 41.6 | 44.2 | 49.1 | 178.7 |
| EBITDAX (\$mm) | 18.0 | 19.5 | 24.1 | 61.6 | 29.5 | 27.4 | 30.3 | 34.1 | 121.3 |
| Cash Flow (\$mm) | 15.4 | 17.2 | 23.1 | 55.7 | 29.1 | 27.0 | 29.9 | 33.7 | 119.7 |
| Per share (\$) | | 0.95 | 1.21 | | 1.07 | 1.00 | 1.10 | 1.24 | 4.42 |
| Net Income (\$mm) | 2.3 | 5.2 | (32.9) | (25.4) | 9.2 | 7.8 | 9.3 | 10.9 | 37.2 |
| Per share | | 0.29 | (1.73) | | 0.34 | 0.29 | 0.34 | 0.40 | 1.37 |
| Shares (millions) | | 18.1 | 19.0 | | 27.1 | 27.1 | 27.1 | 27.1 | 27.1 |
| Volume | | | | | | | | | |
| Natural Gas (bcf) | 1.48 | 1.49 | 2.81 | 5.78 | 3.60 | 3.71 | 3.77 | 4.25 | 15.34 |
| Natural Gas (mmcf) | 8.1 | 16.1 | 30.6 | 15.8 | 40.0 | 40.8 | 41.0 | 46.2 | 42.0 |
| Days | 182 | 92 | 92 | 366 | 90 | 91 | 92 | 92 | 365 |
| Oil (mb) | 965 | 899 | 925 | 2,790 | 900 | 956 | 1,012 | 1,146 | 4,014 |
| Oil (mbd) | 5.30 | 9.78 | 10.05 | 7.62 | 10.00 | 10.50 | 11.00 | 12.46 | 11.00 |
| Total (mb) | 1,212 | 1,147 | 1,394 | 3,752 | 1,500 | 1,574 | 1,641 | 1,855 | 6,570 |
| Total (mbd) | 6.7 | 12.5 | 15.1 | 10.3 | 16.7 | 17.3 | 17.8 | 20.2 | 18.0 |
| Price | | | | | | | | | |
| Natural Gas | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 3.13 | 4.48 | 6.52 | 4.31 | 6.29 | 5.19 | 5.27 | 5.36 | 5.53 |
| Differential (\$/mmbtu) | (0.40) | (0.29) | 0.67 | (0.66) | 0.63 | 0.52 | 0.53 | 0.54 | 0.56 |
| EPL (\$/mcf) | 3.52 | 4.77 | 5.85 | 4.98 | 5.66 | 4.67 | 4.74 | 4.83 | 4.97 |
| Oil (\$/bbl) | | | | | | | | | |
| WTI Cushing | 28.81 | 31.61 | 32.00 | 30.31 | 29.38 | 28.73 | 27.57 | 26.50 | 28.04 |
| Differential | 3.12 | 5.43 | 6.46 | 4.51 | 4.43 | 3.35 | 1.60 | 1.60 | 2.75 |
| EPL | 25.69 | 26.18 | 25.54 | 25.80 | 24.95 | 25.38 | 25.97 | 24.90 | 25.29 |
| Total (\$/bbl) | 25.05 | 26.79 | 30.13 | 27.47 | 29.23 | 26.43 | 26.92 | 26.45 | 27.20 |
| Revenue (\$mm) | | | | | | | | | |
| Natural Gas | 5.2 | 7.1 | 16.4 | 28.7 | 20.4 | 17.4 | 17.9 | 20.5 | 76.1 |
| Oil | 24.8 | 23.5 | 23.6 | 72.0 | 22.5 | 24.3 | 26.3 | 28.5 | 101.5 |
| Other | 0.3 | 0.1 | 1.9 | 2.4 | 1.0 | | | | 1.0 |
| Total | 30.4 | 30.7 | 42.0 | 103.1 | 43.8 | 41.6 | 44.2 | 49.1 | 178.7 |
| Cost (\$mm) | | | | | | | | | |
| Lease operating | 6.1 | 6.4 | 11.5 | 24.1 | 8.6 | 8.7 | 8.2 | 9.0 | 34.5 |
| Production taxes | 1.9 | 1.7 | 2.7 | 6.3 | 2.2 | 2.1 | 2.2 | 2.5 | 8.9 |
| General and administrative | 4.3 | 3.0 | 3.7 | 11.1 | 3.5 | 3.5 | 3.5 | 3.5 | 14.0 |
| Total | 12.3 | 11.2 | 17.9 | 41.5 | 14.3 | 14.2 | 13.9 | 14.9 | 57.4 |
| EBITDAX (\$mm) | 18.0 | 19.5 | 24.1 | 61.6 | 29.5 | 27.4 | 30.3 | 34.1 | 121.3 |
| Net cash interest and tax | 2.6 | 2.4 | 1.0 | 5.9 | 0.4 | 0.4 | 0.4 | 0.4 | 1.6 |
| Cash Flow (\$mm) | 15.4 | 17.2 | 23.1 | 55.7 | 29.1 | 27.0 | 29.9 | 33.7 | 119.7 |
| Exploration | 0.8 | 0.3 | 0.6 | 1.7 | 3.0 | 3.0 | 3.0 | 3.0 | 12.0 |
| Deprec., Deplet., & Amort. | 8.3 | 7.5 | 9.8 | 25.6 | 10.5 | 11.0 | 11.5 | 13.0 | 46.0 |
| Amort. Financing Cost | 0.3 | 0.3 | 0.5 | 1.1 | 0.3 | 0.3 | 0.3 | 0.3 | 1.2 |
| Other non cash | (0.7) | 0.7 | 41.7 | 41.7 | 0.8 | 0.3 | 0.3 | 0.3 | 1.7 |
| Income before income tax | 6.8 | 8.4 | (29.6) | (14.5) | 14.5 | 12.3 | 14.8 | 17.1 | 58.8 |
| Deferred income tax | 4.5 | 3.2 | 3.3 | 10.9 | 5.3 | 4.6 | 5.4 | 6.3 | 21.6 |
| Net income (\$mm) | 2.3 | 5.2 | (32.9) | (25.4) | 9.2 | 7.8 | 9.3 | 10.9 | 37.2 |
| <i>Costs (\$/bbl)</i> | | | | | | | | | |
| Lease operating | 5.03 | 5.61 | 8.28 | 6.41 | 5.75 | 5.50 | 5.00 | 4.85 | 5.25 |
| Production taxes | 1.57 | 1.52 | 1.94 | 1.69 | 1.46 | 1.32 | 1.35 | 1.32 | 1.36 |
| General and administrative | 3.57 | 2.65 | 2.65 | 2.95 | 2.33 | 2.22 | 2.13 | 1.89 | 2.13 |
| Deprec., Deplet., & Amort. | 6.84 | 6.54 | 7.04 | 6.82 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| <i>Tax rate</i> | | 38% | | | 37% | 37% | 37% | 37% | 37% |

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