

Meter Reader: Commodity Price Sticking

Summary and Conclusion

Despite a decline in the past week in the price of natural gas for immediate delivery, the price for deliveries over the next year rose modestly as it did for oil. For the four producers on this website, value depends more on commodity price over the long term than over the near term. Current rankings place Hugoton Royalty Trust and Cross Timbers Royalty Trust as most undervalued followed by Dorchester Hugoton, Ltd. and San Juan Basin Royalty Trust (see table).

| | | Price | | | | Net | |
|------------------------------|--------|-----------|-------|--------|--------|-----------|-------|
| | | (\$/unit) | | Market | | Asset | |
| | | 11-Feb | Units | Cap | Debt | Value | McDep |
| | Symbol | 2000 | (mm) | (\$mm) | (\$mm) | (\$/unit) | Ratio |
| San Juan Basin Royalty Trust | SJT | 9.94 | 46.6 | 460 | - | 10.40 | 0.96 |
| Dorchester Hugoton, Ltd. | DHULZ | 9.38 | 10.7 | 101 | - | 11.80 | 0.79 |
| Cross Timbers Royalty Trust | CRT | 11.56 | 6.0 | 69 | - | 17.60 | 0.66 |
| Hugoton RT (42.5%) | HGT | 8.50 | 17.0 | 145 | - | 13.20 | 0.64 |

Estimated distributions by royalty trusts for the next twelve months imply Dynamic Distribution Yields of 8-12% cash and higher taxable equivalent (see table). The taxable equivalent comparison may be overstated for investors who pay less than the highest rate.

| | | Price | Distribution | | Distribution Yield | |
|------------------------------|--------|-----------|--------------|------------|--------------------|------------|
| | | (\$/unit) | (\$/unit) | | (Percent) | |
| | | 11-Feb | | Taxable | | Taxable |
| | Symbol | 2000 | Cash | Equivalent | Cash | Equivalent |
| Dorchester Hugoton, Ltd. | DHULZ | 9.38 | 0.72 | 1.33 | 7.7 | 14.2 |
| San Juan Basin Royalty Trust | SJT | 9.94 | 0.81 | 1.76 | 8.4 | 17.7 |
| Hugoton RT (42.5%) | HGT | 8.50 | 1.12 | 1.72 | 13.3 | 20.3 |
| Cross Timbers Royalty Trust | CRT | 11.56 | 1.47 | 2.52 | 12.8 | 21.8 |

The four entities on this site offer direct participation in the commodity value of natural gas that in turn is partly dependent on the commodity value of oil. Owning natural gas for the income it generated was profitable in the past decade, but reinvesting that cash flow with producers to find and develop new reserves was not profitable. Ultimately new investment has to be profitable if supply is going to be there to meet growing demand. A clean fuel, natural gas is expected to power 80% of new electrical generation.

Tie Inflation and Discount Rate to Market for U.S. Treasury Securities

In the latest models we upload for each entity, escalation and discounting is tied to the market. The nominal market reference is the new U.S. Treasury Note with a coupon of 6.5% and maturity of February 15, 2010, currently priced to yield about 6.6%. The real market reference is the U.S. Treasury Inflation Protected Security with a coupon of 4.25% and maturity of January 15, 2010. The difference in price of those two securities implies a compound inflation rate of 2.2% per year. We set the inflation rate for oil equal to that rate and the inflation rate for natural gas equal to that rate plus 0.8 %. We set the discount rate equal to the nominal yield plus 1.4% (see files with suffix 0211.xls). While there is no particular magic in the precise differentials, we will see as time goes on how changes in the market rates interact with change in futures prices and in turn affect present value.

Dorchester Hugoton Reports Earnings Better Than Estimated

Fourth quarter earnings for Dorchester Hugoton, Ltd. were \$.25 per unit compared to \$.20 a year earlier and \$.21 that we estimated. The summary results are in our latest uploaded model, but we still await detail (see file Dhulz0211.xls, worksheet Quarterly Income).

Kurt H. Wulff
February 12, 2000
781-237-3401

Table CRT-1
Cross Timbers Royalty Trust
Present Value

| | | | |
|----------------------------|---|-----------------------------|-----|
| Volume Decline (%/yr): | 9 | Price Escalation (%/yr): | 3.0 |
| Volume Enhancement (%/yr): | 7 | Discount Rate (%/yr): | 8.0 |
| | | U.S. TIPS Inflation (%/yr): | 2.2 |
| | | U.S. 10 Year Yield (%/yr): | 6.6 |

| 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 2000 through 2029 | | | | | | | | | | | |
| | 33 | 30 | 63 | 3.34 | 210 | 22 | 232 | 38.71 | 0.51 | 0.45 | 17.60 |
| 1999 | 3.2 | | 3.2 | 1.97 | 6.3 | 0.2 | 6.6 | 1.09 | 0.17 | | |
| 2000 | 2.9 | 0.3 | 3.2 | 2.35 | 7.5 | 1.3 | 8.9 | 1.48 | 0.17 | 0.96 | 1.58 |
| 2001 | 2.7 | 0.5 | 3.1 | 2.42 | 7.6 | 1.8 | 9.4 | 1.57 | 0.17 | 0.89 | 1.55 |
| 2002 | 2.5 | 0.6 | 3.1 | 2.49 | 7.7 | 1.7 | 9.5 | 1.58 | 0.17 | 0.82 | 1.44 |
| 2003 | 2.3 | 0.8 | 3.1 | 2.57 | 7.8 | 1.7 | 9.5 | 1.58 | | 0.76 | 1.21 |
| 2004 | 2.1 | 0.9 | 3.0 | 2.64 | 7.9 | 1.6 | 9.5 | 1.59 | | 0.71 | 1.12 |
| 2005 | 1.9 | 1.1 | 3.0 | 2.72 | 8.1 | 1.5 | 9.6 | 1.59 | | 0.65 | 1.04 |
| 2006 | 1.7 | 1.2 | 2.9 | 2.80 | 8.2 | 1.4 | 9.6 | 1.60 | | 0.61 | 0.97 |
| 2007 | 1.6 | 1.3 | 2.9 | 2.89 | 8.3 | 1.3 | 9.6 | 1.61 | | 0.56 | 0.90 |
| 2008 | 1.5 | 1.4 | 2.8 | 2.97 | 8.4 | 1.3 | 9.7 | 1.61 | | 0.52 | 0.84 |
| 2009 | 1.3 | 1.4 | 2.8 | 3.06 | 8.5 | 1.2 | 9.7 | 1.62 | | 0.48 | 0.78 |
| 2010 | 1.2 | 1.5 | 2.7 | 3.15 | 8.6 | 1.1 | 9.7 | 1.62 | | 0.45 | 0.72 |
| 2011 | 1.1 | 1.6 | 2.7 | 3.25 | 8.7 | 1.0 | 9.8 | 1.63 | | 0.41 | 0.67 |
| 2012 | 1.0 | 1.6 | 2.6 | 3.35 | 8.9 | 1.0 | 9.8 | 1.64 | | 0.38 | 0.63 |
| 2013 | 1.0 | 1.6 | 2.6 | 3.45 | 9.0 | 0.9 | 9.9 | 1.64 | | 0.35 | 0.58 |
| 2014 | 0.9 | 1.7 | 2.6 | 3.55 | 9.1 | 0.8 | 9.9 | 1.65 | | 0.33 | 0.54 |
| 2015 | 0.8 | 1.5 | 2.3 | 3.66 | 8.5 | 0.9 | 9.4 | 1.56 | | 0.30 | 0.47 |
| 2016 | 0.7 | 1.4 | 2.1 | 3.77 | 8.0 | 0.6 | 8.7 | 1.44 | | 0.28 | 0.40 |
| 2017 | 0.7 | 1.3 | 1.9 | 3.88 | 7.5 | 0.4 | 8.0 | 1.33 | | 0.26 | 0.35 |
| 2018 | 0.6 | 1.2 | 1.8 | 4.00 | 7.1 | 0.2 | 7.3 | 1.22 | | 0.24 | 0.29 |
| 2019 | 0.6 | 1.0 | 1.6 | 4.12 | 6.7 | 0.1 | 6.7 | 1.12 | | 0.22 | 0.25 |
| 2020 | 0.5 | 1.0 | 1.5 | 4.24 | 6.3 | | 6.3 | 1.04 | | 0.21 | 0.22 |
| 2021 | 0.5 | 0.9 | 1.3 | 4.37 | 5.9 | | 5.9 | 0.98 | | 0.19 | 0.19 |
| 2022 | 0.4 | 0.8 | 1.2 | 4.50 | 5.5 | | 5.5 | 0.92 | | 0.18 | 0.16 |
| 2023 | 0.4 | 0.7 | 1.1 | 4.63 | 5.2 | | 5.2 | 0.87 | | 0.16 | 0.14 |
| 2024 | 0.4 | 0.7 | 1.0 | 4.77 | 4.9 | | 4.9 | 0.81 | | 0.15 | 0.12 |
| 2025 | 0.3 | 0.6 | 0.9 | 4.92 | 4.6 | | 4.6 | 0.77 | | 0.14 | 0.11 |
| 2026 | 0.3 | 0.5 | 0.9 | 5.06 | 4.3 | | 4.3 | 0.72 | | 0.13 | 0.09 |
| 2027 | 0.3 | 0.5 | 0.8 | 5.21 | 4.1 | | 4.1 | 0.68 | | 0.12 | 0.08 |
| 2028 | 0.3 | 0.4 | 0.7 | 5.37 | 3.8 | | 3.8 | 0.64 | | 0.11 | 0.07 |
| 2029 | 0.2 | 0.4 | 0.6 | 5.53 | 3.6 | | 3.6 | 0.60 | | 0.10 | 0.06 |

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

| | <i>Year</i> <i>1998</i> | <i>Q1</i> <i>3/31/99</i> | <i>Q2</i> <i>6/30/99</i> | <i>Q3</i> <i>9/30/99</i> | <i>Q4E</i> <i>12/31/99</i> | <i>Year</i> <i>1999E</i> | <i>Q1E</i> <i>3/31/00</i> | <i>Q2E</i> <i>6/30/00</i> | <i>Q3E</i> <i>9/30/00</i> | <i>Q4E</i> <i>12/31/00</i> | <i>Year</i> <i>2000E</i> |
|------------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|
| Highlights | | | | | | | | | | | |
| Tax credit (\$mm) | | | | | | | | | | | |
| Per unit | 0.20 | 0.04 | 0.04 | 0.04 | 0.04 | 0.17 | 0.04 | 0.04 | 0.04 | 0.04 | 0.17 |
| Distributable Income (\$mm) | 6.93 | 1.44 | 1.17 | 1.66 | 2.28 | 6.55 | 2.02 | 2.27 | 2.31 | 2.27 | 8.87 |
| Per unit | 1.15 | 0.24 | 0.20 | 0.28 | 0.38 | 1.09 | 0.34 | 0.38 | 0.38 | 0.38 | 1.48 |
| Units (millions) | 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) | 3.50 | 0.92 | 0.82 | 0.94 | 0.92 | 3.59 | 0.91 | 0.88 | 0.88 | 0.88 | 3.56 |
| Natural Gas (mmcf) | 9.6 | 10.0 | 9.1 | 10.3 | 10.0 | 9.8 | 9.9 | 9.8 | 9.7 | 9.6 | 9.8 |
| Days | 365 | 92 | 90 | 91 | 92 | 365 | 92 | 90 | 91 | 92 | 365 |
| Oil (mb) | 392 | 88 | 87 | 79 | 83 | 337 | 82 | 79 | 79 | 80 | 320 |
| Oil (mbd) | 1.08 | 0.96 | 0.98 | 0.86 | 0.90 | 0.92 | 0.9 | 0.9 | 0.9 | 0.9 | 0.88 |
| Days | 365 | 92 | 89 | 92 | 92 | 365 | 92 | 90 | 91 | 92 | 365 |
| Total (bcf) | 5.86 | 1.45 | 1.34 | 1.41 | 1.42 | 5.61 | 1.40 | 1.36 | 1.36 | 1.36 | 5.48 |
| Price | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | | 1.87 | 1.89 | 2.27 | 2.66 | 2.17 | 2.35 | 2.61 | 2.59 | 2.64 | 2.55 |
| CRT (\$/mcf) | 2.03 | 1.73 | 1.79 | 2.02 | 2.30 | 1.97 | 2.15 | 2.41 | 2.39 | 2.44 | 2.35 |
| Oil (\$/bbl) | | | | | | | | | | | |
| WTI Cushing | | 12.25 | 14.67 | 18.57 | 22.59 | 17.02 | 26.07 | 28.93 | 26.62 | 24.73 | 26.59 |
| CRT | 13.40 | 10.44 | 12.28 | 20.34 | 20.59 | 15.74 | 24.07 | 26.93 | 24.62 | 22.73 | 24.58 |
| Total (\$/mcf) | 2.11 | 1.73 | 1.89 | 2.48 | 2.70 | 2.20 | 2.81 | 3.14 | 2.99 | 2.91 | 2.96 |
| Revenue (\$mm) | | | | | | | | | | | |
| Natural Gas | 7.11 | 1.59 | 1.46 | 1.89 | 2.12 | 7.06 | 1.96 | 2.13 | 2.11 | 2.16 | 8.36 |
| Oil | 5.26 | 0.92 | 1.07 | 1.61 | 1.70 | 5.31 | 1.97 | 2.14 | 1.96 | 1.81 | 7.88 |
| Total | 12.37 | 2.51 | 2.53 | 3.50 | 3.82 | 12.36 | 3.94 | 4.26 | 4.07 | 3.97 | 16.23 |
| Cost (\$mm) | | | | | | | | | | | |
| Tax, transport & other | 1.19 | 0.23 | 0.40 | 0.48 | 0.51 | 1.62 | 0.59 | 0.64 | 0.59 | 0.54 | 2.36 |
| Production | 2.58 | 0.57 | 0.63 | 0.60 | 0.62 | 2.42 | 0.61 | 0.60 | 0.60 | 0.60 | 2.40 |
| Total | 3.78 | 0.80 | 1.02 | 1.08 | 1.13 | 4.04 | 1.21 | 1.24 | 1.18 | 1.14 | 4.77 |
| Cash flow (\$mm) | | | | | | | | | | | |
| Development | 1.14 | 0.36 | 0.08 | 0.18 | 0.18 | 0.80 | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 |
| Excess | (0.52) | (0.30) | (0.06) | (0.07) | | (0.43) | | | | | - |
| Recovery of excess | 0.02 | 0.01 | 0.14 | 0.10 | 0.39 | 0.63 | 0.19 | 0.19 | | | 0.38 |
| Net proceeds (\$mm) | 7.94 | 1.64 | 1.35 | 2.22 | 2.12 | 7.33 | 2.36 | 2.66 | 2.70 | 2.65 | 10.37 |
| Royalty income (\$mm) | | | | | | | | | | | |
| Royalty/Net proceeds | 7.08 | 1.48 | 1.21 | 1.70 | 2.32 | 6.71 | 2.06 | 2.31 | 2.35 | 2.31 | 9.03 |
| Administration | 0.15 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 |
| Distributable income (\$mm) | 6.93 | 1.44 | 1.17 | 1.66 | 2.28 | 6.55 | 2.02 | 2.27 | 2.31 | 2.27 | 8.87 |
| <i>Modeling ratios</i> | | | | | | | | | | | |
| Tax and other/oil revenue | 0.23 | 0.25 | 0.37 | 0.30 | 0.30 | 0.31 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 |
| Production exp (\$/bbl) | 6.58 | 6.48 | 7.20 | 7.56 | 7.50 | 7.17 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| <i>Accounting items</i> | | | | | | | | | | | |
| Interest on excess costs | 0.01 | 0.02 | 0.02 | 0.01 | 0.01 | 0.06 | | | | | |
| Cumulative excess costs | 0.51 | 0.83 | 0.77 | 0.76 | 0.38 | 0.38 | | | | | |

**Table DHULZ-1
Dorchester Hugoton, Ltd.
Present Value**

| | | | |
|----------------------------|----|-----------------------------|-----|
| Volume Decline (%/yr): | 11 | Price Escalation (%/yr): | 3.0 |
| Volume Enhancement (%/yr): | 8 | Discount rate (%/yr): | 8.0 |
| Capex/Cash Flow (%): | 15 | U.S. TIPS Inflation (%/yr): | 2.2 |
| Variable Cost (%): | 13 | U.S. 10 Year Yield (%/yr): | 6.6 |

| Year | Basic (bcf) | Volume Enhanced (bcf) | Total (bcf) | Price (\$/mcf) | Revenue (\$mm) | Fixed Cost (\$mm) | Var Cost (\$mm) | Cap Ex (\$mm) | Cash Flow (\$mm) | Cash Flow (\$/unit) | Disc Factor | Present Value (\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|---------------------|------------------------|----------------|-------------------------------|
| Total 2000 through 2029 | | | | | | | | | | | | |
| | 66 | 43 | 109 | 3.68 | 400 | 60 | 52 | 27 | 261 | 24.27 | 0.49 | 11.80 |
| 1999 | 6.9 | | 6.9 | 2.30 | 15.9 | 2.6 | 2.1 | 0.4 | 10.8 | 1.01 | | |
| | | | | | | Working Capital | | | 9.0 | 0.84 | 1.00 | 0.84 |
| 2000 | 6.9 | -0.8 | 6.1 | 2.65 | 16.2 | 2.0 | 2.1 | 0.4 | 11.7 | 1.09 | 0.96 | 1.05 |
| 2001 | 6.1 | -0.2 | 5.9 | 2.73 | 16.2 | 2.0 | 2.1 | 1.8 | 10.3 | 0.96 | 0.89 | 0.85 |
| 2002 | 5.5 | 0.3 | 5.8 | 2.81 | 16.4 | 2.0 | 2.1 | 1.8 | 10.4 | 0.97 | 0.82 | 0.80 |
| 2003 | 5.0 | 0.7 | 5.7 | 2.90 | 16.5 | 2.0 | 2.1 | 1.9 | 10.5 | 0.98 | 0.76 | 0.75 |
| 2004 | 4.5 | 1.1 | 5.6 | 2.98 | 16.7 | 2.0 | 2.2 | 1.9 | 10.6 | 0.99 | 0.71 | 0.70 |
| 2005 | 4.0 | 1.4 | 5.5 | 3.07 | 16.8 | 2.0 | 2.2 | 1.9 | 10.7 | 1.00 | 0.65 | 0.65 |
| 2006 | 3.6 | 1.7 | 5.3 | 3.16 | 16.9 | 2.0 | 2.2 | 1.9 | 10.8 | 1.01 | 0.61 | 0.61 |
| 2007 | 3.3 | 1.9 | 5.2 | 3.26 | 17.0 | 2.0 | 2.2 | 1.9 | 10.9 | 1.02 | 0.56 | 0.57 |
| 2008 | 3.0 | 2.1 | 5.1 | 3.36 | 17.1 | 2.0 | 2.2 | 1.9 | 11.0 | 1.02 | 0.52 | 0.53 |
| 2009 | 2.7 | 2.3 | 5.0 | 3.46 | 17.2 | 2.0 | 2.2 | 2.0 | 11.1 | 1.03 | 0.48 | 0.50 |
| 2010 | 2.4 | 2.5 | 4.9 | 3.56 | 17.3 | 2.0 | 2.3 | 2.0 | 11.1 | 1.03 | 0.45 | 0.46 |
| 2011 | 2.2 | 2.6 | 4.7 | 3.67 | 17.4 | 2.0 | 2.3 | 2.0 | 11.2 | 1.04 | 0.41 | 0.43 |
| 2012 | 2.0 | 2.7 | 4.6 | 3.78 | 17.5 | 2.0 | 2.3 | 2.0 | 11.2 | 1.05 | 0.38 | 0.40 |
| 2013 | 1.8 | 2.8 | 4.5 | 3.89 | 17.6 | 2.0 | 2.3 | 2.0 | 11.3 | 1.05 | 0.35 | 0.37 |
| 2014 | 1.6 | 2.8 | 4.4 | 4.01 | 17.6 | 2.0 | 2.3 | 2.0 | 11.3 | 1.05 | 0.33 | 0.35 |
| 2015 | 1.4 | 2.5 | 3.9 | 4.13 | 16.2 | 2.0 | 2.1 | | 12.1 | 1.13 | 0.30 | 0.34 |
| 2016 | 1.3 | 2.2 | 3.5 | 4.25 | 14.9 | 2.0 | 1.9 | | 11.0 | 1.02 | 0.28 | 0.29 |
| 2017 | 1.2 | 2.0 | 3.1 | 4.38 | 13.7 | 2.0 | 1.8 | | 10.0 | 0.93 | 0.26 | 0.24 |
| 2018 | 1.0 | 1.8 | 2.8 | 4.51 | 12.7 | 2.0 | 1.6 | | 9.0 | 0.84 | 0.24 | 0.20 |
| 2019 | 0.9 | 1.6 | 2.5 | 4.65 | 11.7 | 2.0 | 1.5 | | 8.1 | 0.76 | 0.22 | 0.17 |
| 2020 | 0.8 | 1.4 | 2.2 | 4.79 | 10.7 | 2.0 | 1.4 | | 7.3 | 0.68 | 0.21 | 0.14 |
| 2021 | 0.8 | 1.2 | 2.0 | 4.93 | 9.9 | 2.0 | 1.3 | | 6.6 | 0.61 | 0.19 | 0.12 |
| 2022 | 0.7 | 1.1 | 1.8 | 5.08 | 9.1 | 2.0 | 1.2 | | 5.9 | 0.55 | 0.18 | 0.10 |
| 2023 | 0.6 | 1.0 | 1.6 | 5.23 | 8.4 | 2.0 | 1.1 | | 5.3 | 0.49 | 0.16 | 0.08 |
| 2024 | 0.6 | 0.9 | 1.4 | 5.39 | 7.7 | 2.0 | 1.0 | | 4.7 | 0.44 | 0.15 | 0.07 |
| 2025 | 0.5 | 0.8 | 1.3 | 5.55 | 7.1 | 2.0 | 0.9 | | 4.2 | 0.39 | 0.14 | 0.05 |
| 2026 | 0.5 | 0.7 | 1.1 | 5.72 | 6.6 | 2.0 | 0.9 | | 3.7 | 0.34 | 0.13 | 0.04 |
| 2027 | 0.4 | 0.6 | 1.0 | 5.89 | 6.0 | 2.0 | 0.8 | | 3.3 | 0.30 | 0.12 | 0.04 |
| 2028 | 0.4 | 0.5 | 0.9 | 6.06 | 5.6 | 2.0 | 0.7 | | 2.8 | 0.26 | 0.11 | 0.03 |
| 2029 | 0.3 | 0.5 | 0.8 | 6.25 | 5.1 | 2.0 | 0.7 | | 2.5 | 0.23 | 0.10 | 0.02 |

Table DHULZ-2
Dorchester Hugoton, Ltd.
Income Model

| | <i>Year</i> 1998 | <i>Q1</i> 3/31/99 | <i>Q2</i> 6/30/99 | <i>Q3</i> 9/30/99 | <i>Q4E</i> 12/31/99 | <i>Year</i> 1999E | <i>Q1E</i> 3/31/00 | <i>Q2E</i> 6/30/00 | <i>Q3E</i> 9/30/00 | <i>Q4E</i> 12/31/00 | <i>Year</i> 2000E |
|-----------------------------|---------------------|----------------------|----------------------|----------------------|------------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------|----------------------|
| Highlights | | | | | | | | | | | |
| Revenue (\$mm) | 15.37 | 3.06 | 3.51 | 4.34 | 4.39 | 15.3 | 3.77 | 3.81 | 3.88 | 4.13 | 15.6 |
| Cash flow (\$mm) | 11.02 | 2.09 | 2.35 | 3.25 | 3.13 | 10.8 | 2.81 | 2.84 | 2.90 | 3.16 | 11.7 |
| Per unit | 1.03 | 0.19 | 0.22 | 0.30 | 0.29 | 1.01 | 0.26 | 0.26 | 0.27 | 0.29 | 1.09 |
| Earnings (\$mm) | 9.01 | 1.60 | 1.89 | 2.77 | 2.66 | 8.9 | 2.38 | 2.42 | 2.48 | 2.74 | 10.0 |
| Per unit | 0.84 | 0.15 | 0.18 | 0.26 | 0.25 | 0.83 | 0.22 | 0.22 | 0.23 | 0.25 | 0.93 |
| Distribution (\$mm) | 7.74 | 1.93 | 1.93 | 1.93 | 1.93 | 7.7 | 1.93 | 1.93 | 1.93 | 1.93 | 7.7 |
| Per unit | 0.72 | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 |
| Units (millions) | 10.74 | 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 | 5.74 | 1.42 | 1.33 | 1.40 | 1.42 | 5.6 | 1.24 | 1.24 | 1.24 | 1.23 | 4.9 |
| Kansas | 1.70 | 0.35 | 0.34 | 0.33 | 0.33 | 1.3 | 0.29 | 0.29 | 0.29 | 0.29 | 1.2 |
| Total | 7.44 | 1.76 | 1.67 | 1.72 | 1.75 | 6.9 | 1.53 | 1.53 | 1.53 | 1.52 | 6.1 |
| Natural Gas (mmcf) | 20.4 | 19.6 | 18.4 | 18.7 | 19.0 | 18.9 | 17.0 | 16.8 | 16.7 | 16.5 | 16.7 |
| Days | 365 | 90 | 91 | 92 | 92 | 365 | 90 | 91 | 92 | 92 | 365 |
| Price | | | | | | | | | | | |
| Natural gas | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | | 1.79 | 2.22 | 2.52 | 2.45 | 2.24 | 2.56 | 2.58 | 2.62 | 2.82 | 2.65 |
| Oklahoma (\$/mcf) | 2.11 | 1.77 | 2.15 | 2.60 | 2.60 | 2.28 | 2.55 | 2.57 | 2.61 | 2.81 | 2.64 |
| Kansas (\$/mcf) | 2.22 | 1.85 | 2.26 | 2.68 | 2.66 | 2.35 | 2.63 | 2.65 | 2.69 | 2.89 | 2.72 |
| Total (\$/mcf) | 2.14 | 1.79 | 2.17 | 2.62 | 2.61 | 2.30 | 2.56 | 2.59 | 2.63 | 2.83 | 2.65 |
| Revenue (\$mm) | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | |
| Oklahoma | 12.11 | 2.50 | 2.87 | 3.63 | 3.69 | 12.7 | 3.15 | 3.18 | 3.24 | 3.45 | 13.0 |
| Kansas | 3.77 | 0.64 | 0.76 | 0.88 | 0.88 | 3.2 | 0.77 | 0.78 | 0.79 | 0.84 | 3.2 |
| Other | 0.23 | 0.05 | 0.05 | 0.05 | 0.05 | 0.2 | 0.05 | 0.05 | 0.05 | 0.05 | 0.2 |
| Production payment (ORRI) | (0.73) | (0.14) | (0.17) | (0.22) | (0.23) | (0.8) | (0.20) | (0.20) | (0.20) | (0.21) | (0.8) |
| Total | 15.37 | 3.06 | 3.51 | 4.34 | 4.39 | 15.3 | 3.77 | 3.81 | 3.88 | 4.13 | 15.6 |
| Cost (\$mm) | | | | | | | | | | | |
| Operating | | | | | | | | | | | |
| General and administrative | 0.53 | 0.14 | 0.13 | 0.14 | 0.14 | 0.5 | 0.14 | 0.14 | 0.14 | 0.14 | 0.6 |
| Management | 0.49 | 0.12 | 0.12 | 0.13 | 0.13 | 0.5 | 0.13 | 0.13 | 0.13 | 0.13 | 0.5 |
| Other | (0.22) | (0.06) | (0.05) | (0.08) | (0.08) | (0.3) | (0.08) | (0.08) | (0.08) | (0.08) | (0.3) |
| Total | 4.35 | 0.98 | 1.16 | 1.09 | 1.26 | 4.5 | 0.97 | 0.97 | 0.97 | 0.96 | 3.9 |
| Cash flow (\$mm) | | | | | | | | | | | |
| Depletion, deprec. & amort. | 2.02 | 0.49 | 0.46 | 0.48 | 0.48 | 1.9 | 0.43 | 0.43 | 0.43 | 0.42 | 1.7 |
| Earnings (\$mm) | | | | | | | | | | | |
| Capital expenditures (\$mm) | 1.14 | 0.04 | 0.05 | 0.21 | 0.06 | 0.4 | 0.10 | 0.10 | 0.10 | 0.10 | 0.4 |
| Modeling ratios | | | | | | | | | | | |
| Prod pay/revenue | 4.6% | 4.3% | 4.5% | 4.9% | 5.0% | 4.7% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Operating cost (\$/mcf) | 0.48 | 0.45 | 0.57 | 0.52 | 0.61 | 0.54 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 |
| Depletion (\$/mcf) | 0.27 | 0.28 | 0.28 | 0.28 | 0.27 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 |

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

| | | | |
|----------------------------|----|-----------------------------|-----|
| Volume Decline (%/yr): | 10 | Price Escalation (%/yr): | 3.0 |
| Volume Enhancement (%/yr): | 8 | Discount rate (%/yr): | 8.0 |
| Capex/Cash Flow (%): | 24 | U.S. TIPS Inflation (%/yr): | 2.2 |
| Variable Cost (%): | 16 | U.S. 10 Year Yield (%/yr): | 6.6 |

| 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 2000 through 2029 | | | | | | | | | | | | | |
| | 300 | 314 | 614 | 3.44 | 2113 | 312 | 338 | 218 | 1245 | 31.12 | 0.06 | 0.42 | 13.20 |
| 1999 | 29.2 | | 29.2 | 2.16 | 63.1 | 10.9 | 10.1 | 9.1 | 33.1 | 0.83 | 0.02 | | |
| 2000 | 29.2 | 2.5 | 31.7 | 2.44 | 77.3 | 10.4 | 12.4 | 9.6 | 45.1 | 1.13 | 0.02 | 0.96 | 1.10 |
| 2001 | 26.3 | 4.8 | 31.1 | 2.51 | 78.0 | 10.4 | 12.5 | 13.2 | 41.9 | 1.05 | 0.02 | 0.89 | 0.95 |
| 2002 | 23.9 | 6.8 | 30.7 | 2.59 | 79.4 | 10.4 | 12.7 | 13.5 | 42.8 | 1.07 | 0.02 | 0.82 | 0.90 |
| 2003 | 21.7 | 8.5 | 30.3 | 2.67 | 80.7 | 10.4 | 12.9 | 13.8 | 43.6 | 1.09 | | 0.76 | 0.83 |
| 2004 | 19.8 | 10.1 | 29.9 | 2.74 | 82.0 | 10.4 | 13.1 | 14.0 | 44.4 | 1.11 | | 0.71 | 0.79 |
| 2005 | 18.0 | 11.5 | 29.4 | 2.83 | 83.3 | 10.4 | 13.3 | 14.3 | 45.2 | 1.13 | | 0.65 | 0.74 |
| 2006 | 16.3 | 12.7 | 29.0 | 2.91 | 84.5 | 10.4 | 13.5 | 14.5 | 46.1 | 1.15 | | 0.61 | 0.70 |
| 2007 | 14.8 | 13.7 | 28.6 | 3.00 | 85.8 | 10.4 | 13.7 | 14.8 | 46.8 | 1.17 | | 0.56 | 0.66 |
| 2008 | 13.5 | 14.7 | 28.2 | 3.09 | 87.0 | 10.4 | 13.9 | 15.0 | 47.6 | 1.19 | | 0.52 | 0.62 |
| 2009 | 12.3 | 15.4 | 27.7 | 3.18 | 88.2 | 10.4 | 14.1 | 15.3 | 48.4 | 1.21 | | 0.48 | 0.58 |
| 2010 | 11.2 | 16.1 | 27.3 | 3.28 | 89.4 | 10.4 | 14.3 | 15.5 | 49.2 | 1.23 | | 0.45 | 0.55 |
| 2011 | 10.1 | 16.7 | 26.8 | 3.38 | 90.6 | 10.4 | 14.5 | 15.8 | 49.9 | 1.25 | | 0.41 | 0.51 |
| 2012 | 9.2 | 17.2 | 26.4 | 3.48 | 91.7 | 10.4 | 14.7 | 16.0 | 50.7 | 1.27 | | 0.38 | 0.48 |
| 2013 | 8.4 | 17.6 | 25.9 | 3.58 | 92.9 | 10.4 | 14.9 | 16.2 | 51.4 | 1.29 | | 0.35 | 0.45 |
| 2014 | 7.6 | 17.9 | 25.5 | 3.69 | 94.1 | 10.4 | 15.0 | 16.5 | 52.1 | 1.30 | | 0.33 | 0.43 |
| 2015 | 6.9 | 16.1 | 23.0 | 3.80 | 87.4 | 10.4 | 14.0 | | 63.1 | 1.58 | | 0.30 | 0.48 |
| 2016 | 6.3 | 14.5 | 20.8 | 3.91 | 81.3 | 10.4 | 13.0 | | 57.9 | 1.45 | | 0.28 | 0.41 |
| 2017 | 5.7 | 13.0 | 18.8 | 4.03 | 75.6 | 10.4 | 12.1 | | 53.1 | 1.33 | | 0.26 | 0.35 |
| 2018 | 5.2 | 11.7 | 16.9 | 4.15 | 70.3 | 10.4 | 11.2 | | 48.7 | 1.22 | | 0.24 | 0.29 |
| 2019 | 4.7 | 10.6 | 15.3 | 4.28 | 65.4 | 10.4 | 10.5 | | 44.5 | 1.11 | | 0.22 | 0.25 |
| 2020 | 4.3 | 9.5 | 13.8 | 4.40 | 60.8 | 10.4 | 9.7 | | 40.7 | 1.02 | | 0.21 | 0.21 |
| 2021 | 3.9 | 8.6 | 12.5 | 4.54 | 56.5 | 10.4 | 9.0 | | 37.1 | 0.93 | | 0.19 | 0.18 |
| 2022 | 3.6 | 7.7 | 11.2 | 4.67 | 52.6 | 10.4 | 8.4 | | 33.8 | 0.84 | | 0.18 | 0.15 |
| 2023 | 3.2 | 6.9 | 10.2 | 4.81 | 48.9 | 10.4 | 7.8 | | 30.7 | 0.77 | | 0.16 | 0.13 |
| 2024 | 2.9 | 6.2 | 9.2 | 4.96 | 45.5 | 10.4 | 7.3 | | 27.8 | 0.69 | | 0.15 | 0.11 |
| 2025 | 2.7 | 5.6 | 8.3 | 5.11 | 42.3 | 10.4 | 6.8 | | 25.1 | 0.63 | | 0.14 | 0.09 |
| 2026 | 2.4 | 5.0 | 7.5 | 5.26 | 39.3 | 10.4 | 6.3 | | 22.6 | 0.57 | | 0.13 | 0.07 |
| 2027 | 2.2 | 4.5 | 6.8 | 5.42 | 36.6 | 10.4 | 5.9 | | 20.3 | 0.51 | | 0.12 | 0.06 |
| 2028 | 2.0 | 4.1 | 6.1 | 5.58 | 34.0 | 10.4 | 5.4 | | 18.2 | 0.45 | | 0.11 | 0.05 |
| 2029 | 1.8 | 3.7 | 5.5 | 5.75 | 31.6 | 10.4 | 5.1 | | 16.2 | 0.40 | | 0.10 | 0.04 |

**Table HGT-2
Hugoton Royalty Trust
Distributable Income Model**

| | <i>Q1</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4E</i> | <i>Year</i> | <i>Q1E</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Q4E</i> | <i>Year</i> |
|--|----------------|----------------|----------------|-----------------|--------------|----------------|----------------|----------------|-----------------|--------------|
| | <i>3/31/99</i> | <i>6/30/99</i> | <i>9/30/99</i> | <i>12/31/99</i> | <i>1999E</i> | <i>3/31/00</i> | <i>6/30/00</i> | <i>9/30/00</i> | <i>12/31/00</i> | <i>2000E</i> |
| Highlights | | | | | | | | | | |
| Revenue (\$mm) (80%) | 9.4 | 16.6 | 16.8 | 20.4 | 63.1 | 17.9 | 19.9 | 19.4 | 20.1 | 77.3 |
| Cash flow (\$mm) (80%) | 5.1 | 11.1 | 11.5 | 14.5 | 42.3 | 12.4 | 14.2 | 13.8 | 14.5 | 55.0 |
| Per unit | 0.13 | 0.28 | 0.29 | 0.36 | 1.06 | 0.31 | 0.36 | 0.35 | 0.36 | 1.37 |
| Tax credit (\$mm) | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| Per unit | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| Distributable Income (\$mm) | 3.6 | 8.8 | 8.5 | 12.2 | 33.1 | 9.9 | 11.8 | 11.3 | 12.0 | 45.1 |
| Per unit | 0.09 | 0.22 | 0.21 | 0.30 | 0.83 | 0.25 | 0.29 | 0.28 | 0.30 | 1.13 |
| Units (millions) | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 |
| Volume | | | | | | | | | | |
| Natural Gas (bcf) | 5.5 | 9.6 | 9.5 | 9.6 | 34.2 | 9.4 | 9.3 | 9.3 | 9.2 | 37.2 |
| Natural Gas (mmcf) | 89.0 | 107.6 | 103.4 | 104.2 | 102.1 | 103.4 | 102.4 | 101.4 | 100.4 | 101.9 |
| Days | 62 | 89 | 92 | 92 | 335 | 91 | 91 | 91 | 91 | 365 |
| Oil (mb) | 66 | 115 | 104 | 104 | 389 | 101 | 101 | 101 | 100 | 403 |
| Oil (mbd) | 1.1 | 1.2 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Days | 62 | 96 | 92 | 92 | 342 | 90 | 91 | 92 | 92 | 365 |
| Total (bcf) | 5.9 | 10.3 | 10.1 | 10.2 | 36.5 | 10.0 | 9.9 | 9.9 | 9.8 | 39.6 |
| Price | | | | | | | | | | |
| Natural Gas (HH lagged two months) | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 1.78 | 1.89 | 2.27 | 2.66 | 2.18 | 2.35 | 2.61 | 2.59 | 2.74 | 2.57 |
| HGT (\$/mcf) | 2.00 | 2.00 | 2.01 | 2.42 | 2.12 | 2.10 | 2.36 | 2.34 | 2.49 | 2.32 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | |
| WTI Cushing | 11.90 | 14.67 | 18.57 | 22.59 | 17.39 | 26.07 | 28.93 | 26.62 | 24.30 | 26.48 |
| HGT | 10.86 | 13.64 | 18.18 | 21.59 | 16.51 | 25.07 | 27.93 | 25.62 | 23.30 | 25.49 |
| Total (\$/mcf) | 1.99 | 2.02 | 2.07 | 2.49 | 2.16 | 2.23 | 2.50 | 2.46 | 2.57 | 2.44 |
| Revenue (\$mm) | | | | | | | | | | |
| Natural Gas | 11.0 | 19.1 | 19.1 | 23.2 | 72.5 | 19.9 | 22.0 | 21.7 | 22.8 | 86.3 |
| Oil | 0.7 | 1.6 | 1.9 | 2.2 | 6.4 | 2.5 | 2.8 | 2.6 | 2.3 | 10.3 |
| Total | 11.7 | 20.7 | 21.0 | 25.5 | 78.9 | 22.4 | 24.9 | 24.2 | 25.1 | 96.6 |
| Cost (\$mm) | | | | | | | | | | |
| Tax, transport & other | 1.4 | 2.1 | 2.1 | 2.5 | 8.2 | 2.2 | 2.5 | 2.4 | 2.5 | 9.7 |
| Production | 2.3 | 2.9 | 2.8 | 3.0 | 11.0 | 2.9 | 2.9 | 2.9 | 2.8 | 11.5 |
| Overhead | 1.6 | 1.7 | 1.8 | 1.7 | 6.9 | 1.7 | 1.7 | 1.7 | 1.7 | 6.7 |
| Total | 5.3 | 6.8 | 6.6 | 7.3 | 26.1 | 6.9 | 7.1 | 7.0 | 7.0 | 27.9 |
| Cash flow (\$mm) | 6.4 | 13.9 | 14.4 | 18.2 | 52.9 | 15.5 | 17.8 | 17.3 | 18.1 | 68.7 |
| Development | 2.0 | 2.8 | 3.7 | 2.8 | 11.3 | 3.0 | 3.0 | 3.0 | 3.0 | 12.0 |
| Net proceeds (\$mm) | 4.5 | 11.1 | 10.7 | 15.3 | 41.6 | 12.5 | 14.8 | 14.3 | 15.1 | 56.7 |
| Royalty income (\$mm) | | | | | | | | | | |
| Royalty/Net proceeds | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| Administration | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |
| Distributable income (\$mm) | 3.6 | 8.8 | 8.5 | 12.2 | 33.1 | 9.9 | 11.8 | 11.3 | 12.0 | 45.1 |
| <i>Modeling ratios</i> | | | | | | | | | | |
| Tax and other/revenue | 12% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Production cost (\$/mcf) | 0.39 | 0.29 | 0.28 | 0.29 | 0.30 | 0.29 | 0.29 | 0.29 | 0.29 | 0.29 |
| Overhead cost (\$/mcf) | 0.28 | 0.17 | 0.17 | 0.17 | 0.19 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 |

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 quarter of operations includes only the two months of December 1998 and January 1999.

Table SJT-1
San Juan Basin Royalty Trust
Present Value

| | | | |
|----------------------------|----|-----------------------------|-----|
| Volume Decline (%/yr): | 9 | Price Escalation (%/yr): | 3.0 |
| Volume Enhancement (%/yr): | 7 | Discount rate (%/yr): | 8.0 |
| Capex/Cash Flow (%): | 24 | U.S. TIPS Inflation (%/yr): | 2.2 |
| Variable Cost (%): | 12 | U.S. 10 Year Yield (%/yr): | 6.6 |

| Year | Volume | | 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) |
|-------------------------|----------------|-------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|------------------------|-----------|----------------------------|----------------|-------------------------------|
| | Basic (bcf) | Enhanced (bcf) | | | | | | | | | | | |
| Total 2000 through 2029 | | | | | | | | | | | | | |
| | 309 | 260 | 569 | 3.08 | 1756 | 224 | 211 | 190 | 1132 | 24.29 | 0.48 | 0.42 | 10.40 |
| 1999 | 30.3 | | 30.3 | 1.76 | 53.2 | 7.1 | 6.4 | 7.9 | 31.8 | 0.68 | 0.16 | | |
| 2000 | 27.8 | 1.1 | 28.9 | 2.17 | 62.7 | 7.5 | 7.5 | 9.0 | 38.7 | 0.83 | 0.16 | 0.96 | 0.95 |
| 2001 | 25.3 | 3.0 | 28.3 | 2.23 | 63.3 | 7.5 | 7.6 | 11.6 | 36.6 | 0.79 | 0.16 | 0.89 | 0.84 |
| 2002 | 23.2 | 4.7 | 27.9 | 2.30 | 64.3 | 7.5 | 7.7 | 11.8 | 37.3 | 0.80 | 0.16 | 0.82 | 0.79 |
| 2003 | 21.3 | 6.3 | 27.5 | 2.37 | 65.3 | 7.5 | 7.8 | 12.0 | 38.0 | 0.82 | | 0.76 | 0.62 |
| 2004 | 19.5 | 7.6 | 27.2 | 2.44 | 66.3 | 7.5 | 8.0 | 12.2 | 38.7 | 0.83 | | 0.71 | 0.59 |
| 2005 | 17.9 | 8.8 | 26.8 | 2.51 | 67.3 | 7.5 | 8.1 | 12.4 | 39.3 | 0.84 | | 0.65 | 0.55 |
| 2006 | 16.4 | 9.9 | 26.4 | 2.59 | 68.3 | 7.5 | 8.2 | 12.6 | 40.0 | 0.86 | | 0.61 | 0.52 |
| 2007 | 15.1 | 10.9 | 26.0 | 2.67 | 69.2 | 7.5 | 8.3 | 12.8 | 40.6 | 0.87 | | 0.56 | 0.49 |
| 2008 | 13.8 | 11.7 | 25.5 | 2.75 | 70.2 | 7.5 | 8.4 | 13.0 | 41.3 | 0.89 | | 0.52 | 0.46 |
| 2009 | 12.7 | 12.4 | 25.1 | 2.83 | 71.1 | 7.5 | 8.5 | 13.2 | 41.9 | 0.90 | | 0.48 | 0.43 |
| 2010 | 11.6 | 13.1 | 24.7 | 2.91 | 72.1 | 7.5 | 8.6 | 13.4 | 42.5 | 0.91 | | 0.45 | 0.41 |
| 2011 | 10.7 | 13.6 | 24.3 | 3.00 | 73.0 | 7.5 | 8.8 | 13.6 | 43.2 | 0.93 | | 0.41 | 0.38 |
| 2012 | 9.8 | 14.1 | 23.9 | 3.09 | 73.9 | 7.5 | 8.9 | 13.8 | 43.8 | 0.94 | | 0.38 | 0.36 |
| 2013 | 9.0 | 14.5 | 23.5 | 3.19 | 74.9 | 7.5 | 9.0 | 14.0 | 44.4 | 0.95 | | 0.35 | 0.34 |
| 2014 | 8.2 | 14.9 | 23.1 | 3.28 | 75.8 | 7.5 | 9.1 | 14.2 | 45.0 | 0.97 | | 0.33 | 0.32 |
| 2015 | 7.6 | 13.5 | 21.1 | 3.38 | 71.3 | 7.5 | 8.6 | | 55.3 | 1.19 | | 0.30 | 0.36 |
| 2016 | 6.9 | 12.3 | 19.2 | 3.48 | 67.0 | 7.5 | 8.0 | | 51.5 | 1.10 | | 0.28 | 0.31 |
| 2017 | 6.4 | 11.2 | 17.6 | 3.58 | 63.0 | 7.5 | 7.6 | | 48.0 | 1.03 | | 0.26 | 0.27 |
| 2018 | 5.8 | 10.2 | 16.0 | 3.69 | 59.2 | 7.5 | 7.1 | | 44.6 | 0.96 | | 0.24 | 0.23 |
| 2019 | 5.4 | 9.3 | 14.6 | 3.80 | 55.6 | 7.5 | 6.7 | | 41.5 | 0.89 | | 0.22 | 0.20 |
| 2020 | 4.9 | 8.4 | 13.4 | 3.92 | 52.3 | 7.5 | 6.3 | | 38.6 | 0.83 | | 0.21 | 0.17 |
| 2021 | 4.5 | 7.7 | 12.2 | 4.03 | 49.2 | 7.5 | 5.9 | | 35.8 | 0.77 | | 0.19 | 0.15 |
| 2022 | 4.1 | 7.0 | 11.1 | 4.16 | 46.2 | 7.5 | 5.5 | | 33.2 | 0.71 | | 0.18 | 0.13 |
| 2023 | 3.8 | 6.4 | 10.2 | 4.28 | 43.5 | 7.5 | 5.2 | | 30.8 | 0.66 | | 0.16 | 0.11 |
| 2024 | 3.5 | 5.8 | 9.3 | 4.41 | 40.9 | 7.5 | 4.9 | | 28.5 | 0.61 | | 0.15 | 0.09 |
| 2025 | 3.2 | 5.3 | 8.5 | 4.54 | 38.4 | 7.5 | 4.6 | | 26.4 | 0.57 | | 0.14 | 0.08 |
| 2026 | 2.9 | 4.8 | 7.7 | 4.68 | 36.1 | 7.5 | 4.3 | | 24.3 | 0.52 | | 0.13 | 0.07 |
| 2027 | 2.7 | 4.4 | 7.1 | 4.82 | 34.0 | 7.5 | 4.1 | | 22.4 | 0.48 | | 0.12 | 0.06 |
| 2028 | 2.5 | 4.0 | 6.4 | 4.96 | 31.9 | 7.5 | 3.8 | | 20.7 | 0.44 | | 0.11 | 0.05 |
| 2029 | 2.3 | 3.6 | 5.9 | 5.11 | 30.0 | 7.5 | 3.6 | | 19.0 | 0.41 | | 0.10 | 0.04 |

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

| | <i>Year</i> 1998 | <i>Q1</i> 3/31/99 | <i>Q2</i> 6/30/99 | <i>Q3</i> 9/30/99 | <i>Q4E</i> 12/31/99 | <i>Year</i> 1999E | <i>Q1E</i> 3/31/00 | <i>Q2E</i> 6/30/00 | <i>Q3E</i> 9/30/00 | <i>Q4E</i> 12/31/00 | <i>Year</i> 2000E |
|---|---------------------|----------------------|----------------------|----------------------|------------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------|----------------------|
| Highlights | | | | | | | | | | | |
| Revenue (\$mm) (75%) | 54.3 | 12.1 | 10.8 | 13.0 | 17.4 | 53.2 | 14.5 | 16.0 | 16.0 | 16.2 | 62.7 |
| Cash flow (\$mm) (75%) | 39.9 | 8.8 | 7.5 | 9.9 | 13.4 | 39.6 | 11.1 | 12.4 | 12.4 | 12.6 | 48.5 |
| Per unit | 0.86 | 0.19 | 0.16 | 0.21 | 0.29 | 0.85 | 0.24 | 0.27 | 0.27 | 0.27 | 1.04 |
| Tax credit (\$mm) | 7.8 | 1.9 | 1.4 | 1.9 | 2.3 | 7.5 | 1.9 | 1.4 | 1.9 | 2.3 | 7.5 |
| Per unit | 0.17 | 0.04 | 0.03 | 0.04 | 0.05 | 0.16 | 0.04 | 0.03 | 0.04 | 0.05 | 0.16 |
| Distributable Income (\$mm) | 29.6 | 6.8 | 5.9 | 7.8 | 11.3 | 31.8 | 8.6 | 10.0 | 10.0 | 10.2 | 38.7 |
| Per unit | 0.64 | 0.15 | 0.13 | 0.17 | 0.24 | 0.68 | 0.18 | 0.21 | 0.21 | 0.22 | 0.83 |
| Units (millions) | 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 | | 7.3 | 7.4 | 5.5 | 6.7 | 26.9 | 6.5 | 6.3 | 6.4 | 6.4 | 25.7 |
| Coal Seam | | 3.7 | 3.8 | 3.3 | 3.5 | 14.4 | 3.5 | 3.4 | 3.4 | 3.4 | 13.8 |
| Total | | 11.0 | 11.2 | 8.8 | 10.3 | 41.3 | 10.1 | 9.7 | 9.9 | 9.8 | 39.4 |
| Conventional (btu/cf) | | 1,194 | 1,196 | 1,006 | 1,159 | 1,142 | 1,142 | 1,142 | 1,142 | 1,142 | 1,142 |
| Coal Seam (btu/cf) | | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 |
| Natural gas (bcf) | | | | | | | | | | | |
| Conventional | | 6.1 | 6.2 | 5.5 | 5.8 | 23.5 | 5.7 | 5.6 | 5.6 | 5.6 | 22.5 |
| Coal Seam | | 4.2 | 4.3 | 3.8 | 4.0 | 16.4 | 4.0 | 3.9 | 3.9 | 3.9 | 15.6 |
| Total | | 41.5 | 10.3 | 10.5 | 9.3 | 39.9 | 9.7 | 9.4 | 9.5 | 9.4 | 38.1 |
| Natural Gas (mmcf) | | 113.7 | 112.4 | 118.4 | 100.6 | 106.7 | 109.4 | 105.6 | 104.6 | 103.5 | 102.5 |
| Days | | 365 | 92 | 89 | 92 | 365 | 92 | 90 | 92 | 92 | 366 |
| Oil (mb) | | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Oil (mbd) | | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Days | | 366 | 92 | 89 | 92 | 364 | 92 | 90 | 92 | 92 | 366 |
| Total gas & oil (bcf) | | 42.0 | 10.4 | 10.6 | 9.4 | 40.4 | 9.8 | 9.5 | 9.6 | 9.5 | 38.5 |
| Price | | | | | | | | | | | |
| Natural gas (\$/mmbtu) (Hubs lagged two months) | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | | 1.87 | 1.89 | 2.27 | 2.66 | 2.17 | 2.35 | 2.61 | 2.59 | 2.64 | 2.55 |
| Blanco Hub (\$/mmbtu) | | 1.78 | 1.68 | 2.02 | 2.46 | 1.98 | | | | | |
| SJT Conventional | | 1.48 | 1.29 | 2.09 | 2.27 | 1.75 | 1.95 | 2.21 | 2.19 | 2.24 | 2.15 |
| SJT Coal Seam | | 1.38 | 1.20 | 1.65 | 2.13 | 1.58 | 1.75 | 2.01 | 1.99 | 2.04 | 1.95 |
| Total | | 1.45 | 1.26 | 1.93 | 2.22 | 1.69 | 1.88 | 2.14 | 2.12 | 2.17 | 2.08 |
| Natural gas (\$/mcf) | | | | | | | | | | | |
| Conventional | | 1.77 | 1.54 | 2.11 | 2.63 | 2.00 | 2.23 | 2.52 | 2.50 | 2.56 | 2.45 |
| Coal Seam | | 1.22 | 1.06 | 1.45 | 1.88 | 1.39 | 1.55 | 1.77 | 1.75 | 1.80 | 1.72 |
| Total | | 1.72 | 1.54 | 1.34 | 1.84 | 1.75 | 1.95 | 2.21 | 2.20 | 2.25 | 2.15 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | | |
| WTI Cushing | | 12.25 | 14.67 | 18.57 | 22.59 | 17.02 | 26.07 | 28.93 | 26.62 | 24.73 | 26.59 |
| SJT | | 13.29 | 9.65 | 12.72 | 15.71 | 13.99 | 22.07 | 24.93 | 22.62 | 20.73 | 22.58 |
| Total gas & oil (\$/mcf) | | 1.54 | 1.35 | 1.85 | 2.33 | 1.76 | 1.97 | 2.24 | 2.21 | 2.26 | 2.17 |
| Revenue (\$mm) | | | | | | | | | | | |
| Natural Gas - Conventional | | 10.8 | 9.6 | 11.5 | 15.2 | 47.1 | 12.8 | 14.0 | 14.1 | 14.2 | 55.1 |
| Coal Seam | | 5.2 | 4.6 | 5.5 | 7.6 | 22.8 | 6.2 | 6.8 | 6.8 | 7.0 | 26.8 |
| Total | | 71.2 | 16.0 | 14.1 | 17.0 | 69.9 | 19.0 | 20.8 | 20.9 | 21.2 | 81.9 |
| Oil | | 1.1 | 0.2 | 0.2 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 1.7 |
| Total | | 72.3 | 16.1 | 14.4 | 17.3 | 71.0 | 19.4 | 21.3 | 21.3 | 21.6 | 83.6 |
| Cost (\$mm) | | | | | | | | | | | |
| Severance tax | | 7.5 | 1.7 | 1.5 | 1.8 | 2.4 | 2.0 | 2.2 | 2.2 | 2.2 | 8.6 |
| Operating | | 11.6 | 2.8 | 2.8 | 2.2 | 2.9 | 2.6 | 2.5 | 2.6 | 2.5 | 10.3 |
| Total | | 19.1 | 4.5 | 4.3 | 4.0 | 5.3 | 4.6 | 4.7 | 4.8 | 4.8 | 18.9 |
| Cash flow (\$mm) | 53.3 | 11.7 | 10.0 | 13.3 | 17.9 | 52.8 | 14.7 | 16.6 | 16.6 | 16.8 | 64.7 |
| Development | | 12.8 | 2.3 | 3.0 | 2.7 | 2.6 | 3.0 | 3.0 | 3.0 | 3.0 | 12.0 |
| Net proceeds (\$mm) | 40.4 | 9.4 | 7.1 | 10.5 | 15.3 | 42.3 | 11.7 | 13.6 | 13.6 | 13.8 | 52.7 |
| Royalty income (\$mm) | 30.3 | 7.0 | 5.3 | 7.9 | 11.5 | 31.7 | 8.8 | 10.2 | 10.2 | 10.4 | 39.5 |
| Royalty/Net proceeds | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% | 75% |
| Administration | | 0.7 | 0.3 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| One-time | | | | 0.9 | | 0.9 | | | | | - |
| Distributable income (\$mm) | 29.6 | 6.8 | 5.9 | 7.8 | 11.3 | 31.8 | 8.6 | 10.0 | 10.0 | 10.2 | 38.7 |
| <i>Modeling ratios</i> | | | | | | | | | | | |
| Severance tax/revenue | 10.3% | 10.3% | 10.2% | 10.4% | 10.3% | 10.3% | 10.3% | 10.3% | 10.3% | 10.3% | 10.3% |
| Operating cost (\$/mcf) | 0.28 | 0.27 | 0.27 | 0.24 | 0.29 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 |