

Meter Reader

A Weekly Analysis

April 24, 2000

Valuation Spread Narrows

Lower McDep Ratio stocks went up more in stock price than higher McDep Ratio stocks last week to drive our pure-play natural gas issues toward a common valuation as is supposed to happen (see table). Yet, if we have a commodity move in the 2000s like the 1970s, the differences we measure would be swamped by a group change in valuation. In addition there are conditions that might affect each issue differently than anticipated.

First, **Dorchester Hugoton, Ltd.** could take a more aggressive stance in its program to enhance reserves and production by formation fracturing. Second, four holders, any one of who could move the market for a while, own some 59% percent of **San Juan Basin Royalty Trust**. Third, BP Amoco, operator for a major portion of the properties for **Cross Timbers Royalty Trust**, may be expanding less aggressively than other operators in the San Juan Basin. Fourth, we revise our volume projection down slightly for **Hugoton Royalty Trust** following lower production disclosed in the announcement of the April distribution.

| | | Price | | | | Net | |
|------------------------------|--------|-----------|-------|--------|--------|-----------|-------|
| | | (\$/unit) | | Market | | Asset | |
| | | 20-Apr | Units | Cap | Debt | Value | McDep |
| | Symbol | 2000 | (mm) | (\$mm) | (\$mm) | (\$/unit) | Ratio |
| Dorchester Hugoton, Ltd. | DHULZ | 10.50 | 10.7 | 113 | - | 13.00 | 0.81 |
| San Juan Basin Royalty Trust | SJT | 9.63 | 46.6 | 449 | - | 12.30 | 0.78 |
| Cross Timbers Royalty Trust | CRT | 11.88 | 6.0 | 71 | - | 18.50 | 0.64 |
| Hugoton RT (42.5%) | HGT | 8.94 | 17.0 | 152 | - | 14.30 | 0.63 |

Upwardly revised expectations for the next 12 months point to Dynamic Distribution Yields as high as 14% in cash (see table).

| | | Price | Distribution | | Distribution Yield | |
|------------------------------|--------|-----------|--------------|------------|--------------------|------------|
| | | (\$/unit) | (\$/unit) | | (Percent per year) | |
| | | 20-Apr | | Taxable | | Taxable |
| | Symbol | 2000 | Cash | Equivalent | Cash | Equivalent |
| Dorchester Hugoton, Ltd. | DHULZ | 10.50 | 0.82 | 1.23 | 7.8 | 11.7 |
| San Juan Basin Royalty Trust | SJT | 9.63 | 1.04 | 1.59 | 10.1 | 16.6 |
| Hugoton RT (42.5%) | HGT | 8.94 | 1.34 | 1.48 | 14.0 | 16.6 |
| Cross Timbers Royalty Trust | CRT | 11.88 | 1.80 | 2.32 | 14.5 | 19.5 |

The 10-K annual report for San Juan Basin Royalty Trust discloses an upward revision to reserves of one-third. The new numbers are still understated in our opinion. Meanwhile monthly disclosures gave unitholders most of the details of financial performance well before the annual disclosure. Now we are curious as to why operating costs were twice normal in the monthly disclosure for April.

Kurt H. Wulff, CFA

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Table CRT-1
Cross Timbers Royalty Trust
Present Value

| | | | |
|----------------------------|---|------------------------------------|-----|
| Volume Decline (%/yr): | 9 | Price Escalation post 2002 (%/yr): | 2.8 |
| Volume Enhancement (%/yr): | 7 | Discount Rate (%/yr): | 7.4 |
| | | U.S. TIPS Inflation (%/yr): | 2.0 |
| | | U.S. 10 Year Yield (%/yr): | 6.0 |

| Year | Natural Gas Volume | | | Price (\$/mcf) | Revenue (\$mm) | Oil Net (\$mm) | Distribution (\$/unit) | Tax Credit (\$/unit) | Disc Factor | Present Value (\$/unit) | |
|-------------------------|--------------------|-------------------|----------------|-------------------|-------------------|----------------------|---------------------------|----------------------------|----------------|-------------------------------|-------|
| | Basic (bcf) | Enhanced (bcf) | Total (bcf) | | | | | | | | |
| Total 2000 through 2029 | | | | | | | | | | | |
| | 33 | 31 | 64 | 3.46 | 221 | 10 | 231 | 38.50 | 0.48 | 0.47 | 18.50 |
| 1999 | 3.3 | | 3.3 | 1.99 | 6.5 | 0.0 | 6.6 | 1.09 | 0.16 | | |
| 2000 | 3.0 | 0.3 | 3.3 | 2.66 | 8.6 | 1.7 | 10.3 | 1.72 | 0.16 | 0.97 | 1.81 |
| 2001 | 2.7 | 0.5 | 3.2 | 2.78 | 8.8 | 1.6 | 10.5 | 1.75 | 0.16 | 0.90 | 1.71 |
| 2002 | 2.5 | 0.7 | 3.1 | 2.62 | 8.2 | 1.0 | 9.2 | 1.54 | 0.16 | 0.84 | 1.42 |
| 2003 | 2.3 | 0.8 | 3.1 | 2.69 | 8.3 | 0.9 | 9.3 | 1.54 | | 0.78 | 1.20 |
| 2004 | 2.1 | 1.0 | 3.1 | 2.76 | 8.4 | 0.8 | 9.2 | 1.54 | | 0.73 | 1.12 |
| 2005 | 1.9 | 1.1 | 3.0 | 2.84 | 8.5 | 0.7 | 9.2 | 1.54 | | 0.68 | 1.04 |
| 2006 | 1.8 | 1.2 | 3.0 | 2.92 | 8.7 | 0.6 | 9.2 | 1.54 | | 0.63 | 0.97 |
| 2007 | 1.6 | 1.3 | 2.9 | 3.00 | 8.8 | 0.5 | 9.3 | 1.55 | | 0.59 | 0.91 |
| 2008 | 1.5 | 1.4 | 2.9 | 3.09 | 8.9 | 0.5 | 9.3 | 1.56 | | 0.55 | 0.85 |
| 2009 | 1.4 | 1.5 | 2.8 | 3.18 | 9.0 | 0.4 | 9.4 | 1.56 | | 0.51 | 0.79 |
| 2010 | 1.3 | 1.5 | 2.8 | 3.26 | 9.1 | 0.4 | 9.4 | 1.57 | | 0.47 | 0.74 |
| 2011 | 1.1 | 1.6 | 2.7 | 3.36 | 9.2 | 0.3 | 9.5 | 1.58 | | 0.44 | 0.70 |
| 2012 | 1.1 | 1.6 | 2.7 | 3.45 | 9.3 | 0.3 | 9.5 | 1.59 | | 0.41 | 0.65 |
| 2013 | 1.0 | 1.7 | 2.6 | 3.55 | 9.4 | 0.2 | 9.6 | 1.59 | | 0.38 | 0.61 |
| 2014 | 0.9 | 1.7 | 2.6 | 3.65 | 9.5 | 0.2 | 9.6 | 1.60 | | 0.36 | 0.57 |
| 2015 | 0.8 | 1.6 | 2.4 | 3.75 | 8.9 | | 8.9 | 1.48 | | 0.33 | 0.49 |
| 2016 | 0.7 | 1.4 | 2.2 | 3.85 | 8.3 | | 8.3 | 1.39 | | 0.31 | 0.43 |
| 2017 | 0.7 | 1.3 | 2.0 | 3.96 | 7.8 | | 7.8 | 1.30 | | 0.29 | 0.37 |
| 2018 | 0.6 | 1.2 | 1.8 | 4.07 | 7.3 | | 7.3 | 1.22 | | 0.27 | 0.33 |
| 2019 | 0.6 | 1.1 | 1.6 | 4.19 | 6.9 | | 6.9 | 1.15 | | 0.25 | 0.29 |
| 2020 | 0.5 | 1.0 | 1.5 | 4.31 | 6.4 | | 6.4 | 1.07 | | 0.23 | 0.25 |
| 2021 | 0.5 | 0.9 | 1.4 | 4.43 | 6.1 | | 6.1 | 1.01 | | 0.22 | 0.22 |
| 2022 | 0.4 | 0.8 | 1.2 | 4.55 | 5.7 | | 5.7 | 0.95 | | 0.20 | 0.19 |
| 2023 | 0.4 | 0.7 | 1.1 | 4.68 | 5.3 | | 5.3 | 0.89 | | 0.19 | 0.17 |
| 2024 | 0.4 | 0.7 | 1.0 | 4.81 | 5.0 | | 5.0 | 0.83 | | 0.17 | 0.15 |
| 2025 | 0.3 | 0.6 | 0.9 | 4.95 | 4.7 | | 4.7 | 0.78 | | 0.16 | 0.13 |
| 2026 | 0.3 | 0.6 | 0.9 | 5.09 | 4.4 | | 4.4 | 0.73 | | 0.15 | 0.11 |
| 2027 | 0.3 | 0.5 | 0.8 | 5.23 | 4.1 | | 4.1 | 0.69 | | 0.14 | 0.10 |
| 2028 | 0.3 | 0.5 | 0.7 | 5.38 | 3.9 | | 3.9 | 0.65 | | 0.13 | 0.08 |
| 2029 | 0.2 | 0.4 | 0.7 | 5.53 | 3.6 | | 3.6 | 0.61 | | 0.12 | 0.07 |

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Table CRT-2
Cross Timbers Royalty Trust
Distributable Income Model

| | Year 1998 | Q1 3/31/99 | Q2 6/30/99 | Q3 9/30/99 | Q4 12/31/99 | Year 1999 | Q1E 3/31/00 | Q2E 6/30/00 | Q3E 9/30/00 | Q4E 12/31/00 | Year 2000E | Q1E 3/31/01 |
|------------------------------------|--------------|---------------|---------------|---------------|----------------|--------------|----------------|----------------|----------------|-----------------|---------------|----------------|
| Highlights | | | | | | | | | | | | |
| Tax credit (\$mm) | | | | | | | | | | | | |
| Per unit | 0.20 | 0.04 | 0.04 | 0.04 | 0.03 | 0.16 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 | 0.04 |
| Distributable Income (\$mm) | 6.93 | 1.44 | 1.17 | 1.66 | 2.28 | 6.55 | 2.30 | 2.57 | 2.75 | 2.68 | 10.30 | 2.79 |
| Per unit | 1.15 | 0.24 | 0.20 | 0.28 | 0.38 | 1.09 | 0.38 | 0.43 | 0.46 | 0.45 | 1.72 | 0.46 |
| 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) | 3.50 | 0.92 | 0.82 | 0.94 | 0.97 | 3.64 | 0.96 | 0.88 | 0.88 | 0.88 | 3.61 | 0.87 |
| Natural Gas (mmcf) | 9.6 | 10.0 | 9.1 | 10.3 | 10.6 | 10.0 | 10.5 | 9.8 | 9.7 | 9.6 | 9.9 | 9.5 |
| Days | 365 | 92 | 90 | 91 | 92 | 365 | 92 | 90 | 91 | 92 | 365 | 92 |
| Oil (mb) | 392 | 88 | 87 | 79 | 94 | 349 | 92 | 89 | 89 | 87 | 357 | 85 |
| Oil (mbd) | 1.08 | 0.96 | 0.98 | 0.86 | 1.03 | 0.96 | 1.0 | 1.0 | 1.0 | 0.9 | 0.98 | 0.9 |
| Days | 365 | 92 | 89 | 92 | 92 | 365 | 92 | 90 | 92 | 92 | 366 | 92 |
| Total (bcf) | 5.86 | 1.45 | 1.34 | 1.41 | 1.54 | 5.73 | 1.52 | 1.41 | 1.42 | 1.41 | 5.75 | 1.39 |
| Price | | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | | 1.87 | 1.89 | 2.27 | 2.66 | 2.17 | 2.35 | 2.82 | 3.09 | 3.12 | 2.84 | 3.28 |
| CRT (\$/mcf) | 2.03 | 1.73 | 1.79 | 2.02 | 2.39 | 1.99 | 2.25 | 2.62 | 2.89 | 2.92 | 2.66 | 3.18 |
| Oil (\$/bbl) | | | | | | | | | | | | |
| WTI Cushing | | 12.25 | 14.67 | 18.57 | 22.59 | 17.02 | 26.07 | 28.42 | 26.19 | 24.69 | 26.34 | 23.86 |
| CRT | 13.40 | 10.44 | 12.28 | 16.34 | 20.21 | 14.89 | 24.07 | 26.42 | 24.19 | 22.69 | 24.35 | 21.86 |
| Total (\$/mcf) | 2.11 | 1.73 | 1.89 | 2.26 | 2.75 | 2.17 | 2.90 | 3.29 | 3.32 | 3.24 | 3.18 | 3.35 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas | 7.11 | 1.59 | 1.46 | 1.89 | 2.33 | 7.26 | 2.17 | 2.31 | 2.55 | 2.58 | 9.61 | 2.78 |
| Oil | 5.26 | 0.92 | 1.07 | 1.30 | 1.91 | 5.19 | 2.23 | 2.34 | 2.15 | 1.97 | 8.69 | 1.86 |
| Total | 12.37 | 2.51 | 2.53 | 3.19 | 4.23 | 12.45 | 4.40 | 4.65 | 4.70 | 4.55 | 18.30 | 4.64 |
| Cost (\$mm) | | | | | | | | | | | | |
| Tax, transport & other | 1.19 | 0.23 | 0.40 | 0.48 | 0.50 | 1.61 | 0.60 | 0.63 | 0.62 | 0.59 | 2.44 | 0.59 |
| Production | 2.58 | 0.57 | 0.63 | 0.60 | 0.60 | 2.39 | 0.65 | 0.62 | 0.62 | 0.61 | 2.50 | 0.60 |
| Total | 3.78 | 0.80 | 1.02 | 1.08 | 1.09 | 4.00 | 1.24 | 1.25 | 1.24 | 1.20 | 4.94 | 1.19 |
| Cash flow (\$mm) | | | | | | | | | | | | |
| Development | 1.14 | 0.36 | 0.08 | 0.18 | 0.12 | 0.74 | 0.24 | 0.24 | 0.24 | 0.24 | 0.96 | 0.24 |
| Excess | (0.52) | (0.30) | (0.06) | (0.07) | | (0.43) | | | | | - | |
| Recovery of excess | 0.02 | 0.01 | 0.14 | 0.10 | 0.40 | 0.63 | 0.23 | 0.15 | | | 0.38 | |
| Net proceeds (\$mm) | 7.94 | 1.64 | 1.35 | 1.91 | 2.62 | 7.52 | 2.68 | 3.01 | 3.22 | 3.11 | 12.02 | 3.21 |
| Royalty income (\$mm) | 7.08 | 1.48 | 1.21 | 1.70 | 2.30 | 6.69 | 2.34 | 2.61 | 2.79 | 2.72 | 10.46 | 2.83 |
| Royalty/Net proceeds | 89% | 90% | 90% | 89% | 88% | 89% | 87% | 87% | 87% | 87% | 87% | 88% |
| Administration | 0.15 | 0.04 | 0.04 | 0.04 | 0.02 | 0.14 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 | 0.04 |
| Distributable income (\$mm) | 6.93 | 1.44 | 1.17 | 1.66 | 2.28 | 6.55 | 2.30 | 2.57 | 2.75 | 2.68 | 10.30 | 2.79 |
| Modeling ratios | | | | | | | | | | | | |
| Tax and other/oil revenue | 0.09 | 0.08 | 0.24 | 0.22 | 0.14 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 |
| Production exp (\$/bbl) | 6.58 | 6.48 | 7.20 | 7.56 | 6.31 | 6.86 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Accounting items | | | | | | | | | | | | |
| 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 | 0.37 | 0.37 | 0.15 | | | | | |

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Table DHULZ-1
Dorchester Hugoton, Ltd.
Present Value

| | | | |
|----------------------------|----|------------------------------------|-----|
| Volume Decline (%/yr): | 11 | Price Escalation Post 2002 (%/yr): | 2.8 |
| Volume Enhancement (%/yr): | 8 | Discount rate (%/yr): | 7.4 |
| Capex/Cash Flow (%): | 13 | U.S. TIPS Inflation (%/yr): | 2.0 |
| Variable Cost (%): | 15 | U.S. 10 Year Yield (%/yr): | 6.0 |

| 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) | Free Cash Flow (\$/unit) | Disc Factor | Present Value (\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|--------------------------|-----------------------------|----------------|-------------------------------|
| Total 2000 through 2029 | | | | | | | | | | | | |
| | 61 | 57 | 118 | 3.59 | 424 | 68 | 64 | 25 | 268 | 24.72 | 0.53 | 13.00 |
| 1999 | 6.9 | | 6.9 | 2.30 | 15.8 | 2.1 | 2.4 | 0.4 | 10.9 | 1.01 | | |
| | | | | | | Other assets, net | | | 10.4 | 0.96 | 1.00 | 0.96 |
| 2000 | 6.4 | 0.3 | 6.7 | 3.01 | 20.2 | 2.3 | 3.0 | 0.6 | 14.3 | 1.32 | 0.97 | 1.27 |
| 2001 | 5.7 | 0.8 | 6.5 | 2.93 | 19.1 | 2.3 | 2.9 | 1.8 | 12.2 | 1.12 | 0.90 | 1.01 |
| 2002 | 5.1 | 1.3 | 6.4 | 2.77 | 17.7 | 2.3 | 2.7 | 1.7 | 11.1 | 1.02 | 0.84 | 0.86 |
| 2003 | 4.6 | 1.6 | 6.2 | 2.85 | 17.8 | 2.3 | 2.7 | 1.7 | 11.2 | 1.03 | 0.78 | 0.80 |
| 2004 | 4.2 | 1.9 | 6.1 | 2.93 | 17.9 | 2.3 | 2.7 | 1.7 | 11.3 | 1.04 | 0.73 | 0.75 |
| 2005 | 3.7 | 2.2 | 6.0 | 3.01 | 18.0 | 2.3 | 2.7 | 1.7 | 11.3 | 1.04 | 0.68 | 0.71 |
| 2006 | 3.4 | 2.5 | 5.8 | 3.10 | 18.0 | 2.3 | 2.7 | 1.7 | 11.4 | 1.05 | 0.63 | 0.66 |
| 2007 | 3.0 | 2.6 | 5.7 | 3.18 | 18.1 | 2.3 | 2.7 | 1.7 | 11.4 | 1.05 | 0.59 | 0.62 |
| 2008 | 2.7 | 2.8 | 5.6 | 3.27 | 18.2 | 2.3 | 2.7 | 1.7 | 11.5 | 1.06 | 0.55 | 0.58 |
| 2009 | 2.5 | 2.9 | 5.4 | 3.37 | 18.2 | 2.3 | 2.7 | 1.7 | 11.5 | 1.06 | 0.51 | 0.54 |
| 2010 | 2.2 | 3.1 | 5.3 | 3.46 | 18.3 | 2.3 | 2.7 | 1.7 | 11.5 | 1.06 | 0.47 | 0.50 |
| 2011 | 2.0 | 3.1 | 5.1 | 3.56 | 18.3 | 2.3 | 2.7 | 1.7 | 11.6 | 1.07 | 0.44 | 0.47 |
| 2012 | 1.8 | 3.2 | 5.0 | 3.66 | 18.3 | 2.3 | 2.7 | 1.7 | 11.6 | 1.07 | 0.41 | 0.44 |
| 2013 | 1.6 | 3.3 | 4.9 | 3.76 | 18.4 | 2.3 | 2.8 | 1.7 | 11.6 | 1.07 | 0.38 | 0.41 |
| 2014 | 1.5 | 3.3 | 4.8 | 3.87 | 18.4 | 2.3 | 2.8 | 1.7 | 11.6 | 1.07 | 0.36 | 0.38 |
| 2015 | 1.3 | 2.9 | 4.2 | 3.97 | 16.9 | 2.3 | 2.5 | | 12.1 | 1.11 | 0.33 | 0.37 |
| 2016 | 1.2 | 2.6 | 3.8 | 4.09 | 15.5 | 2.3 | 2.3 | | 10.9 | 1.01 | 0.31 | 0.31 |
| 2017 | 1.1 | 2.3 | 3.4 | 4.20 | 14.2 | 2.3 | 2.1 | | 9.8 | 0.91 | 0.29 | 0.26 |
| 2018 | 1.0 | 2.1 | 3.0 | 4.32 | 13.1 | 2.3 | 2.0 | | 8.9 | 0.82 | 0.27 | 0.22 |
| 2019 | 0.9 | 1.8 | 2.7 | 4.44 | 12.0 | 2.3 | 1.8 | | 8.0 | 0.73 | 0.25 | 0.18 |
| 2020 | 0.8 | 1.6 | 2.4 | 4.56 | 11.0 | 2.3 | 1.7 | | 7.1 | 0.66 | 0.23 | 0.15 |
| 2021 | 0.7 | 1.5 | 2.2 | 4.69 | 10.1 | 2.3 | 1.5 | | 6.4 | 0.59 | 0.22 | 0.13 |
| 2022 | 0.6 | 1.3 | 1.9 | 4.82 | 9.3 | 2.3 | 1.4 | | 5.7 | 0.52 | 0.20 | 0.11 |
| 2023 | 0.6 | 1.2 | 1.7 | 4.96 | 8.6 | 2.3 | 1.3 | | 5.0 | 0.46 | 0.19 | 0.09 |
| 2024 | 0.5 | 1.0 | 1.5 | 5.10 | 7.9 | 2.3 | 1.2 | | 4.4 | 0.41 | 0.17 | 0.07 |
| 2025 | 0.5 | 0.9 | 1.4 | 5.24 | 7.2 | 2.3 | 1.1 | | 3.9 | 0.36 | 0.16 | 0.06 |
| 2026 | 0.4 | 0.8 | 1.2 | 5.39 | 6.6 | 2.3 | 1.0 | | 3.4 | 0.31 | 0.15 | 0.05 |
| 2027 | 0.4 | 0.7 | 1.1 | 5.54 | 6.1 | 2.3 | 0.9 | | 2.9 | 0.27 | 0.14 | 0.04 |
| 2028 | 0.3 | 0.6 | 1.0 | 5.70 | 5.6 | 2.3 | 0.8 | | 2.5 | 0.23 | 0.13 | 0.03 |
| 2029 | 0.3 | 0.6 | 0.9 | 5.86 | 5.1 | 2.3 | 0.8 | | 2.1 | 0.20 | 0.12 | 0.02 |

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Table DHULZ-2
Dorchester Hugoton, Ltd.
Income Model

| | Year 1998 | Q1 3/31/99 | Q2 6/30/99 | Q3 9/30/99 | Q4 12/31/99 | Year 1999 | Q1E 3/31/00 | Q2E 6/30/00 | Q3E 9/30/00 | Q4E 12/31/00 | Year 2000E | Q1E 3/31/01 |
|-----------------------------|--------------|---------------|---------------|---------------|----------------|--------------|----------------|----------------|----------------|-----------------|---------------|----------------|
| Highlights | | | | | | | | | | | | |
| Revenue (\$mm) | 15.37 | 3.06 | 3.51 | 4.34 | 4.39 | 15.3 | 4.32 | 4.93 | 5.02 | 5.12 | 19.4 | 4.93 |
| Cash flow (\$mm) | 11.02 | 2.09 | 2.35 | 3.25 | 3.25 | 10.9 | 3.20 | 3.82 | 3.90 | 4.01 | 14.9 | 3.81 |
| Per unit | 1.02 | 0.19 | 0.22 | 0.30 | 0.30 | 1.01 | 0.30 | 0.35 | 0.36 | 0.37 | 1.37 | 0.35 |
| Earnings (\$mm) | 9.01 | 1.60 | 1.89 | 2.77 | 2.78 | 9.0 | 2.72 | 3.35 | 3.43 | 3.54 | 13.0 | 3.36 |
| Per unit | 0.83 | 0.15 | 0.17 | 0.26 | 0.26 | 0.83 | 0.25 | 0.31 | 0.32 | 0.33 | 1.20 | 0.31 |
| Distribution (\$mm) | 7.74 | 1.93 | 1.93 | 1.93 | 1.93 | 7.7 | 3.01 | 1.93 | 1.93 | 1.93 | 8.8 | 3.01 |
| Per unit | 0.72 | 0.18 | 0.18 | 0.18 | 0.18 | 0.72 | 0.28 | 0.18 | 0.18 | 0.18 | 0.82 | 0.28 |
| Units (millions) | 10.74 | 10.74 | 10.74 | 10.74 | 10.74 | 10.7 | 10.74 | 10.74 | 10.74 | 10.74 | 10.7 | 10.74 |
| Volume | | | | | | | | | | | | |
| Natural gas (bcf) | | | | | | | | | | | | |
| Oklahoma | 5.74 | 1.42 | 1.33 | 1.40 | 1.43 | 5.6 | 1.40 | 1.37 | 1.38 | 1.36 | 5.5 | 1.33 |
| Kansas | 1.70 | 0.35 | 0.34 | 0.33 | 0.31 | 1.3 | 0.30 | 0.30 | 0.30 | 0.30 | 1.2 | 0.29 |
| Total | 7.44 | 1.76 | 1.67 | 1.72 | 1.74 | 6.9 | 1.71 | 1.67 | 1.67 | 1.66 | 6.7 | 1.62 |
| Natural Gas (mmcf) | 20.4 | 19.6 | 18.4 | 18.7 | 18.9 | 18.9 | 18.8 | 18.4 | 18.2 | 18.0 | 18.3 | 17.8 |
| Days | 365 | 90 | 91 | 92 | 92 | 365 | 91 | 91 | 92 | 92 | 366 | 91 |
| Price | | | | | | | | | | | | |
| Natural gas | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | | 1.79 | 2.22 | 2.52 | 2.45 | 2.24 | 2.62 | 3.06 | 3.11 | 3.21 | 3.00 | 3.15 |
| Oklahoma (\$/mcf) | 2.11 | 1.77 | 2.15 | 2.60 | 2.60 | 2.28 | 2.62 | 3.06 | 3.11 | 3.21 | 3.00 | 3.15 |
| Kansas (\$/mcf) | 2.22 | 1.85 | 2.26 | 2.68 | 2.70 | 2.36 | 2.69 | 3.13 | 3.18 | 3.28 | 3.07 | 3.22 |
| Total (\$/mcf) | 2.14 | 1.79 | 2.17 | 2.62 | 2.62 | 2.30 | 2.63 | 3.07 | 3.12 | 3.22 | 3.01 | 3.17 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | | |
| Oklahoma | 12.11 | 2.50 | 2.87 | 3.63 | 3.73 | 12.7 | 3.68 | 4.21 | 4.28 | 4.37 | 16.5 | 4.21 |
| Kansas | 3.77 | 0.64 | 0.76 | 0.88 | 0.83 | 3.1 | 0.82 | 0.93 | 0.95 | 0.97 | 3.7 | 0.93 |
| Other | 0.23 | 0.05 | 0.05 | 0.05 | 0.05 | 0.2 | 0.05 | 0.05 | 0.05 | 0.05 | 0.2 | 0.05 |
| Production payment (ORRI) | (0.73) | (0.14) | (0.17) | (0.22) | (0.23) | (0.8) | (0.22) | (0.26) | (0.26) | (0.27) | (1.0) | (0.26) |
| Total | 15.37 | 3.06 | 3.51 | 4.34 | 4.39 | 15.3 | 4.32 | 4.93 | 5.02 | 5.12 | 19.4 | 4.93 |
| Cost (\$mm) | | | | | | | | | | | | |
| Operating | 3.54 | 0.79 | 0.96 | 0.90 | 0.95 | 3.6 | 0.91 | 0.91 | 0.91 | 0.91 | 3.6 | 0.91 |
| General and administrative | 0.53 | 0.14 | 0.13 | 0.14 | 0.16 | 0.6 | 0.16 | 0.16 | 0.16 | 0.16 | 0.6 | 0.16 |
| Management | 0.49 | 0.12 | 0.12 | 0.13 | 0.13 | 0.5 | 0.13 | 0.13 | 0.13 | 0.13 | 0.5 | 0.13 |
| Other | (0.22) | (0.06) | (0.05) | (0.08) | (0.10) | (0.3) | (0.08) | (0.08) | (0.08) | (0.08) | (0.3) | (0.08) |
| Total | 4.35 | 0.98 | 1.16 | 1.09 | 1.13 | 4.4 | 1.12 | 1.12 | 1.12 | 1.12 | 4.5 | 1.12 |
| Cash flow (\$mm) | 11.02 | 2.09 | 2.35 | 3.25 | 3.25 | 10.9 | 3.20 | 3.82 | 3.90 | 4.01 | 14.9 | 3.81 |
| Depletion, deprec. & amort. | 2.02 | 0.49 | 0.46 | 0.48 | 0.48 | 1.9 | 0.48 | 0.47 | 0.47 | 0.46 | 1.9 | 0.45 |
| Earnings (\$mm) | 9.01 | 1.60 | 1.89 | 2.77 | 2.78 | 9.0 | 2.72 | 3.35 | 3.43 | 3.54 | 13.0 | 3.36 |
| Capital expenditures (\$mm) | 1.14 | 0.04 | 0.05 | 0.21 | 0.10 | 0.4 | 0.15 | 0.15 | 0.15 | 0.15 | 0.6 | 0.15 |
| 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% | 5.0% |
| Operating cost (\$/mcf) | 0.48 | 0.45 | 0.57 | 0.52 | 0.54 | 0.52 | 0.53 | 0.54 | 0.54 | 0.55 | 0.54 | 0.56 |
| Depletion (\$/mcf) | 0.27 | 0.28 | 0.28 | 0.28 | 0.27 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 |

Analyses are prepared from original sources and data believed to be reliable, but no representations are made as to their accuracy or completeness. This summary with supporting documentation is available free at <http://royaltytrusts.intranets.com>. Registration code: sanjuan

Meter Reader

A Weekly Analysis

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

| | | | |
|----------------------------|----|-----------------------------|-----|
| Volume Decline (%/yr): | 11 | Price Escalation (%/yr): | 2.8 |
| Volume Enhancement (%/yr): | 9 | Discount rate (%/yr): | 7.4 |
| Capex/Cash Flow (%): | 24 | U.S. TIPS Inflation (%/yr): | 2.0 |
| Variable Cost (%): | 14 | U.S. 10 Year Yield (%/yr): | 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 2000 through 2029 | | | | | | | | | | | | | |
| | 279 | 328 | 607 | 3.51 | 2129 | 371 | 298 | 231 | 1229 | 30.74 | 0.06 | 0.46 | 14.30 |
| 1999 | 29.2 | | 29.2 | 2.16 | 63.1 | 12.1 | 8.8 | 9.1 | 33.1 | 0.83 | 0.02 | | |
| 2000 | 29.2 | 2.5 | 31.7 | 2.74 | 86.9 | 12.4 | 12.2 | 12.4 | 50.0 | 1.25 | 0.02 | 0.97 | 1.23 |
| 2001 | 26.0 | 5.1 | 31.1 | 2.86 | 88.9 | 12.4 | 12.4 | 15.4 | 48.7 | 1.22 | 0.02 | 0.90 | 1.11 |
| 2002 | 23.4 | 7.3 | 30.8 | 2.69 | 82.8 | 12.4 | 11.6 | 14.1 | 44.7 | 1.12 | 0.02 | 0.84 | 0.95 |
| 2003 | 21.1 | 9.3 | 30.4 | 2.77 | 84.2 | 12.4 | 11.8 | 14.4 | 45.6 | 1.14 | | 0.78 | 0.89 |
| 2004 | 19.0 | 11.0 | 30.0 | 2.85 | 85.4 | 12.4 | 12.0 | 14.7 | 46.5 | 1.16 | | 0.73 | 0.84 |
| 2005 | 17.1 | 12.5 | 29.6 | 2.93 | 86.7 | 12.4 | 12.1 | 14.9 | 47.3 | 1.18 | | 0.68 | 0.80 |
| 2006 | 15.4 | 13.8 | 29.2 | 3.01 | 87.9 | 12.4 | 12.3 | 15.2 | 48.1 | 1.20 | | 0.63 | 0.76 |
| 2007 | 13.9 | 14.9 | 28.8 | 3.09 | 89.1 | 12.4 | 12.5 | 15.4 | 48.8 | 1.22 | | 0.59 | 0.72 |
| 2008 | 12.5 | 15.9 | 28.4 | 3.18 | 90.2 | 12.4 | 12.6 | 15.7 | 49.6 | 1.24 | | 0.55 | 0.68 |
| 2009 | 11.3 | 16.7 | 28.0 | 3.27 | 91.4 | 12.4 | 12.8 | 15.9 | 50.3 | 1.26 | | 0.51 | 0.64 |
| 2010 | 10.2 | 17.4 | 27.5 | 3.36 | 92.5 | 12.4 | 12.9 | 16.1 | 51.0 | 1.28 | | 0.47 | 0.60 |
| 2011 | 9.2 | 17.9 | 27.1 | 3.45 | 93.6 | 12.4 | 13.1 | 16.3 | 51.8 | 1.29 | | 0.44 | 0.57 |
| 2012 | 8.2 | 18.4 | 26.6 | 3.55 | 94.6 | 12.4 | 13.2 | 16.6 | 52.4 | 1.31 | | 0.41 | 0.54 |
| 2013 | 7.4 | 18.8 | 26.2 | 3.65 | 95.7 | 12.4 | 13.4 | 16.8 | 53.1 | 1.33 | | 0.38 | 0.51 |
| 2014 | 6.7 | 19.1 | 25.8 | 3.75 | 96.7 | 12.4 | 13.5 | 17.0 | 53.8 | 1.34 | | 0.36 | 0.48 |
| 2015 | 6.0 | 17.0 | 23.0 | 3.86 | 88.7 | 12.4 | 12.4 | | 64.0 | 1.60 | | 0.33 | 0.53 |
| 2016 | 5.4 | 15.1 | 20.5 | 3.97 | 81.5 | 12.4 | 11.4 | | 57.7 | 1.44 | | 0.31 | 0.45 |
| 2017 | 4.9 | 13.4 | 18.3 | 4.08 | 74.8 | 12.4 | 10.5 | | 52.0 | 1.30 | | 0.29 | 0.37 |
| 2018 | 4.4 | 12.0 | 16.4 | 4.19 | 68.7 | 12.4 | 9.6 | | 46.7 | 1.17 | | 0.27 | 0.31 |
| 2019 | 4.0 | 10.6 | 14.6 | 4.31 | 63.0 | 12.4 | 8.8 | | 41.8 | 1.05 | | 0.25 | 0.26 |
| 2020 | 3.6 | 9.5 | 13.1 | 4.43 | 57.9 | 12.4 | 8.1 | | 37.4 | 0.93 | | 0.23 | 0.22 |
| 2021 | 3.2 | 8.4 | 11.7 | 4.56 | 53.1 | 12.4 | 7.4 | | 33.3 | 0.83 | | 0.22 | 0.18 |
| 2022 | 2.9 | 7.5 | 10.4 | 4.69 | 48.8 | 12.4 | 6.8 | | 29.6 | 0.74 | | 0.20 | 0.15 |
| 2023 | 2.6 | 6.7 | 9.3 | 4.82 | 44.8 | 12.4 | 6.3 | | 26.1 | 0.65 | | 0.19 | 0.12 |
| 2024 | 2.4 | 5.9 | 8.3 | 4.95 | 41.1 | 12.4 | 5.8 | | 23.0 | 0.57 | | 0.17 | 0.10 |
| 2025 | 2.1 | 5.3 | 7.4 | 5.09 | 37.7 | 12.4 | 5.3 | | 20.1 | 0.50 | | 0.16 | 0.08 |
| 2026 | 1.9 | 4.7 | 6.6 | 5.24 | 34.7 | 12.4 | 4.9 | | 17.4 | 0.44 | | 0.15 | 0.07 |
| 2027 | 1.7 | 4.2 | 5.9 | 5.38 | 31.8 | 12.4 | 4.5 | | 15.0 | 0.38 | | 0.14 | 0.05 |
| 2028 | 1.6 | 3.7 | 5.3 | 5.53 | 29.2 | 12.4 | 4.1 | | 12.8 | 0.32 | | 0.13 | 0.04 |
| 2029 | 1.4 | 3.3 | 4.7 | 5.69 | 26.8 | 12.4 | 3.8 | | 10.7 | 0.27 | | 0.12 | 0.03 |

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A Weekly Analysis

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Table HGT-2
Hugoton Royalty Trust
Distributable Income Model

| | Q1 | Q2 | Q3 | Q4 | Year | Q1E | Q2E | Q3E | Q4E | Year | Q1E |
|--|---------|---------|---------|----------|-------|---------|---------|---------|----------|-------|---------|
| | 3/31/99 | 6/30/99 | 9/30/99 | 12/31/99 | 1999 | 3/31/00 | 6/30/00 | 9/30/00 | 12/31/00 | 2000E | 3/31/01 |
| Highlights | | | | | | | | | | | |
| Revenue (\$mm) (80%) | 9.4 | 16.6 | 16.8 | 20.4 | 63.1 | 20.1 | 21.3 | 22.9 | 22.7 | 86.9 | 23.6 |
| Cash flow (\$mm) (80%) | 5.1 | 11.1 | 11.5 | 14.4 | 42.2 | 14.0 | 15.3 | 16.7 | 16.6 | 62.7 | 17.5 |
| Per unit | 0.13 | 0.28 | 0.29 | 0.36 | 1.06 | 0.35 | 0.38 | 0.42 | 0.42 | 1.57 | 0.44 |
| Tax credit (\$mm) | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 | 0.2 |
| Per unit | 0.00 | 0.01 | 0.01 | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.01 |
| Distributable Income (\$mm) | 3.6 | 8.8 | 8.5 | 12.2 | 33.1 | 10.9 | 12.1 | 13.6 | 13.5 | 50.0 | 14.3 |
| Per unit | 0.09 | 0.22 | 0.21 | 0.30 | 0.83 | 0.27 | 0.30 | 0.34 | 0.34 | 1.25 | 0.36 |
| Units (millions) | 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) | 5.5 | 9.6 | 9.5 | 9.6 | 34.2 | 9.7 | 9.3 | 9.2 | 9.1 | 37.2 | 9.0 |
| Natural Gas (mmcf) | 89.0 | 107.6 | 103.4 | 104.2 | 102.1 | 105.6 | 101.6 | 100.6 | 99.6 | 102.0 | 98.6 |
| Days | 62 | 89 | 92 | 92 | 335 | 92 | 91 | 91 | 91 | 366 | 91 |
| Oil (mb) | 66 | 115 | 104 | 103 | 388 | 103 | 101 | 101 | 100 | 405 | 101 |
| Oil (mbd) | 1.1 | 1.2 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Days | 62 | 96 | 92 | 92 | 342 | 92 | 91 | 92 | 92 | 367 | 90 |
| Total (bcf) | 5.9 | 10.3 | 10.1 | 10.2 | 36.5 | 10.3 | 9.9 | 9.8 | 9.7 | 39.7 | 9.6 |
| Price | | | | | | | | | | | |
| Natural Gas (HH lagged two months) | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 1.78 | 1.89 | 2.27 | 2.66 | 2.18 | 2.35 | 2.82 | 3.09 | 3.12 | 2.84 | 3.28 |
| HGT (\$/mcf) | 2.00 | 2.00 | 2.01 | 2.42 | 2.12 | 2.32 | 2.57 | 2.84 | 2.87 | 2.64 | 3.03 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | | |
| WTI Cushing | 11.90 | 14.67 | 18.57 | 22.59 | 17.39 | 26.07 | 28.42 | 26.19 | 24.42 | 26.27 | 23.86 |
| HGT | 10.86 | 13.64 | 18.18 | 21.72 | 16.53 | 25.07 | 27.42 | 25.19 | 23.42 | 25.28 | 22.86 |
| Total (\$/mcf) | 1.99 | 2.02 | 2.07 | 2.49 | 2.16 | 2.43 | 2.69 | 2.92 | 2.93 | 2.74 | 3.08 |
| Revenue (\$mm) | | | | | | | | | | | |
| Natural Gas | 11.0 | 19.1 | 19.1 | 23.2 | 72.5 | 22.5 | 23.8 | 26.0 | 26.0 | 98.4 | 27.2 |
| Oil | 0.7 | 1.6 | 1.9 | 2.2 | 6.4 | 2.6 | 2.8 | 2.5 | 2.3 | 10.2 | 2.3 |
| Total | 11.7 | 20.7 | 21.0 | 25.4 | 78.9 | 25.1 | 26.6 | 28.6 | 28.4 | 108.7 | 29.5 |
| Cost (\$mm) | | | | | | | | | | | |
| Tax, transport & other | 1.4 | 2.1 | 2.1 | 2.6 | 8.3 | 2.5 | 2.7 | 2.9 | 2.8 | 10.9 | 3.0 |
| Production | 2.3 | 2.9 | 2.8 | 3.0 | 11.0 | 3.3 | 3.2 | 3.1 | 3.1 | 12.7 | 3.1 |
| Overhead | 1.6 | 1.7 | 1.8 | 1.7 | 6.9 | 1.7 | 1.7 | 1.7 | 1.6 | 6.7 | 1.6 |
| Total | 5.3 | 6.8 | 6.6 | 7.4 | 26.2 | 7.5 | 7.5 | 7.7 | 7.6 | 30.3 | 7.7 |
| Cash flow (\$mm) | 6.4 | 13.9 | 14.4 | 18.1 | 52.8 | 17.6 | 19.1 | 20.9 | 20.8 | 78.4 | 21.9 |
| Development | 2.0 | 2.8 | 3.7 | 2.8 | 11.3 | 3.9 | 3.9 | 3.9 | 3.9 | 15.5 | 3.9 |
| Net proceeds (\$mm) | 4.5 | 11.1 | 10.7 | 15.2 | 41.4 | 13.7 | 15.2 | 17.1 | 16.9 | 62.9 | 18.0 |
| Royalty income (\$mm) | | | | | | | | | | | |
| Royalty/Net proceeds | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| Administration | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.1 |
| Distributable income (\$mm) | 3.6 | 8.8 | 8.5 | 12.2 | 33.1 | 10.9 | 12.1 | 13.6 | 13.5 | 50.0 | 14.3 |
| Modeling ratios | | | | | | | | | | | |
| Tax and other/revenue | 12% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Production cost (\$/mcf) | 0.39 | 0.29 | 0.28 | 0.29 | 0.30 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 |
| Overhead cost (\$/mcf) | 0.28 | 0.17 | 0.17 | 0.17 | 0.19 | 0.17 | 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.

Analyses are prepared from original sources and data believed to be reliable, but no representations are made as to their accuracy or completeness. This summary with supporting documentation is available free at <http://royaltytrusts.intranets.com>. Registration code: sanjuan

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A Weekly Analysis

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Table SJT-1
San Juan Basin Royalty Trust
Present Value

| | | | |
|----------------------------|----|------------------------------------|-----|
| Volume Decline (%/yr): | 9 | Price Escalation Post 2002 (%/yr): | 2.8 |
| Volume Enhancement (%/yr): | 7 | Discount rate (%/yr): | 7.4 |
| Capex/Cash Flow (%): | 24 | U.S. TIPS Inflation (%/yr): | 2.0 |
| Variable Cost (%): | 12 | U.S. 10 Year Yield (%/yr): | 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) | Distribution (\$/unit) | Tax Credit (\$/unit) | Disc Factor | Present Value (\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|------------------------|---------------------------|----------------------------|----------------|-------------------------------|
| Total 2000 through 2029 | | | | | | | | | | | | | |
| | 309 | 281 | 589 | 3.30 | 1945 | 228 | 233 | 219 | 1265 | 27.15 | 0.48 | 0.45 | 12.30 |
| 1999 | 30.3 | | 30.3 | 1.76 | 53.2 | 7.2 | 6.4 | 7.9 | 31.8 | 0.68 | 0.16 | | |
| 2000 | 27.8 | 2.2 | 30.0 | 2.54 | 76.1 | 7.6 | 9.1 | 13.8 | 45.2 | 0.97 | 0.16 | 0.97 | 1.09 |
| 2001 | 25.3 | 4.1 | 29.4 | 2.65 | 77.8 | 7.6 | 9.3 | 14.6 | 46.3 | 0.99 | 0.16 | 0.90 | 1.04 |
| 2002 | 23.2 | 5.8 | 29.0 | 2.50 | 72.3 | 7.6 | 8.7 | 13.4 | 42.6 | 0.91 | 0.16 | 0.84 | 0.90 |
| 2003 | 21.3 | 7.3 | 28.6 | 2.57 | 73.3 | 7.6 | 8.8 | 13.7 | 43.2 | 0.93 | | 0.78 | 0.72 |
| 2004 | 19.5 | 8.6 | 28.1 | 2.64 | 74.3 | 7.6 | 8.9 | 13.9 | 43.9 | 0.94 | | 0.73 | 0.68 |
| 2005 | 17.9 | 9.8 | 27.7 | 2.71 | 75.2 | 7.6 | 9.0 | 14.1 | 44.5 | 0.96 | | 0.68 | 0.65 |
| 2006 | 16.4 | 10.9 | 27.3 | 2.79 | 76.2 | 7.6 | 9.1 | 14.3 | 45.2 | 0.97 | | 0.63 | 0.61 |
| 2007 | 15.1 | 11.8 | 26.9 | 2.87 | 77.1 | 7.6 | 9.2 | 14.5 | 45.8 | 0.98 | | 0.59 | 0.58 |
| 2008 | 13.8 | 12.6 | 26.5 | 2.95 | 78.0 | 7.6 | 9.4 | 14.6 | 46.4 | 1.00 | | 0.55 | 0.54 |
| 2009 | 12.7 | 13.3 | 26.0 | 3.03 | 78.9 | 7.6 | 9.5 | 14.8 | 47.0 | 1.01 | | 0.51 | 0.51 |
| 2010 | 11.6 | 14.0 | 25.6 | 3.12 | 79.8 | 7.6 | 9.6 | 15.0 | 47.6 | 1.02 | | 0.47 | 0.48 |
| 2011 | 10.7 | 14.5 | 25.2 | 3.20 | 80.7 | 7.6 | 9.7 | 15.2 | 48.2 | 1.03 | | 0.44 | 0.46 |
| 2012 | 9.8 | 15.0 | 24.7 | 3.29 | 81.5 | 7.6 | 9.8 | 15.4 | 48.8 | 1.05 | | 0.41 | 0.43 |
| 2013 | 9.0 | 15.3 | 24.3 | 3.39 | 82.4 | 7.6 | 9.9 | 15.6 | 49.3 | 1.06 | | 0.38 | 0.40 |
| 2014 | 8.2 | 15.7 | 23.9 | 3.48 | 83.2 | 7.6 | 10.0 | 15.8 | 49.9 | 1.07 | | 0.36 | 0.38 |
| 2015 | 7.6 | 14.3 | 21.8 | 3.58 | 78.1 | 7.6 | 9.4 | | 61.1 | 1.31 | | 0.33 | 0.44 |
| 2016 | 6.9 | 13.0 | 19.9 | 3.68 | 73.3 | 7.6 | 8.8 | | 56.9 | 1.22 | | 0.31 | 0.38 |
| 2017 | 6.4 | 11.8 | 18.2 | 3.78 | 68.7 | 7.6 | 8.2 | | 52.9 | 1.14 | | 0.29 | 0.33 |
| 2018 | 5.8 | 10.7 | 16.6 | 3.89 | 64.5 | 7.6 | 7.7 | | 49.2 | 1.06 | | 0.27 | 0.28 |
| 2019 | 5.4 | 9.8 | 15.1 | 4.00 | 60.5 | 7.6 | 7.3 | | 45.7 | 0.98 | | 0.25 | 0.24 |
| 2020 | 4.9 | 8.9 | 13.8 | 4.11 | 56.8 | 7.6 | 6.8 | | 42.4 | 0.91 | | 0.23 | 0.21 |
| 2021 | 4.5 | 8.1 | 12.6 | 4.23 | 53.3 | 7.6 | 6.4 | | 39.3 | 0.84 | | 0.22 | 0.18 |
| 2022 | 4.1 | 7.4 | 11.5 | 4.35 | 50.0 | 7.6 | 6.0 | | 36.4 | 0.78 | | 0.20 | 0.16 |
| 2023 | 3.8 | 6.7 | 10.5 | 4.47 | 46.9 | 7.6 | 5.6 | | 33.7 | 0.72 | | 0.19 | 0.14 |
| 2024 | 3.5 | 6.1 | 9.6 | 4.59 | 44.0 | 7.6 | 5.3 | | 31.1 | 0.67 | | 0.17 | 0.12 |
| 2025 | 3.2 | 5.5 | 8.7 | 4.72 | 41.3 | 7.6 | 5.0 | | 28.8 | 0.62 | | 0.16 | 0.10 |
| 2026 | 2.9 | 5.1 | 8.0 | 4.86 | 38.8 | 7.6 | 4.7 | | 26.5 | 0.57 | | 0.15 | 0.09 |
| 2027 | 2.7 | 4.6 | 7.3 | 4.99 | 36.4 | 7.6 | 4.4 | | 24.4 | 0.52 | | 0.14 | 0.07 |
| 2028 | 2.5 | 4.2 | 6.6 | 5.13 | 34.1 | 7.6 | 4.1 | | 22.4 | 0.48 | | 0.13 | 0.06 |
| 2029 | 2.3 | 3.8 | 6.1 | 5.28 | 32.0 | 7.6 | 3.8 | | 20.6 | 0.44 | | 0.12 | 0.05 |

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

| | Year 1998 | Q1 3/31/99 | Q2 6/30/99 | Q3 9/30/99 | Q4 12/31/99 | Year 1999 | Q1E 3/31/00 | Q2E 6/30/00 | Q3E 9/30/00 | Q4E 12/31/00 | Year 2000E | Q1E 3/31/01 |
|--|--------------|---------------|---------------|---------------|----------------|--------------|----------------|----------------|----------------|-----------------|---------------|----------------|
| Highlights | | | | | | | | | | | | |
| Revenue (\$mm) (75%) | 54.3 | 12.1 | 10.8 | 13.0 | 17.4 | 53.2 | 17.2 | 18.1 | 20.4 | 20.4 | 76.1 | 21.4 |
| Cash flow (\$mm) (75%) | 39.9 | 8.8 | 7.5 | 9.9 | 13.4 | 39.6 | 13.1 | 14.1 | 16.1 | 16.1 | 59.4 | 17.0 |
| Per unit | 0.86 | 0.19 | 0.16 | 0.21 | 0.29 | 0.85 | 0.28 | 0.30 | 0.34 | 0.34 | 1.27 | 0.37 |
| Tax credit (\$mm) | 7.8 | 1.9 | 1.4 | 1.9 | 2.5 | 7.6 | 1.9 | 1.9 | 1.9 | 1.9 | 7.5 | 1.9 |
| Per unit | 0.17 | 0.04 | 0.03 | 0.04 | 0.05 | 0.16 | 0.04 | 0.04 | 0.04 | 0.04 | 0.16 | 0.04 |
| Distributable Income (\$mm) | 29.6 | 6.8 | 5.9 | 7.8 | 11.3 | 31.8 | 9.9 | 10.4 | 12.4 | 12.4 | 45.2 | 13.4 |
| Per unit | 0.64 | 0.15 | 0.13 | 0.17 | 0.24 | 0.68 | 0.21 | 0.22 | 0.27 | 0.27 | 0.97 | 0.29 |
| 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 | | 7.3 | 7.4 | 5.5 | 6.7 | 26.9 | 7.0 | 6.6 | 6.7 | 6.6 | 26.8 | 6.5 |
| Coal Seam | | 3.7 | 3.8 | 3.3 | 3.5 | 14.4 | 3.6 | 3.5 | 3.6 | 3.5 | 14.3 | 3.5 |
| Total | | 11.0 | 11.2 | 8.8 | 10.3 | 41.3 | 10.6 | 10.1 | 10.2 | 10.1 | 41.1 | 10.0 |
| Conventional (btu/cf) | | 1,194 | 1,196 | 1,006 | 1,159 | 1,142 | 1,173 | 1,142 | 1,142 | 1,142 | 1,150 | 1,142 |
| Coal Seam (btu/cf) | | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 |
| Natural gas (bcf) | | | | | | | | | | | | |
| Conventional | | 6.1 | 6.2 | 5.5 | 5.8 | 23.5 | 5.9 | 5.8 | 5.8 | 5.8 | 23.3 | 5.7 |
| Coal Seam | | 4.2 | 4.3 | 3.8 | 4.0 | 16.4 | 4.1 | 4.0 | 4.1 | 4.0 | 16.2 | 4.0 |
| Total | | 41.5 | 10.3 | 10.5 | 9.3 | 39.9 | 10.1 | 9.8 | 9.9 | 9.8 | 39.5 | 9.7 |
| Natural Gas (mmcf) | | 113.7 | 112.4 | 118.4 | 100.6 | 106.7 | 109.6 | 108.5 | 107.4 | 106.3 | 107.9 | 105.3 |
| Days | | 365 | 92 | 89 | 92 | 365 | 92 | 90 | 92 | 92 | 366 | 92 |
| Oil (mb) | | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Oil (mmbd) | | 0.2 | 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 | 365 | 92 | 90 | 92 | 92 | 366 | 92 |
| Total gas & oil (bcf) | | 42.0 | 10.4 | 10.6 | 9.4 | 40.4 | 10.2 | 9.9 | 10.0 | 9.9 | 39.9 | 9.8 |
| Price | | | | | | | | | | | | |
| Natural gas (\$/mmbtu) (Henry Hub lagged two months) | | | | | | | | | | | | |
| Henry Hub (\$/mmbtu) | | 1.87 | 1.89 | 2.27 | 2.66 | 2.17 | 2.35 | 2.82 | 3.09 | 3.12 | 2.84 | 3.28 |
| Differential (\$/mmbtu) | | 0.39 | 0.60 | 0.04 | 0.38 | 0.35 | 0.19 | 0.40 | 0.40 | 0.40 | 0.35 | 0.40 |
| SJT Conventional | | 1.48 | 1.29 | 2.09 | 2.27 | 1.75 | 2.17 | 2.42 | 2.69 | 2.72 | 2.49 | 2.88 |
| SJT Coal Seam | | 1.38 | 1.20 | 1.65 | 2.13 | 1.58 | 2.03 | 2.22 | 2.49 | 2.52 | 2.31 | 2.68 |
| Total | | 1.45 | 1.26 | 1.93 | 2.22 | 1.69 | 2.12 | 2.35 | 2.62 | 2.65 | 2.43 | 2.81 |
| Natural gas (\$/mcf) | | | | | | | | | | | | |
| Conventional | | 1.77 | 1.54 | 2.11 | 2.63 | 2.00 | 2.54 | 2.76 | 3.07 | 3.10 | 2.87 | 3.29 |
| Coal Seam | | 1.22 | 1.06 | 1.45 | 1.88 | 1.39 | 1.79 | 1.96 | 2.19 | 2.22 | 2.04 | 2.36 |
| Total | | 1.72 | 1.54 | 1.34 | 1.84 | 2.32 | 2.23 | 2.43 | 2.71 | 2.74 | 2.53 | 2.91 |
| Oil (\$/bbl) (WTI Cushing lagged two months) | | | | | | | | | | | | |
| WTI Cushing | | 12.25 | 14.67 | 18.57 | 22.59 | 17.02 | 26.07 | 28.42 | 26.19 | 24.69 | 26.34 | 26.41 |
| SJT | | 13.29 | 9.65 | 12.72 | 15.71 | 20.66 | 22.07 | 24.42 | 22.19 | 20.69 | 22.33 | 22.41 |
| Total gas & oil (\$/mcf) | | 1.54 | 1.35 | 1.85 | 2.33 | 1.76 | 2.25 | 2.45 | 2.72 | 2.75 | 2.54 | 2.92 |
| Revenue (\$mm) | | | | | | | | | | | | |
| Natural Gas - Conventional | | 10.8 | 9.6 | 11.5 | 15.2 | 47.1 | 15.1 | 15.9 | 17.9 | 17.9 | 66.8 | 18.8 |
| Coal Seam | | 5.2 | 4.6 | 5.5 | 7.6 | 22.8 | 7.4 | 7.8 | 8.9 | 8.9 | 33.0 | 9.4 |
| Total | | 71.2 | 16.0 | 14.1 | 17.0 | 69.9 | 22.5 | 23.8 | 26.8 | 26.8 | 99.8 | 28.1 |
| Oil | | 1.1 | 0.2 | 0.2 | 0.3 | 1.0 | 0.4 | 0.4 | 0.4 | 0.4 | 1.6 | 0.4 |
| Total | | 72.3 | 16.1 | 14.4 | 17.3 | 71.0 | 22.9 | 24.2 | 27.2 | 27.2 | 101.4 | 28.5 |
| Cost (\$mm) | | | | | | | | | | | | |
| Severance tax | | 7.5 | 1.7 | 1.5 | 1.8 | 7.3 | 2.4 | 2.5 | 2.8 | 2.8 | 10.4 | 2.9 |
| Operating | | 11.6 | 2.8 | 2.8 | 2.2 | 2.9 | 10.8 | 3.0 | 2.9 | 2.9 | 11.9 | 2.9 |
| Total | | 19.1 | 4.5 | 4.3 | 4.0 | 5.3 | 18.1 | 5.4 | 5.8 | 5.7 | 22.3 | 5.8 |
| Cash flow (\$mm) | | | | | | | | | | | | |
| Development | | 12.8 | 2.3 | 3.0 | 2.7 | 2.6 | 10.6 | 4.6 | 4.6 | 4.6 | 18.3 | 4.6 |
| Net proceeds (\$mm) | | 40.4 | 9.4 | 7.1 | 10.5 | 15.3 | 42.3 | 12.9 | 14.2 | 16.8 | 60.8 | 18.1 |
| Royalty income (\$mm) | | | | | | | | | | | | |
| 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 | 0.2 |
| One-time | | | | | | 0.9 | | | | | 0.4 | |
| Distributable income (\$mm) | | 29.6 | 6.8 | 5.9 | 7.8 | 31.8 | 9.9 | 10.4 | 12.4 | 12.4 | 45.2 | 13.4 |
| Modeling ratios | | | | | | | | | | | | |
| 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 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 |

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