

## Meter Reader

A Weekly Analysis

May 30, 2000

### Present Value Adjustment

Among investments concentrated on long-life natural gas with low financial and management risk, **Cross Timbers Royalty Trust** ranks most undervalued followed by **San Juan Basin Royalty Trust**, **Hugoton Royalty Trust** and **Dorchester Hugoton, Ltd** (see table). In four months of publishing the weekly Meter Reader, we see the San Juan entities up 11% and -3% in unit price and the Hugoton entities up 30% and 40%. Over the same time estimates of present value are up 2%, 22%, 5% and 15% respectively. Taking a more cautious tack we scale back last week's estimates of present value by holding natural gas price for 2004-2006 to the heating equivalent of oil as priced in the futures market. Higher price for oil and gas than we now use for four to six years in the future seems increasingly likely as current high levels persist.

		Price				Net	
		(\$/unit)		Market		Asset	
		26-May	Units	Cap	Debt	Value	McDep
	Symbol	2000	(mm)	(\$mm)	(\$mm)	(\$/unit)	Ratio
Dorchester Hugoton, Ltd.	DHULZ	13.25	10.7	142	-	13.40	0.99
Hugoton RT (42.5%)	HGT	11.06	17.0	188	-	13.80	0.80
San Juan Basin Royalty Trust	SJT	9.75	46.6	454	-	12.80	0.76
Cross Timbers Royalty Trust	CRT	13.38	6.0	80	-	17.90	0.75

Expectations for the next four quarters point to Dynamic Distribution Yields as high as 17% in cash (see table). Projected distributions increase 8% to 26% in the latest week to another set of all-time records. Estimates for the year ahead are up a range of 58-113% from four months ago.

		Price	Distribution		Distribution Yield	
		(\$/unit)	(\$/ unit)		(Percent per year)	
		26-May		Taxable		Taxable
	Symbol	2000	Cash	Equivalent	Cash	Equivalent
Dorchester Hugoton, Ltd.	DHULZ	13.25	1.53	2.05	11.6	15.5
San Juan Basin Royalty Trust	SJT	9.75	1.62	2.28	16.6	23.4
Hugoton RT (42.5%)	HGT	11.06	1.87	2.19	16.9	19.8
Cross Timbers Royalty Trust	CRT	13.38	2.31	2.99	17.3	22.3

Overstatement of expected natural gas volumes because of distorted recent patterns of reporting cause us to take an extra bite out of estimated present value of CRT. At the same time CRT's monthly distributions will no longer be penalized for past cost recovery. The mysterious cost explosion at SJT has been explained as a temporary recovery covering only the past two months. A larger one-time positive payment may be made soon.

Kurt H. Wulff, CFA

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

Volume Decline (%/yr):	9	Price Escalation post 2007 (%/yr):	2.9
Volume Enhancement (%/yr):	7	Discount Rate (%/yr):	7.7
		U.S. TIPS Inflation (%/yr):	2.1
		U.S. 10 Year Yield (%/yr):	6.3

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	27	60	3.51	210	10	220	36.65	0.46	0.48	17.90
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16		
2000	3.0	0.0	3.0	3.30	10.0	1.9	11.9	1.98	0.15	0.96	2.05
2001	2.7	0.3	3.0	3.84	11.4	1.9	13.3	2.22	0.15	0.89	2.12
2002	2.5	0.4	2.9	3.39	9.9	1.1	11.0	1.84	0.15	0.83	1.65
2003	2.3	0.6	2.9	3.11	9.0	0.9	9.9	1.65		0.77	1.27
2004	2.1	0.8	2.8	2.97	8.5	0.8	9.2	1.54		0.72	1.10
2005	1.9	0.9	2.8	2.91	8.2	0.6	8.8	1.47		0.66	0.97
2006	1.8	1.0	2.8	2.87	7.9	0.5	8.5	1.41		0.62	0.87
2007	1.6	1.1	2.7	2.85	7.8	0.5	8.2	1.37		0.57	0.79
2008	1.5	1.2	2.7	2.94	7.9	0.4	8.3	1.38		0.53	0.73
2009	1.4	1.3	2.6	3.02	8.0	0.4	8.3	1.39		0.49	0.69
2010	1.3	1.3	2.6	3.11	8.1	0.3	8.4	1.40		0.46	0.64
2011	1.1	1.4	2.6	3.20	8.2	0.3	8.4	1.41		0.43	0.60
2012	1.1	1.5	2.5	3.30	8.3	0.2	8.5	1.42		0.39	0.56
2013	1.0	1.5	2.5	3.39	8.4	0.2	8.5	1.42		0.37	0.52
2014	0.9	1.5	2.4	3.49	8.5	0.1	8.6	1.43		0.34	0.49
2015	0.8	1.4	2.2	3.60	8.0		8.0	1.33		0.32	0.42
2016	0.7	1.3	2.0	3.70	7.5		7.5	1.25		0.29	0.37
2017	0.7	1.2	1.8	3.81	7.0		7.0	1.17		0.27	0.32
2018	0.6	1.1	1.7	3.92	6.6		6.6	1.10		0.25	0.28
2019	0.6	1.0	1.5	4.04	6.2		6.2	1.03		0.23	0.24
2020	0.5	0.9	1.4	4.15	5.8		5.8	0.97		0.22	0.21
2021	0.5	0.8	1.3	4.28	5.5		5.5	0.91		0.20	0.18
2022	0.4	0.7	1.2	4.40	5.1		5.1	0.86		0.19	0.16
2023	0.4	0.7	1.1	4.53	4.8		4.8	0.81		0.17	0.14
2024	0.4	0.6	1.0	4.66	4.5		4.5	0.76		0.16	0.12
2025	0.3	0.5	0.9	4.80	4.3		4.3	0.71		0.15	0.11
2026	0.3	0.5	0.8	4.94	4.0		4.0	0.67		0.14	0.09
2027	0.3	0.5	0.7	5.09	3.8		3.8	0.63		0.13	0.08
2028	0.3	0.4	0.7	5.23	3.5		3.5	0.59		0.12	0.07
2029	0.2	0.4	0.6	5.39	3.3		3.3	0.55		0.11	0.06

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**Table CRT-2**  
**Cross Timbers 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>Q4</i> 12/31/99	<i>Year</i> 1999	<i>Q1</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	<i>Q1E</i> 3/31/01	<i>Q2E</i> 6/30/01
<b>Highlights</b>													
Tax credit (\$mm)													
Per unit	0.20	0.04	0.04	0.04	0.03	0.16	0.03	0.04	0.04	0.04	0.15	0.04	0.04
Distributable Income (\$mm)	6.93	1.44	1.17	1.66	2.28	6.55	2.30	2.48	3.49	3.60	11.88	3.66	3.12
Per unit	1.15	0.24	0.20	0.28	0.38	1.09	0.38	0.41	0.58	0.60	1.98	0.61	0.52
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	6.0
<b>Volume</b>													
Natural Gas (bcf)	3.50	0.92	0.82	0.94	0.97	3.64	0.80	0.86	0.86	0.86	3.36	0.85	0.82
Natural Gas (mmcf)	9.6	10.0	9.1	10.3	10.6	10.0	8.7	9.5	9.4	9.3	9.2	9.2	9.1
Days	365	92	90	91	92	365	92	90	91	92	365	92	90
Oil (mb)	392	88	87	79	94	349	88	85	85	83	342	82	78
Oil (mbd)	1.08	0.96	0.98	0.86	1.03	0.96	0.96	0.9	0.9	0.9	0.93	0.9	0.9
Days	365	92	89	92	92	365	92	90	92	92	366	92	90
Total (bcf)	5.86	1.45	1.34	1.41	1.54	5.73	1.33	1.36	1.37	1.36	5.41	1.34	1.29
<b>Price</b>													
Natural Gas													
Henry Hub (\$/mmbtu)		1.87	1.89	2.27	2.66	2.17	2.35	2.82	3.98	4.22	3.34	4.38	3.97
CRT (\$/mcf)	2.03	1.73	1.79	2.02	2.39	1.99	2.72	2.62	3.78	4.02	3.30	4.28	3.77
Oil (\$/bbl)													
WTI Cushing		12.25	14.67	18.57	22.59	17.02	26.07	28.33	29.77	29.01	28.29	27.43	26.17
CRT	13.40	10.44	12.28	16.34	20.21	14.89	24.20	26.33	27.77	27.01	26.30	25.43	24.17
Total (\$/mcf)	2.11	1.73	1.89	2.26	2.75	2.17	3.25	3.28	4.09	4.20	3.71	4.26	3.87
<b>Revenue (\$mm)</b>													
Natural Gas	7.11	1.59	1.46	1.89	2.33	7.26	2.17	2.24	3.23	3.44	11.08	3.63	3.10
Oil	5.26	0.92	1.07	1.30	1.91	5.19	2.14	2.23	2.36	2.25	8.99	2.08	1.89
Total	12.37	2.51	2.53	3.19	4.23	12.45	4.31	4.48	5.59	5.69	20.07	5.71	4.99
<b>Cost (\$mm)</b>													
Tax, transport & other	1.19	0.23	0.40	0.48	0.50	1.61	0.58	0.60	0.72	0.73	2.63	0.72	0.63
Production	2.58	0.57	0.63	0.60	0.60	2.39	0.59	0.59	0.59	0.58	2.37	0.57	0.55
Total	3.78	0.80	1.02	1.08	1.09	4.00	1.17	1.20	1.32	1.31	5.00	1.29	1.18
<b>Cash flow (\$mm)</b>													
Development	1.14	0.36	0.08	0.18	0.12	0.74	0.21	0.21	0.21	0.21	0.86	0.21	0.21
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	0.24	0.15			0.39		
<b>Net proceeds (\$mm)</b>	<b>7.94</b>	<b>1.64</b>	<b>1.35</b>	<b>1.91</b>	<b>2.62</b>	<b>7.52</b>	<b>2.68</b>	<b>2.92</b>	<b>4.06</b>	<b>4.17</b>	<b>13.83</b>	<b>4.20</b>	<b>3.60</b>
<b>Royalty income (\$mm)</b>	<b>7.08</b>	<b>1.48</b>	<b>1.21</b>	<b>1.70</b>	<b>2.30</b>	<b>6.69</b>	<b>2.35</b>	<b>2.52</b>	<b>3.53</b>	<b>3.64</b>	<b>12.05</b>	<b>3.70</b>	<b>3.16</b>
Royalty/Net proceeds	89%	90%	90%	89%	88%	89%	88%	87%	87%	87%	87%	88%	88%
Administration	0.15	0.04	0.04	0.04	0.02	0.14	0.05	0.04	0.04	0.04	0.17	0.04	0.04
<b>Distributable income (\$mm)</b>	<b>6.93</b>	<b>1.44</b>	<b>1.17</b>	<b>1.66</b>	<b>2.28</b>	<b>6.55</b>	<b>2.30</b>	<b>2.48</b>	<b>3.49</b>	<b>3.60</b>	<b>11.88</b>	<b>3.66</b>	<b>3.12</b>
<i>Modeling ratios</i>													
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	0.17
Production exp (\$/bbl)	6.58	6.48	7.20	7.56	6.31	6.86	6.71	7.00	7.00	7.00	6.92	7.00	7.00
<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	0.37	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):	2.9
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	7.7
Capex/Cash Flow (%):	13	U.S. TIPS Inflation (%/yr):	2.1
Variable Cost (%):	15	U.S. 10 Year Yield (%/yr):	6.3

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	56	117	3.67	430	69	65	25	271	25.02	0.54	13.40
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	3.68	24.5	2.3	3.7	0.5	18.0	1.66	0.96	1.60
2001	5.7	0.8	6.5	3.79	24.5	2.3	3.7	2.4	16.1	1.48	0.89	1.33
2002	5.1	1.2	6.3	3.37	21.3	2.3	3.2	2.1	13.8	1.27	0.83	1.05
2003	4.6	1.6	6.2	3.11	19.3	2.3	2.9	1.8	12.3	1.13	0.77	0.87
2004	4.2	1.9	6.1	3.05	18.5	2.3	2.8	1.7	11.7	1.08	0.72	0.77
2005	3.7	2.2	5.9	3.01	17.8	2.3	2.7	1.7	11.2	1.03	0.66	0.68
2006	3.4	2.4	5.8	2.99	17.3	2.3	2.6	1.6	10.8	1.00	0.62	0.61
2007	3.0	2.6	5.7	3.08	17.4	2.3	2.6	1.6	10.9	1.00	0.57	0.57
2008	2.7	2.8	5.5	3.17	17.5	2.3	2.6	1.6	10.9	1.01	0.53	0.54
2009	2.5	2.9	5.4	3.26	17.6	2.3	2.6	1.6	11.0	1.01	0.49	0.50
2010	2.2	3.0	5.2	3.36	17.6	2.3	2.6	1.6	11.0	1.02	0.46	0.47
2011	2.0	3.1	5.1	3.46	17.7	2.3	2.7	1.7	11.1	1.02	0.43	0.43
2012	1.8	3.2	5.0	3.56	17.7	2.3	2.7	1.7	11.1	1.02	0.39	0.40
2013	1.6	3.2	4.9	3.66	17.8	2.3	2.7	1.7	11.1	1.03	0.37	0.38
2014	1.5	3.3	4.7	3.77	17.8	2.3	2.7	1.7	11.2	1.03	0.34	0.35
2015	1.3	2.9	4.2	3.88	16.4	2.3	2.5		11.6	1.07	0.32	0.34
2016	1.2	2.6	3.8	3.99	15.1	2.3	2.3		10.5	0.97	0.29	0.28
2017	1.1	2.3	3.4	4.11	13.9	2.3	2.1		9.5	0.87	0.27	0.24
2018	1.0	2.0	3.0	4.23	12.7	2.3	1.9		8.5	0.79	0.25	0.20
2019	0.9	1.8	2.7	4.35	11.7	2.3	1.8		7.6	0.71	0.23	0.17
2020	0.8	1.6	2.4	4.48	10.8	2.3	1.6		6.8	0.63	0.22	0.14
2021	0.7	1.4	2.1	4.61	9.9	2.3	1.5		6.1	0.56	0.20	0.11
2022	0.6	1.3	1.9	4.75	9.1	2.3	1.4		5.4	0.50	0.19	0.09
2023	0.6	1.1	1.7	4.89	8.4	2.3	1.3		4.8	0.44	0.17	0.08
2024	0.5	1.0	1.5	5.03	7.7	2.3	1.2		4.2	0.39	0.16	0.06
2025	0.5	0.9	1.4	5.18	7.1	2.3	1.1		3.7	0.34	0.15	0.05
2026	0.4	0.8	1.2	5.33	6.5	2.3	1.0		3.2	0.30	0.14	0.04
2027	0.4	0.7	1.1	5.49	6.0	2.3	0.9		2.8	0.26	0.13	0.03
2028	0.3	0.6	1.0	5.65	5.5	2.3	0.8		2.4	0.22	0.12	0.03
2029	0.3	0.6	0.9	5.81	5.1	2.3	0.8		2.0	0.19	0.11	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	Q2E 6/30/01
<b>Highlights</b>													
Revenue (\$mm)	15.37	3.06	3.51	4.34	4.39	15.3	4.16	5.73	6.76	6.84	23.5	6.45	5.62
Cash flow (\$mm)	11.02	2.09	2.35	3.25	3.25	10.9	3.09	4.50	5.43	5.50	18.5	5.13	4.38
Per unit	1.02	0.19	0.22	0.30	0.30	1.01	0.28	0.41	0.50	0.51	1.71	0.47	0.40
Earnings (\$mm)	9.01	1.60	1.89	2.77	2.78	9.0	2.64	4.03	4.97	5.04	16.7	4.68	3.93
Per unit	0.83	0.15	0.17	0.26	0.26	0.83	0.24	0.37	0.46	0.46	1.54	0.43	0.36
Distribution (\$mm)	7.74	1.93	1.93	1.93	1.93	7.7	3.01	3.55	4.37	4.44	15.4	4.12	3.46
Per unit	0.72	0.18	0.18	0.18	0.18	0.72	0.28	0.33	0.41	0.41	1.43	0.38	0.32
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	10.74
<b>Volume</b>													
Natural gas (bcf)													
Oklahoma	5.74	1.42	1.33	1.40	1.43	5.6	1.39	1.37	1.37	1.36	5.5	1.31	1.32
Kansas	1.70	0.35	0.34	0.33	0.31	1.3	0.29	0.30	0.30	0.29	1.2	0.28	0.29
Total	7.44	1.76	1.67	1.72	1.74	6.9	1.68	1.67	1.67	1.65	6.7	1.60	1.60
Natural Gas (mmcf)	20.4	19.6	18.4	18.7	18.9	18.9	18.5	18.3	18.1	17.9	18.2	17.8	17.6
Days	365	90	91	92	92	365	91	91	92	92	366	90	91
<b>Price</b>													
Natural gas													
Henry Hub (\$/mmbtu)		1.79	2.22	2.52	2.45	2.24	2.62	3.58	4.22	4.31	3.68	4.20	3.65
Oklahoma (\$/mcf)	2.11	1.77	2.15	2.60	2.60	2.28	2.53	3.58	4.22	4.31	3.66	4.20	3.65
Kansas (\$/mcf)	2.22	1.85	2.26	2.68	2.70	2.36	2.72	3.65	4.29	4.38	3.76	4.27	3.72
Total (\$/mcf)	2.14	1.79	2.17	2.62	2.62	2.30	2.57	3.59	4.23	4.33	3.68	4.21	3.67
<b>Revenue (\$mm)</b>													
Natural Gas													
Oklahoma	12.11	2.50	2.87	3.63	3.73	12.7	3.53	4.90	5.79	5.85	20.1	5.52	4.81
Kansas	3.77	0.64	0.76	0.88	0.83	3.1	0.79	1.08	1.27	1.29	4.4	1.22	1.06
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	0.05
Production payment (ORRI)	(0.73)	(0.14)	(0.17)	(0.22)	(0.23)	(0.8)	(0.21)	(0.30)	(0.35)	(0.36)	(1.2)	(0.34)	(0.29)
Total	15.37	3.06	3.51	4.34	4.39	15.3	4.16	5.73	6.76	6.84	23.5	6.45	5.62
<b>Cost (\$mm)</b>													
Operating	3.54	0.79	0.96	0.90	0.95	3.6	0.92	1.01	1.07	1.08	4.1	1.07	1.02
General and administrative	0.53	0.14	0.13	0.14	0.16	0.6	0.14	0.16	0.17	0.17	0.6	0.17	0.16
Management	0.49	0.12	0.12	0.13	0.13	0.5	0.13	0.14	0.16	0.16	0.6	0.15	0.14
Other	(0.22)	(0.06)	(0.05)	(0.08)	(0.10)	(0.3)	(0.11)	(0.08)	(0.08)	(0.08)	(0.3)	(0.08)	(0.08)
Total	4.35	0.98	1.16	1.09	1.13	4.4	1.07	1.24	1.32	1.33	5.0	1.31	1.24
<b>Cash flow (\$mm)</b>	11.02	2.09	2.35	3.25	3.25	10.9	3.09	4.50	5.43	5.50	18.5	5.13	4.38
Depletion, deprec. & amort.	2.02	0.49	0.46	0.48	0.48	1.9	0.45	0.47	0.47	0.46	1.8	0.45	0.45
<b>Earnings (\$mm)</b>	9.01	1.60	1.89	2.77	2.78	9.0	2.64	4.03	4.97	5.04	16.7	4.68	3.93
Capital expenditures (\$mm)	1.14	0.04	0.05	0.21	0.10	0.4	0.04	0.15	0.15	0.15	0.5	0.15	0.15
<b>Cost ratios</b>													
Prod pay/revenue	4.6%	4.3%	4.5%	4.9%	5.0%	4.7%	4.8%	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	0.54	0.61	0.64	0.66	0.61	0.67	0.64
Depletion (\$/mcf)	0.27	0.28	0.28	0.28	0.27	0.28	0.27	0.28	0.28	0.28	0.28	0.28	0.28

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# Meter Reader

A Weekly Analysis

May 30, 2000

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

Volume Decline (%/yr):	11	Price Escalation Post 2006 (%/yr):	2.9
Volume Enhancement (%/yr):	9	Discount rate (%/yr):	7.7
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	2.1
Variable Cost (%):	14	U.S. 10 Year Yield (%/yr):	6.3

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	279	309	588	3.53	2078	392	291	223	1171	29.28	0.06	0.47 <b>13.80</b>
1999	29.2		29.2	2.16	63.1	12.1	8.8	9.1	33.1	0.83	0.02	
2000	29.2	1.5	30.7	3.18	97.6	13.1	13.7	11.0	59.8	1.50	0.02	0.96
2001	26.0	4.1	30.1	3.70	111.3	13.1	15.6	19.8	62.8	1.57	0.02	0.89
2002	23.4	6.3	29.8	3.27	97.3	13.1	13.6	16.9	53.6	1.34	0.02	0.83
2003	21.1	8.3	29.4	3.00	88.2	13.1	12.3	15.1	47.7	1.19		0.77
2004	19.0	10.1	29.1	2.94	85.3	13.1	11.9	14.5	45.8	1.15		0.72
2005	17.1	11.6	28.7	2.90	83.1	13.1	11.6	14.0	44.4	1.11		0.66
2006	15.4	12.9	28.3	2.88	81.5	13.1	11.4	13.7	43.4	1.08		0.62
2007	13.9	14.0	27.9	2.96	82.7	13.1	11.6	13.9	44.1	1.10		0.57
2008	12.5	15.0	27.5	3.05	83.9	13.1	11.8	14.2	44.9	1.12		0.53
2009	11.3	15.8	27.1	3.14	85.1	13.1	11.9	14.4	45.7	1.14		0.49
2010	10.2	16.5	26.7	3.23	86.2	13.1	12.1	14.7	46.4	1.16		0.46
2011	9.2	17.1	26.2	3.33	87.4	13.1	12.2	14.9	47.1	1.18		0.43
2012	8.2	17.6	25.8	3.43	88.5	13.1	12.4	15.1	47.9	1.20		0.39
2013	7.4	18.0	25.4	3.53	89.5	13.1	12.5	15.3	48.6	1.21		0.37
2014	6.7	18.3	25.0	3.63	90.6	13.1	12.7	15.6	49.3	1.23		0.34
2015	6.0	16.3	22.3	3.74	83.3	13.1	11.7		58.5	1.46		0.32
2016	5.4	14.5	19.9	3.84	76.5	13.1	10.7		52.7	1.32		0.29
2017	4.9	12.9	17.8	3.96	70.4	13.1	9.9		47.4	1.19		0.27
2018	4.4	11.5	15.9	4.07	64.7	13.1	9.1		42.5	1.06		0.25
2019	4.0	10.2	14.2	4.19	59.4	13.1	8.3		38.0	0.95		0.23
2020	3.6	9.1	12.7	4.32	54.6	13.1	7.7		33.9	0.85		0.22
2021	3.2	8.1	11.3	4.44	50.2	13.1	7.0		30.1	0.75		0.20
2022	2.9	7.2	10.1	4.57	46.2	13.1	6.5		26.6	0.67		0.19
2023	2.6	6.4	9.0	4.71	42.4	13.1	5.9		23.4	0.59		0.17
2024	2.4	5.7	8.1	4.84	39.0	13.1	5.5		20.5	0.51		0.16
2025	2.1	5.1	7.2	4.99	35.9	13.1	5.0		17.8	0.44		0.15
2026	1.9	4.5	6.4	5.13	33.0	13.1	4.6		15.3	0.38		0.14
2027	1.7	4.0	5.7	5.28	30.3	13.1	4.2		13.0	0.32		0.13
2028	1.6	3.6	5.1	5.44	27.9	13.1	3.9		10.9	0.27		0.12
2029	1.4	3.2	4.6	5.60	25.6	13.1	3.6		9.0	0.22		0.11

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# Meter Reader

A Weekly Analysis

May 30, 2000

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

	Q1	Q2	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E
	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	6/30/01
<b>Highlights</b>												
Revenue (\$mm) (80%)	9.4	16.6	16.8	20.4	63.1	20.0	19.8	28.2	29.6	97.6	30.3	26.2
Cash flow (\$mm) (80%)	5.1	11.1	11.5	14.4	42.2	14.1	13.8	21.1	22.2	71.1	22.9	19.5
Per unit	0.13	0.28	0.29	0.36	1.06	0.35	0.34	0.53	0.56	1.78	0.57	0.49
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	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	0.01
Distributable Income (\$mm)	3.6	8.8	8.5	12.2	33.1	10.9	11.1	18.3	19.5	59.8	20.2	16.8
Per unit	0.09	0.22	0.21	0.30	0.83	0.27	0.28	0.46	0.49	1.50	0.50	0.42
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
<b>Volume</b>												
Natural Gas (bcf)	5.5	9.6	9.5	9.6	34.2	9.7	8.7	8.8	8.7	36.0	8.7	8.3
Natural Gas (mmcf)	89.0	107.6	103.4	104.2	102.1	105.5	97.0	96.0	95.1	98.7	94.1	93.2
Days	62	89	92	92	335	92	90	92	92	366	92	89
Oil (mb)	66	115	104	103	388	100	97	98	97	393	96	92
Oil (mbd)	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Days	62	96	92	92	342	92	90	92	92	366	92	89
Total (bcf)	5.9	10.3	10.1	10.2	36.5	10.3	9.3	9.4	9.3	38.4	9.2	8.8
<b>Price</b>												
Natural Gas (HH lagged two months)												
Henry Hub (\$/mmbtu)	1.78	1.89	2.27	2.66	2.18	2.35	2.82	3.98	4.22	3.34	4.38	3.97
HGT (\$/mcf)	2.00	2.00	2.01	2.42	2.12	2.32	2.52	3.68	3.92	3.09	4.08	3.67
Oil (\$/bbl) (WTI Cushing lagged two months)												
WTI Cushing	11.90	14.67	18.57	22.59	17.39	26.07	28.33	29.77	28.53	28.17	27.43	26.17
HGT	10.86	13.64	18.18	21.72	16.53	25.19	27.33	28.77	27.53	27.19	26.43	25.17
Total (\$/mcf)	1.99	2.02	2.07	2.49	2.16	2.43	2.65	3.75	3.96	3.18	4.10	3.71
<b>Revenue (\$mm)</b>												
Natural Gas	11.0	19.1	19.1	23.2	72.5	22.5	22.0	32.5	34.3	111.3	35.3	30.5
Oil	0.7	1.6	1.9	2.2	6.4	2.5	2.7	2.8	2.7	10.7	2.5	2.3
Total	11.7	20.7	21.0	25.4	78.9	25.0	24.7	35.3	37.0	122.0	37.9	32.8
<b>Cost (\$mm)</b>												
Tax, transport & other	1.4	2.1	2.1	2.6	8.3	2.4	2.5	3.5	3.7	12.1	3.8	3.3
Production	2.3	2.9	2.8	3.0	11.0	3.3	3.2	3.7	3.7	13.9	3.7	3.4
Overhead	1.6	1.7	1.8	1.7	6.9	1.7	1.8	1.8	1.8	7.1	1.8	1.7
Total	5.3	6.8	6.6	7.4	26.2	7.4	7.5	9.0	9.2	33.1	9.3	8.4
<b>Cash flow (\$mm)</b>												
Development	2.0	2.8	3.7	2.8	11.3	3.9	3.3	3.3	3.3	13.8	3.3	3.3
Net proceeds (\$mm)	4.5	11.1	10.7	15.2	41.4	13.7	13.9	23.0	24.5	75.1	25.3	21.1
<b>Royalty income (\$mm)</b>												
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.3	0.1	0.1
<b>Distributable income (\$mm)</b>												
	3.6	8.8	8.5	12.2	33.1	10.9	11.1	18.3	19.5	59.8	20.2	16.8
<b>Cost ratios</b>												
Tax and other/revenue	12%	10%	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	0.35	0.39	0.40	0.36	0.40	0.39
Overhead cost (\$/mcf)	0.28	0.17	0.17	0.17	0.19	0.17	0.19	0.19	0.19	0.18	0.19	0.19

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.

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# Meter Reader

A Weekly Analysis

May 30, 2000

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

Volume Decline (%/yr):	9	Price Escalation Post 2006 (%/yr):	2.9
Volume Enhancement (%/yr):	7	Discount rate (%/yr):	7.7
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	2.1
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	6.3

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													
	309	285	594	3.44	2043	267	245	230	1300	27.91	0.48	0.45	12.80
1999	30.3		30.3	1.76	53.2	7.2	6.4	7.9	31.8	0.68	0.16		
2000	27.8	2.4	30.2	3.05	92.2	8.9	11.1	15.4	56.4	1.21	0.16	0.96	1.32
2001	25.3	4.3	29.6	3.56	105.3	8.9	12.6	20.1	63.6	1.37	0.16	0.89	1.36
2002	23.2	6.0	29.2	3.14	91.6	8.9	11.0	17.2	54.5	1.17	0.16	0.83	1.10
2003	21.3	7.5	28.8	2.88	82.9	8.9	9.9	15.4	48.7	1.04		0.77	0.81
2004	19.5	8.8	28.4	2.82	80.0	8.9	9.6	14.8	46.8	1.00		0.72	0.72
2005	17.9	10.0	27.9	2.78	77.8	8.9	9.3	14.3	45.2	0.97		0.66	0.65
2006	16.4	11.1	27.5	2.77	76.2	8.9	9.1	14.0	44.2	0.95		0.62	0.58
2007	15.1	12.0	27.1	2.85	77.2	8.9	9.3	14.2	44.9	0.96		0.57	0.55
2008	13.8	12.8	26.7	2.93	78.2	8.9	9.4	14.4	45.5	0.98		0.53	0.52
2009	12.7	13.5	26.2	3.02	79.2	8.9	9.5	14.6	46.2	0.99		0.49	0.49
2010	11.6	14.2	25.8	3.11	80.1	8.9	9.6	14.8	46.8	1.01		0.46	0.46
2011	10.7	14.7	25.4	3.20	81.1	8.9	9.7	15.0	47.5	1.02		0.43	0.43
2012	9.8	15.1	24.9	3.29	82.1	8.9	9.9	15.2	48.1	1.03		0.39	0.41
2013	9.0	15.5	24.5	3.39	83.1	8.9	10.0	15.4	48.8	1.05		0.37	0.38
2014	8.2	15.8	24.1	3.49	84.0	8.9	10.1	15.6	49.4	1.06		0.34	0.36
2015	7.6	14.4	22.0	3.59	78.9	8.9	9.5		60.6	1.30		0.32	0.41
2016	6.9	13.1	20.1	3.69	74.1	8.9	8.9		56.3	1.21		0.29	0.35
2017	6.4	11.9	18.3	3.80	69.6	8.9	8.4		52.4	1.12		0.27	0.31
2018	5.8	10.9	16.7	3.91	65.4	8.9	7.8		48.7	1.04		0.25	0.26
2019	5.4	9.9	15.2	4.03	61.4	8.9	7.4		45.2	0.97		0.23	0.23
2020	4.9	9.0	13.9	4.15	57.7	8.9	6.9		41.9	0.90		0.22	0.20
2021	4.5	8.2	12.7	4.27	54.2	8.9	6.5		38.8	0.83		0.20	0.17
2022	4.1	7.5	11.6	4.39	50.9	8.9	6.1		35.9	0.77		0.19	0.14
2023	3.8	6.8	10.6	4.52	47.8	8.9	5.7		33.2	0.71		0.17	0.12
2024	3.5	6.2	9.7	4.65	44.9	8.9	5.4		30.7	0.66		0.16	0.11
2025	3.2	5.6	8.8	4.79	42.2	8.9	5.1		28.3	0.61		0.15	0.09
2026	2.9	5.1	8.0	4.93	39.7	8.9	4.8		26.0	0.56		0.14	0.08
2027	2.7	4.7	7.3	5.08	37.3	8.9	4.5		23.9	0.51		0.13	0.07
2028	2.5	4.2	6.7	5.22	35.0	8.9	4.2		21.9	0.47		0.12	0.06
2029	2.3	3.9	6.1	5.38	32.9	8.9	3.9		20.0	0.43		0.11	0.05

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**Meter Reader**  
A Weekly Analysis  
May 30, 2000

**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	Q1 3/31/00	Q2E 6/30/00	Q3E 9/30/00	Q4E 12/31/00	Year 2000E	Q1E 3/31/01	Q2E 6/30/01
<b>Highlights</b>													
Revenue (\$mm) (75%)	54.3	12.1	10.8	13.0	17.4	53.2	17.3	18.4	27.5	29.1	92.2	30.0	26.1
Cash flow (\$mm) (75%)	39.9	8.8	7.5	9.9	13.4	39.6	13.3	12.7	22.4	23.9	72.3	24.7	21.2
Per unit	0.86	0.19	0.16	0.21	0.29	0.85	0.28	0.27	0.48	0.51	1.55	0.53	0.46
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	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	0.04
Distributable Income (\$mm)	29.6	6.8	5.9	7.8	11.3	31.8	9.9	8.5	18.3	19.7	56.4	20.6	17.1
Per unit	0.64	0.15	0.13	0.17	0.24	0.68	0.21	0.18	0.39	0.42	1.21	0.44	0.37
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	46.6
<b>Volume</b>													
Natural gas (mmbtu)													
Conventional		7.3	7.4	5.5	6.7	26.9	7.0	6.6	6.7	6.7	27.0	6.6	6.4
Coal Seam		3.7	3.8	3.3	3.5	14.4	3.6	3.6	3.6	3.6	14.4	3.5	3.4
Total		11.0	11.2	8.8	10.3	41.3	10.6	10.2	10.3	10.2	41.4	10.1	9.8
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	1,142
Coal Seam (btu/cf)		881	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	5.9	5.8	23.5	5.8	5.6
Coal Seam		4.2	4.3	3.8	4.0	16.4	4.1	4.0	4.1	4.1	16.3	4.0	3.9
Total		41.5	10.3	10.5	9.3	39.9	10.1	9.9	10.0	9.9	39.8	9.8	9.5
Natural Gas (mmcf)	113.7	112.4	118.4	100.6	106.7	109.4	109.6	109.6	108.5	107.4	108.7	106.3	105.3
Days	365	92	89	92	92	365	92	90	92	92	366	92	90
Oil (mb)	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Oil (mbd)	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Days	366	92	89	92	92	365	92	90	92	92	366	92	90
Total gas & oil (bcf)	42.0	10.4	10.6	9.4	9.9	40.4	10.2	10.0	10.1	10.0	40.3	9.9	9.6
<b>Price</b>													
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	3.98	4.22	3.34	4.38	3.97
Differential (\$/mmbtu)		0.39	0.60	0.04	0.38	0.35	0.19	0.40	0.40	0.40	0.35	0.40	0.40
SJT Conventional		1.48	1.29	2.09	2.27	1.75	2.17	2.42	3.58	3.82	2.99	3.98	3.57
SJT Coal Seam		1.38	1.20	1.65	2.13	1.58	2.03	2.22	3.38	3.62	2.81	3.78	3.37
Total		1.45	1.26	1.93	2.22	1.69	2.12	2.35	3.51	3.75	2.93	3.91	3.50
Natural gas (\$/mcf)													
Conventional		1.77	1.54	2.11	2.63	2.00	2.54	2.77	4.08	4.36	3.44	4.55	4.08
Coal Seam		1.22	1.06	1.45	1.88	1.39	1.79	1.96	2.97	3.19	2.47	3.33	2.97
Total	1.72	1.54	1.34	1.84	2.32	1.75	2.23	2.44	3.63	3.88	3.04	4.05	3.63
Oil (\$/bbl) (WTI Cushing lagged two months)													
WTI Cushing		12.25	14.67	18.57	22.59	17.02	26.07	28.33	29.77	29.01	28.29	28.18	26.17
SJT	13.29	9.65	12.72	15.71	20.66	14.25	22.48	24.33	25.77	25.01	24.28	24.18	22.17
Total gas & oil (\$/mcf)		1.54	1.35	1.85	2.33	1.76	2.25	2.45	3.64	3.88	3.05	4.05	3.63
<b>Revenue (\$mm)</b>													
Natural Gas - Conventional		10.8	9.6	11.5	15.2	47.1	15.1	16.1	24.1	25.4	80.7	26.2	22.8
Coal Seam		5.2	4.6	5.5	7.6	22.8	7.4	7.9	12.2	12.9	40.4	13.4	11.5
Total	71.2	16.0	14.1	17.0	22.8	69.9	22.5	24.0	36.2	38.3	121.1	39.6	34.3
Oil		1.1	0.2	0.3	0.4	1.0	0.5	0.4	0.5	0.5	1.9	0.4	0.4
Total	72.3	16.1	14.4	17.3	23.2	71.0	23.0	24.5	36.7	38.8	123.0	40.0	34.7
<b>Cost (\$mm)</b>													
Severance tax	7.5	1.7	1.5	1.8	2.4	7.3	2.2	2.5	3.8	4.0	12.5	4.1	3.6
Operating	11.6	2.8	2.8	2.2	2.9	10.8	3.1	5.0	3.0	3.0	14.1	2.9	2.8
Total	19.1	4.5	4.3	4.0	5.3	18.1	5.4	7.5	6.8	7.0	26.6	7.1	6.4
<b>Cash flow (\$mm)</b>													
Development	12.8	2.3	3.0	2.7	2.6	10.6	4.6	5.3	5.3	5.3	20.5	5.3	5.3
Net proceeds (\$mm)	40.4	9.4	7.1	10.5	15.3	42.3	13.1	11.7	24.6	26.5	75.9	27.7	23.0
<b>Royalty income (\$mm)</b>													
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.7	0.3	0.2	0.1	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.2	0.2
One-time			0.9			0.9					0.3		
<b>Distributable income (\$mm)</b>													
	29.6	6.8	5.9	7.8	11.3	31.8	9.9	8.5	18.3	19.7	56.4	20.6	17.1
<b>Modeling ratios</b>													
Severance tax/revenue	10.3%	10.3%	10.2%	10.4%	10.3%	10.3%	9.8%	10.3%	10.3%	10.3%	10.2%	10.3%	10.3%
Operating cost (\$/mcf)	0.28	0.27	0.27	0.24	0.29	0.27	0.30	0.50	0.30	0.30	0.35	0.30	0.30

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