

## Meter Reader

A Weekly Analysis

July 10, 2000

### Saudi Move Impacts Only Slightly

A pledge by the world's largest producer to add 0.7% to world oil production has only a slight negative impact on the attractiveness of natural gas investment that we believe will be just temporary. Weighing the week's changes in prices of oil, natural gas and money, our calculated asset values drop 1% and our projected distributions for the next year, 3%. Currently 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). Instead of being concerned about how much current commodity prices may erode, we are more interested in how much of the recent gain will translate to increases in prices two, three and more years in the future. That process is only beginning, in our opinion.

		Price				Net	
		(\$/unit)		Market		Asset	
		7-Jul	Units	Cap	Debt	Value	McDep
	Symbol	2000	(mm)	(\$mm)	(\$mm)	(\$/unit)	Ratio
Dorchester Hugoton, Ltd.	DHULZ	13.50	10.7	145	-	14.00	0.96
Hugoton RT (42.5%)	HGT	11.81	17.0	201	-	13.90	0.85
San Juan Basin Royalty Trust	SJT	10.00	46.6	466	-	12.80	0.78
Cross Timbers Royalty Trust	CRT	14.00	6.0	84	-	18.40	0.76

Our computations for the next four quarters point to Dynamic Distribution Yields as high as 16% in cash (see table).

		Price	Distribution		Distribution Yield	
		(\$/unit)	(\$/unit)		(Percent per year)	
		7-Jul		Taxable		Taxable
	Symbol	2000	Cash	Equivalent	Cash	Equivalent
Dorchester Hugoton, Ltd.	DHULZ	13.50	1.37	1.90	10.2	14.0
Hugoton RT (42.5%)	HGT	11.81	1.86	2.20	15.8	18.7
San Juan Basin Royalty Trust	SJT	10.00	1.61	2.28	16.1	22.8
Cross Timbers Royalty Trust	CRT	14.00	2.34	3.03	16.7	21.7

The following tables for each producer in alphabetical order present latest estimates of present value (see Tables CRT-1, DHULZ-1, HGT-1, and SJT-1) and distributable income (see Tables CRT-2, DHULZ-2, HGT-2, and SJT-2).

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):	2.8
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 (\$mm)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)	
	Basic (bcf)	Enhanced (bcf)	Total (bcf)								
Total 2000 through 2029	33	27	60	3.53	211	9	220	36.64	0.46	0.50	18.40
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	1.8	11.8	1.96	0.15	0.96	2.04
2001	2.7	0.3	3.0	3.96	11.7	1.9	13.6	2.27	0.15	0.90	2.18
2002	2.5	0.4	2.9	3.38	9.9	1.1	11.0	1.84	0.15	0.84	1.67
2003	2.3	0.6	2.9	2.98	8.6	0.9	9.5	1.58		0.78	1.23
2004	2.1	0.8	2.8	3.06	8.7	0.7	9.4	1.57		0.73	1.14
2005	1.9	0.9	2.8	2.99	8.4	0.6	8.9	1.49		0.68	1.01
2006	1.8	1.0	2.8	2.92	8.1	0.5	8.5	1.42		0.63	0.89
2007	1.6	1.1	2.7	2.90	7.9	0.4	8.3	1.38		0.59	0.81
2008	1.5	1.2	2.7	2.98	8.0	0.3	8.3	1.39		0.55	0.76
2009	1.4	1.3	2.6	3.06	8.1	0.3	8.4	1.39		0.51	0.71
2010	1.3	1.3	2.6	3.15	8.2	0.2	8.4	1.40		0.47	0.66
2011	1.1	1.4	2.6	3.24	8.3	0.2	8.4	1.41		0.44	0.62
2012	1.1	1.5	2.5	3.33	8.3	0.1	8.5	1.41		0.41	0.58
2013	1.0	1.5	2.5	3.42	8.4	0.1	8.5	1.42		0.38	0.54
2014	0.9	1.5	2.4	3.52	8.5	0.0	8.6	1.43		0.36	0.51
2015	0.8	1.4	2.2	3.61	8.0		8.0	1.33		0.33	0.44
2016	0.7	1.3	2.0	3.71	7.5		7.5	1.25		0.31	0.38
2017	0.7	1.2	1.8	3.82	7.0		7.0	1.17		0.29	0.34
2018	0.6	1.1	1.7	3.92	6.6		6.6	1.10		0.27	0.29
2019	0.6	1.0	1.5	4.03	6.2		6.2	1.03		0.25	0.26
2020	0.5	0.9	1.4	4.15	5.8		5.8	0.97		0.23	0.22
2021	0.5	0.8	1.3	4.26	5.5		5.5	0.91		0.22	0.20
2022	0.4	0.7	1.2	4.38	5.1		5.1	0.85		0.20	0.17
2023	0.4	0.7	1.1	4.50	4.8		4.8	0.80		0.19	0.15
2024	0.4	0.6	1.0	4.63	4.5		4.5	0.75		0.17	0.13
2025	0.3	0.5	0.9	4.76	4.2		4.2	0.70		0.16	0.11
2026	0.3	0.5	0.8	4.89	4.0		4.0	0.66		0.15	0.10
2027	0.3	0.5	0.7	5.03	3.7		3.7	0.62		0.14	0.09
2028	0.3	0.4	0.7	5.17	3.5		3.5	0.58		0.13	0.08
2029	0.2	0.4	0.6	5.31	3.3		3.3	0.55		0.12	0.07

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

	Q2	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E
	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>											
Tax credit (\$mm)											
Per unit	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)	1.17	1.66	2.28	6.55	2.30	2.42	3.38	3.67	11.78	3.63	3.33
Per unit	0.20	0.28	0.38	1.09	0.38	0.40	0.56	0.61	1.96	0.60	0.56
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Volume</b>											
Natural Gas (bcf)	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)	9.1	10.3	10.6	10.0	8.7	9.5	9.4	9.3	9.2	9.2	9.1
Days	90	91	92	365	92	90	91	92	365	92	90
Oil (mb)	87	79	94	349	88	85	85	83	342	82	78
Oil (mbd)	0.98	0.86	1.03	0.96	0.96	0.9	0.9	0.9	0.93	0.9	0.9
Days	89	92	92	365	92	90	92	92	366	92	90
Total (bcf)	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 (HH lagged three months)											
Henry Hub (\$/mmbtu)	1.79	2.22	2.52	2.12	2.45	2.62	3.63	4.17	3.22	4.31	4.14
CRT (\$/mcf)	1.79	2.02	2.39	1.99	2.72	2.62	3.63	4.17	3.30	4.31	4.14
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.02	26.07	28.33	30.31	29.36	28.52	27.70	26.57
CRT	12.28	16.34	20.21	14.89	24.20	26.33	28.31	27.36	26.52	25.70	24.57
Total (\$/mcf)	1.89	2.26	2.75	2.17	3.25	3.28	4.04	4.32	3.72	4.30	4.13
<b>Revenue (\$mm)</b>											
Natural Gas	1.46	1.89	2.33	7.26	2.17	2.24	3.11	3.58	11.09	3.65	3.40
Oil	1.07	1.30	1.91	5.19	2.14	2.23	2.41	2.28	9.06	2.10	1.92
Total	2.53	3.19	4.23	12.45	4.31	4.48	5.51	5.85	20.15	5.75	5.33
<b>Cost (\$mm)</b>											
Tax, transport & other	0.40	0.48	0.50	1.61	0.58	0.63	0.77	0.82	2.80	0.81	0.75
Production	0.63	0.60	0.60	2.39	0.59	0.59	0.59	0.58	2.37	0.57	0.55
Total	1.02	1.08	1.09	4.00	1.17	1.22	1.37	1.40	5.16	1.38	1.29
<b>Cash flow (\$mm)</b>											
Development	0.08	0.18	0.12	0.74	0.21	0.21	0.21	0.21	0.86	0.21	0.21
Excess	(0.06)	(0.07)		(0.43)					-		
Recovery of excess	0.14	0.10	0.40	0.63	0.24	0.15			0.39		
<b>Net proceeds (\$mm)</b>	1.35	1.91	2.62	7.52	2.68	2.89	3.93	4.24	13.75	4.16	3.82
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	90%	89%	88%	89%	88%	87%	87%	88%	87%	88%	88%
Administration	0.04	0.04	0.02	0.14	0.05	0.08	0.04	0.04	0.21	0.04	0.04
<b>Distributable income (\$mm)</b>	1.17	1.66	2.28	6.55	2.30	2.42	3.38	3.67	11.78	3.63	3.33
<b>Modeling ratios</b>											
Tax and other/revenue	0.16	0.15	0.12	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14
Production exp (\$/bbl)	7.20	7.56	6.31	6.86	6.71	7.00	7.00	7.00	6.92	7.00	7.00
<b>Accounting items</b>											
Interest on excess costs	0.02	0.01	0.01	0.06							
Cumulative excess costs	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):	2.8
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)	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	3.77	443	69	66	26	281	25.92	0.54	14.00
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	3.67	24.5	2.3	3.7	0.5	18.0	1.66	0.96	1.60
2001	5.7	0.8	6.5	3.66	23.7	2.3	3.6	2.3	15.5	1.43	0.90	1.28
2002	5.1	1.2	6.3	3.20	20.3	2.3	3.0	1.9	13.0	1.20	0.84	1.00
2003	4.6	1.6	6.2	2.80	17.3	2.3	2.6	1.6	10.8	1.00	0.78	0.78
2004	4.2	1.9	6.1	3.26	19.8	2.3	3.0	1.9	12.6	1.16	0.73	0.84
2005	3.7	2.2	5.9	3.19	18.9	2.3	2.8	1.8	12.0	1.10	0.68	0.74
2006	3.4	2.4	5.8	3.17	18.3	2.3	2.8	1.7	11.6	1.07	0.63	0.67
2007	3.0	2.6	5.7	3.26	18.4	2.3	2.8	1.7	11.6	1.07	0.59	0.63
2008	2.7	2.8	5.5	3.35	18.5	2.3	2.8	1.7	11.6	1.07	0.55	0.59
2009	2.5	2.9	5.4	3.44	18.5	2.3	2.8	1.7	11.7	1.08	0.51	0.55
2010	2.2	3.0	5.2	3.54	18.6	2.3	2.8	1.7	11.7	1.08	0.47	0.51
2011	2.0	3.1	5.1	3.63	18.6	2.3	2.8	1.8	11.7	1.08	0.44	0.48
2012	1.8	3.2	5.0	3.74	18.6	2.3	2.8	1.8	11.8	1.08	0.41	0.44
2013	1.6	3.2	4.9	3.84	18.6	2.3	2.8	1.8	11.8	1.09	0.38	0.41
2014	1.5	3.3	4.7	3.95	18.6	2.3	2.8	1.8	11.8	1.09	0.36	0.39
2015	1.3	2.9	4.2	4.06	17.1	2.3	2.6		12.2	1.13	0.33	0.37
2016	1.2	2.6	3.8	4.17	15.7	2.3	2.4		11.1	1.02	0.31	0.31
2017	1.1	2.3	3.4	4.29	14.4	2.3	2.2		10.0	0.92	0.29	0.26
2018	1.0	2.0	3.0	4.41	13.3	2.3	2.0		9.0	0.83	0.27	0.22
2019	0.9	1.8	2.7	4.53	12.2	2.3	1.8		8.0	0.74	0.25	0.18
2020	0.8	1.6	2.4	4.65	11.2	2.3	1.7		7.2	0.66	0.23	0.15
2021	0.7	1.4	2.1	4.78	10.3	2.3	1.5		6.4	0.59	0.22	0.13
2022	0.6	1.3	1.9	4.92	9.4	2.3	1.4		5.7	0.53	0.20	0.11
2023	0.6	1.1	1.7	5.06	8.7	2.3	1.3		5.1	0.47	0.19	0.09
2024	0.5	1.0	1.5	5.20	8.0	2.3	1.2		4.5	0.41	0.17	0.07
2025	0.5	0.9	1.4	5.34	7.3	2.3	1.1		3.9	0.36	0.16	0.06
2026	0.4	0.8	1.2	5.49	6.7	2.3	1.0		3.4	0.31	0.15	0.05
2027	0.4	0.7	1.1	5.64	6.2	2.3	0.9		2.9	0.27	0.14	0.04
2028	0.3	0.6	1.0	5.80	5.7	2.3	0.9		2.5	0.23	0.13	0.03
2029	0.3	0.6	0.9	5.96	5.2	2.3	0.8		2.1	0.20	0.12	0.02

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**Table DHULZ-2**  
**Dorchester Hugoton, Ltd.**  
**Income Model**

	Q2	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E
	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)	3.51	4.34	4.39	15.3	4.16	5.82	6.68	6.83	23.5	6.36	5.47
Cash flow (\$mm)	2.35	3.25	3.25	10.9	3.09	4.57	5.37	5.49	18.5	5.06	4.24
Per unit	0.22	0.30	0.30	1.01	0.28	0.42	0.49	0.51	1.71	0.47	0.39
Earnings (\$mm)	1.89	2.77	2.78	9.0	2.64	4.11	4.90	5.03	16.7	4.61	3.79
Per unit	0.17	0.26	0.26	0.83	0.24	0.38	0.45	0.46	1.54	0.42	0.35
Distribution (\$mm)	1.93	1.93	1.93	7.7	3.01	1.93	4.31	4.43	13.7	4.05	3.34
Per unit	0.18	0.18	0.18	0.72	0.28	0.18	0.40	0.41	1.27	0.38	0.31
Units (millions)	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	1.33	1.40	1.43	5.6	1.39	1.37	1.37	1.36	5.5	1.31	1.32
Kansas	0.34	0.33	0.31	1.3	0.29	0.30	0.30	0.29	1.2	0.28	0.29
Total	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)	18.4	18.7	18.9	18.9	18.5	18.3	18.1	17.9	18.2	17.8	17.6
Days	91	92	92	365	91	91	92	92	366	90	91
<b>Price</b>											
Natural gas											
Henry Hub (\$/mmbtu)	2.22	2.52	2.45	2.24	2.62	3.63	4.17	4.31	3.68	4.14	3.55
Oklahoma (\$/mcf)	2.15	2.60	2.60	2.28	2.53	3.63	4.17	4.31	3.66	4.14	3.55
Kansas (\$/mcf)	2.26	2.68	2.70	2.36	2.72	3.70	4.24	4.38	3.76	4.21	3.62
Total (\$/mcf)	2.17	2.62	2.62	2.30	2.57	3.64	4.19	4.32	3.67	4.16	3.56
<b>Revenue (\$mm)</b>											
Natural Gas											
Oklahoma	2.87	3.63	3.73	12.7	3.53	4.97	5.72	5.84	20.1	5.44	4.67
Kansas	0.76	0.88	0.83	3.1	0.79	1.10	1.26	1.29	4.4	1.20	1.03
Other	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)	(0.17)	(0.22)	(0.23)	(0.8)	(0.21)	(0.30)	(0.35)	(0.36)	(1.2)	(0.33)	(0.29)
Total	3.51	4.34	4.39	15.3	4.16	5.82	6.68	6.83	23.5	6.36	5.47
<b>Cost (\$mm)</b>											
Operating	0.96	0.90	0.95	3.6	0.92	1.01	1.07	1.08	4.1	1.07	1.01
General and administrative	0.13	0.14	0.16	0.6	0.14	0.16	0.17	0.17	0.6	0.17	0.16
Management	0.12	0.13	0.13	0.5	0.13	0.15	0.15	0.16	0.6	0.15	0.14
Other	(0.05)	(0.08)	(0.10)	(0.3)	(0.11)	(0.08)	(0.08)	(0.08)	(0.3)	(0.08)	(0.08)
Total	1.16	1.09	1.13	4.4	1.07	1.24	1.32	1.33	5.0	1.31	1.23
Cash flow (\$mm)	2.35	3.25	3.25	10.9	3.09	4.57	5.37	5.49	18.5	5.06	4.24
Depletion, deprec. & amort.	0.46	0.48	0.48	1.9	0.45	0.47	0.47	0.46	1.8	0.45	0.45
Earnings (\$mm)	1.89	2.77	2.78	9.0	2.64	4.11	4.90	5.03	16.7	4.61	3.79
Capital expenditures (\$mm)	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	4.5%	4.9%	5.0%	4.7%	4.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Operating cost (\$/mcf)	0.57	0.52	0.54	0.52	0.54	0.61	0.64	0.66	0.61	0.67	0.63
Depletion (\$/mcf)	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

July 10, 2000

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

Volume Decline (%/yr):	11	Price Escalation Post 2006 (%/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 (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	279	308	587	3.47	2038	385	285	219	1149	28.72	0.06	0.48 <b>13.90</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	1.4	30.6	3.19	97.6	12.8	13.7	10.9	60.2	1.50	0.02	1.47
2001	26.0	4.0	30.0	3.62	108.5	12.8	15.2	19.3	61.2	1.53	0.02	1.39
2002	23.4	6.3	29.7	3.12	92.6	12.8	13.0	16.0	50.8	1.27	0.02	1.08
2003	21.1	8.3	29.4	2.74	80.5	12.8	11.3	13.5	42.8	1.07		0.78
2004	19.0	10.0	29.0	2.96	85.8	12.8	12.0	14.6	46.4	1.16		0.73
2005	17.1	11.5	28.6	2.89	82.8	12.8	11.6	14.0	44.4	1.11		0.68
2006	15.4	12.8	28.2	2.88	81.2	12.8	11.4	13.7	43.3	1.08		0.63
2007	13.9	13.9	27.8	2.96	82.3	12.8	11.5	13.9	44.0	1.10		0.59
2008	12.5	14.9	27.4	3.04	83.4	12.8	11.7	14.1	44.7	1.12		0.55
2009	11.3	15.7	27.0	3.12	84.4	12.8	11.8	14.3	45.4	1.14		0.51
2010	10.2	16.4	26.6	3.21	85.4	12.8	12.0	14.5	46.1	1.15		0.47
2011	9.2	17.0	26.2	3.30	86.4	12.8	12.1	14.8	46.7	1.17		0.44
2012	8.2	17.5	25.8	3.39	87.4	12.8	12.2	15.0	47.4	1.18		0.41
2013	7.4	17.9	25.3	3.49	88.3	12.8	12.4	15.2	48.0	1.20		0.38
2014	6.7	18.2	24.9	3.58	89.3	12.8	12.5	15.3	48.6	1.21		0.36
2015	6.0	16.2	22.2	3.68	81.9	12.8	11.5		57.6	1.44		0.33
2016	5.4	14.4	19.9	3.79	75.2	12.8	10.5		51.8	1.30		0.31
2017	4.9	12.8	17.7	3.89	69.0	12.8	9.7		46.5	1.16		0.29
2018	4.4	11.4	15.8	4.00	63.4	12.8	8.9		41.7	1.04		0.27
2019	4.0	10.2	14.1	4.11	58.2	12.8	8.1		37.2	0.93		0.25
2020	3.6	9.1	12.6	4.23	53.4	12.8	7.5		33.1	0.83		0.23
2021	3.2	8.1	11.3	4.34	49.0	12.8	6.9		29.3	0.73		0.22
2022	2.9	7.2	10.1	4.47	45.0	12.8	6.3		25.9	0.65		0.20
2023	2.6	6.4	9.0	4.59	41.3	12.8	5.8		22.7	0.57		0.19
2024	2.4	5.7	8.0	4.72	37.9	12.8	5.3		19.8	0.49		0.17
2025	2.1	5.1	7.2	4.85	34.8	12.8	4.9		17.1	0.43		0.16
2026	1.9	4.5	6.4	4.99	32.0	12.8	4.5		14.7	0.37		0.15
2027	1.7	4.0	5.7	5.12	29.4	12.8	4.1		12.4	0.31		0.14
2028	1.6	3.6	5.1	5.27	27.0	12.8	3.8		10.4	0.26		0.13
2029	1.4	3.2	4.6	5.41	24.7	12.8	3.5		8.5	0.21		0.12

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**Meter Reader**  
A Weekly Analysis  
July 10, 2000

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

	Q2	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E
	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%)	16.6	16.8	20.4	63.1	20.0	19.6	28.1	29.8	97.6	30.2	25.7
Cash flow (\$mm) (80%)	11.1	11.5	14.4	42.2	14.1	13.7	21.0	22.4	71.1	22.8	19.1
Per unit	0.28	0.29	0.36	1.06	0.35	0.34	0.52	0.56	1.78	0.57	0.48
Tax credit (\$mm)	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.2	0.2
Per unit	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.02	0.01	0.01
Distributable Income (\$mm)	8.8	8.5	12.2	33.1	10.9	11.3	18.3	19.7	60.2	20.1	16.4
Per unit	0.22	0.21	0.30	0.83	0.27	0.28	0.46	0.49	1.50	0.50	0.41
<b>Units (millions)</b>	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)	9.6	9.5	9.6	34.2	9.7	8.6	8.8	8.7	35.9	8.7	8.3
Natural Gas (mmcf)	107.6	103.4	104.2	102.1	105.5	96.0	96.0	95.0	98.4	94.1	93.1
Days	89	92	92	335	92	90	92	92	366	92	89
Oil (mb)	115	104	103	388	100	97	98	97	393	96	92
Oil (mbd)	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Days	96	92	92	342	92	90	92	92	366	92	89
Total (bcf)	10.3	10.1	10.2	36.5	10.3	9.2	9.4	9.3	38.3	9.2	8.8
<b>Price</b>											
Natural Gas (HH lagged two months)											
Henry Hub (\$/mmbtu)	1.89	2.27	2.66	2.18	2.35	2.82	3.96	4.25	3.35	4.36	3.90
HGT (\$/mcf)	2.00	2.01	2.42	2.12	2.32	2.54	3.66	3.95	3.10	4.06	3.60
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.39	26.07	28.33	30.31	28.91	28.40	27.70	26.57
HGT	13.64	18.18	21.72	16.53	25.19	27.33	29.31	27.91	27.42	26.70	25.57
Total (\$/mcf)	2.02	2.07	2.49	2.16	2.43	2.66	3.73	3.99	3.19	4.08	3.64
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	19.1	23.2	72.5	22.5	21.9	32.3	34.5	111.2	35.1	29.8
Oil	1.6	1.9	2.2	6.4	2.5	2.7	2.9	2.7	10.8	2.6	2.4
Total	20.7	21.0	25.4	78.9	25.0	24.6	35.2	37.2	122.0	37.7	32.2
<b>Cost (\$mm)</b>											
Tax, transport & other											
Production	2.1	2.1	2.6	8.3	2.4	2.5	3.5	3.7	12.1	3.8	3.2
Overhead	2.9	2.8	3.0	11.0	3.3	3.2	3.7	3.7	13.9	3.7	3.4
Total	1.7	1.8	1.7	6.9	1.7	1.8	1.8	1.8	7.1	1.8	1.7
Total	6.8	6.6	7.4	26.2	7.4	7.5	9.0	9.2	33.1	9.2	8.3
<b>Cash flow (\$mm)</b>											
Development	13.9	14.4	18.1	52.8	17.6	17.1	26.2	28.0	88.9	28.4	23.9
Net proceeds	2.8	3.7	2.8	11.3	3.9	3.3	3.3	3.3	13.6	3.3	3.3
<b>Net proceeds (\$mm)</b>											
Royalty/Net proceeds	11.1	10.7	15.2	41.4	13.7	13.8	22.9	24.7	75.3	25.2	20.6
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	8.9	8.5	12.2	33.2	11.0	11.1	18.4	19.8	60.2	20.2	16.5
Administration	0.0	0.0	0.0	0.1	0.0	(0.2)	0.1	0.1	0.0	0.1	0.1
<b>Distributable income (\$mm)</b>											
	8.8	8.5	12.2	33.1	10.9	11.3	18.3	19.7	60.2	20.1	16.4
<b>Cost ratios</b>											
Tax and other/revenue	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Production cost (\$/mcf)	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)	0.17	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

July 10, 2000

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

Volume Decline (%/yr):	9	Price Escalation Post 2006 (%/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 (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	309	286	594	3.34	1985	265	238	223	1261	27.05	0.48	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	3.1	30.9	3.03	93.5	8.8	11.2	15.3	61.0	1.31	0.16	1.42
2001	25.3	4.3	29.6	3.44	101.6	8.8	12.2	19.3	61.3	1.31	0.16	1.32
2002	23.2	6.0	29.2	2.96	86.5	8.8	10.4	16.1	51.1	1.10	0.16	1.05
2003	21.3	7.5	28.8	2.60	74.9	8.8	9.0	13.7	43.4	0.93		0.78
2004	19.5	8.8	28.3	2.81	79.7	8.8	9.6	14.7	46.6	1.00		0.73
2005	17.9	10.0	27.9	2.75	76.7	8.8	9.2	14.1	44.6	0.96		0.68
2006	16.4	11.1	27.5	2.73	75.1	8.8	9.0	13.7	43.5	0.93		0.63
2007	15.1	12.0	27.1	2.81	76.0	8.8	9.1	13.9	44.1	0.95		0.59
2008	13.8	12.8	26.6	2.88	76.8	8.8	9.2	14.1	44.7	0.96		0.55
2009	12.7	13.5	26.2	2.96	77.7	8.8	9.3	14.3	45.2	0.97		0.51
2010	11.6	14.1	25.8	3.05	78.6	8.8	9.4	14.5	45.8	0.98		0.47
2011	10.7	14.7	25.4	3.13	79.4	8.8	9.5	14.6	46.4	1.00		0.44
2012	9.8	15.1	24.9	3.22	80.3	8.8	9.6	14.8	46.9	1.01		0.41
2013	9.0	15.5	24.5	3.31	81.1	8.8	9.7	15.0	47.5	1.02		0.38
2014	8.2	15.8	24.1	3.40	81.9	8.8	9.8	15.2	48.1	1.03		0.36
2015	7.6	14.4	22.0	3.50	76.8	8.8	9.2		58.8	1.26		0.33
2016	6.9	13.1	20.1	3.59	72.1	8.8	8.6		54.6	1.17		0.31
2017	6.4	11.9	18.3	3.69	67.6	8.8	8.1		50.6	1.09		0.29
2018	5.8	10.9	16.7	3.80	63.4	8.8	7.6		47.0	1.01		0.27
2019	5.4	9.9	15.2	3.90	59.5	8.8	7.1		43.5	0.93		0.25
2020	4.9	9.0	13.9	4.01	55.8	8.8	6.7		40.3	0.86		0.23
2021	4.5	8.2	12.7	4.12	52.3	8.8	6.3		37.2	0.80		0.22
2022	4.1	7.4	11.6	4.24	49.1	8.8	5.9		34.4	0.74		0.20
2023	3.8	6.8	10.6	4.36	46.1	8.8	5.5		31.7	0.68		0.19
2024	3.5	6.2	9.6	4.48	43.2	8.8	5.2		29.2	0.63		0.17
2025	3.2	5.6	8.8	4.60	40.5	8.8	4.9		26.8	0.58		0.16
2026	2.9	5.1	8.0	4.73	38.0	8.8	4.6		24.6	0.53		0.15
2027	2.7	4.6	7.3	4.86	35.7	8.8	4.3		22.6	0.48		0.14
2028	2.5	4.2	6.7	5.00	33.5	8.8	4.0		20.6	0.44		0.13
2029	2.3	3.8	6.1	5.14	31.4	8.8	3.8		18.8	0.40		0.12

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# Meter Reader

A Weekly Analysis

July 10, 2000

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

	Q2	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E
	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) (75%)	10.8	13.0	17.4	53.2	17.3	19.2	27.5	29.5	93.5	30.0	25.6
Cash flow (\$mm) (75%)	7.5	9.9	13.4	39.6	13.3	13.6	22.4	24.2	73.4	24.7	20.8
Per unit	0.16	0.21	0.29	0.85	0.28	0.29	0.48	0.52	1.58	0.53	0.45
Tax credit (\$mm)	1.4	1.9	2.5	7.6	1.9	1.9	1.9	1.9	7.5	1.9	1.9
Per unit	0.03	0.04	0.05	0.16	0.04	0.04	0.04	0.04	0.16	0.04	0.04
Distributable Income (\$mm)	5.9	7.8	11.3	31.8	9.9	13.2	18.1	19.8	61.0	20.3	16.7
Per unit	0.13	0.17	0.24	0.68	0.21	0.28	0.39	0.43	1.31	0.44	0.36
<b>Units (millions)</b>	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	7.4	5.5	6.7	26.9	7.0	7.1	6.8	6.7	27.5	6.6	6.4
Coal Seam	3.8	3.3	3.5	14.4	3.6	3.9	3.6	3.6	14.7	3.5	3.4
Total	11.2	8.8	10.3	41.3	10.6	11.0	10.4	10.3	42.2	10.2	9.9
Natural gas (btu/cf)											
Conventional	1,196	1,006	1,159	1,142	1,173	1,130	1,142	1,142	1,147	1,142	1,142
Coal Seam	881	881	881	881	881	881	881	881	881	881	881
Natural gas (bcf)											
Conventional	6.2	5.5	5.8	23.5	5.9	6.3	5.9	5.9	24.0	5.8	5.6
Coal Seam	4.3	3.8	4.0	16.4	4.1	4.4	4.1	4.1	16.7	4.0	3.9
Total	10.5	9.3	9.8	39.9	10.1	10.7	10.0	9.9	40.7	9.8	9.5
Natural Gas (mmcf/d)											
Days	89	92	92	365	92	90	92	92	366	92	90
Oil (mb)	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	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Days	89	92	92	365	92	90	92	92	366	92	90
Total gas & oil (bcf)	10.6	9.4	9.9	40.4	10.2	10.8	10.1	10.0	41.2	9.9	9.6
<b>Price</b>											
Natural gas (\$/mmbtu) (Henry Hub lagged two months)											
Henry Hub (\$/mmbtu)	1.89	2.27	2.66	2.17	2.35	2.82	3.96	4.25	3.35	4.36	3.90
Differential (\$/mmbtu)	0.60	0.04	0.38	0.35	0.19	0.47	0.40	0.40	0.38	0.40	0.40
SJT Conventional	1.29	2.09	2.27	1.75	2.17	2.35	3.56	3.85	2.97	3.96	3.50
SJT Coal Seam	1.20	1.65	2.13	1.58	2.03	2.20	3.36	3.65	2.79	3.76	3.30
Total	1.26	1.93	2.22	1.69	2.12	2.30	3.49	3.78	2.91	3.89	3.43
Natural gas (\$/mcf)											
Conventional	1.54	2.11	2.63	2.00	2.54	2.67	4.06	4.39	3.40	4.52	3.99
Coal Seam	1.06	1.45	1.88	1.39	1.79	1.94	2.96	3.21	2.46	3.31	2.90
Total	1.34	1.84	2.32	1.75	2.23	2.37	3.61	3.91	3.02	4.02	3.55
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.02	26.07	28.33	30.31	29.36	28.52	28.79	26.57
SJT	12.72	15.71	20.66	14.25	22.48	24.33	26.31	25.36	24.49	24.79	22.57
Total gas & oil (\$/mcf)	1.35	1.85	2.33	1.76	2.25	2.38	3.62	3.91	3.03	4.02	3.55
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional											
	9.6	11.5	15.2	47.1	15.1	16.8	24.0	25.7	81.6	26.2	22.4
Coal Seam											
	4.6	5.5	7.6	22.8	7.4	8.5	12.2	13.1	41.1	13.3	11.3
Total	14.1	17.0	22.8	69.9	22.5	25.2	36.2	38.8	122.7	39.5	33.8
Oil											
	0.2	0.3	0.4	1.0	0.5	0.4	0.5	0.5	1.9	0.5	0.4
Total	14.4	17.3	23.2	71.0	23.0	25.7	36.7	39.3	124.6	40.0	34.2
<b>Cost (\$mm)</b>											
Severance tax											
	1.5	1.8	2.4	7.3	2.2	2.6	3.8	4.0	12.7	4.1	3.5
Operating											
	2.8	2.2	2.9	10.8	3.1	4.9	3.0	3.0	14.0	2.9	2.9
Total	4.3	4.0	5.3	18.1	5.4	7.6	6.8	7.0	26.8	7.1	6.4
<b>Cash flow (\$mm)</b>											
	10.0	13.3	17.9	52.8	17.7	18.1	29.9	32.3	97.9	32.9	27.8
Development											
	3.0	2.7	2.6	10.6	4.6	4.8	5.6	5.6	20.5	5.6	5.3
<b>Net proceeds (\$mm)</b>											
	7.1	10.5	15.3	42.3	13.1	13.3	24.3	26.7	77.4	27.4	22.5
<b>Royalty income (\$mm)</b>											
	5.3	7.9	11.5	31.7	9.8	10.0	18.3	20.0	58.1	20.5	16.9
Royalty/Net proceeds											
	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration											
	0.2	0.1	0.2	0.8	0.2	0.3	0.2	0.2	0.9	0.2	0.2
One-time											
	0.9			0.9	0.3	3.5			3.7		
<b>Distributable income (\$mm)</b>											
	5.9	7.8	11.3	31.8	9.9	13.2	18.1	19.8	61.0	20.3	16.7
<b>Modeling ratios</b>											
Severance tax/revenue	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)	0.27	0.24	0.29	0.27	0.30	0.46	0.30	0.30	0.34	0.30	0.30

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