

## Meter Reader

A Weekly Analysis

July 17, 2000

### New High for 2005 Oil

Weighing the week's changes in prices of oil, natural gas and money, our calculated asset values advance 4% and our projected distributions for the next year decline 1%.

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). The futures price for oil delivered in 2005 broke through \$20 a barrel for the first time. While natural gas for 2000 declined, the price advanced for deliveries in 2001-2003. In other words, the high current prices for oil and natural gas are increasingly being reflected in higher futures prices, a process that has quite a bit further to run, in our opinion. Stock prices move more like commodity futures prices than current prices because the stock of a producer represents cash flow to be earned in the future.

|                              |        | Price     |       |        |        | Net       |       |
|------------------------------|--------|-----------|-------|--------|--------|-----------|-------|
|                              |        | (\$/unit) |       | Market |        | Asset     |       |
|                              |        | 14-Jul    | Units | Cap    | Debt   | Value     | McDep |
|                              | Symbol | 2000      | (mm)  | (\$mm) | (\$mm) | (\$/unit) | Ratio |
| Dorchester Hugoton, Ltd.     | DHULZ  | 13.88     | 10.7  | 149    | -      | 14.50     | 0.96  |
| Hugoton RT (42.5%)           | HGT    | 12.31     | 17.0  | 209    | -      | 14.60     | 0.84  |
| San Juan Basin Royalty Trust | SJT    | 10.13     | 46.6  | 472    | -      | 13.40     | 0.76  |
| Cross Timbers Royalty Trust  | CRT    | 14.25     | 6.0   | 86     | -      | 19.10     | 0.75  |

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) |            |
|                              |        | 14-Jul    |              | Taxable    |                    | Taxable    |
|                              | Symbol | 2000      | Cash         | Equivalent | Cash               | Equivalent |
| Dorchester Hugoton, Ltd.     | DHULZ  | 13.88     | 1.35         | 1.89       | 9.7                | 13.6       |
| Hugoton RT (42.5%)           | HGT    | 12.31     | 1.85         | 2.20       | 15.0               | 17.9       |
| San Juan Basin Royalty Trust | SJT    | 10.13     | 1.59         | 2.26       | 15.7               | 22.4       |
| Cross Timbers Royalty Trust  | CRT    | 14.25     | 2.35         | 3.05       | 16.5               | 21.4       |

At the end of next week we should see disclosures of latest distributions for royalty trusts. Look for \$0.16, \$0.14 and \$0.12 a unit for CRT, HGT and SJT respectively. 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): | 2.9 |
| Volume Enhancement (%/yr): | 7 | Discount Rate (%/yr):              | 7.5 |
|                            |   | U.S. TIPS Inflation (%/yr):        | 2.1 |
|                            |   | U.S. 10 Year Yield (%/yr):         | 6.1 |

| Year                    | Natural Gas Volume |                   |                | Price<br>(\$/mcf) | Revenue<br>(\$mm) | Oil           |                           | Distribution<br>(\$/unit) | Tax<br>Credit<br>(\$/unit) | Disc<br>Factor | Present<br>Value<br>(\$/unit) |
|-------------------------|--------------------|-------------------|----------------|-------------------|-------------------|---------------|---------------------------|---------------------------|----------------------------|----------------|-------------------------------|
|                         | Basic<br>(bcf)     | Enhanced<br>(bcf) | Total<br>(bcf) |                   |                   | Net<br>(\$mm) | Distribution<br>(\$/unit) |                           |                            |                |                               |
| Total 2000 through 2029 |                    |                   |                |                   |                   |               |                           |                           |                            |                |                               |
|                         | 33                 | 27                | 60             | 3.70              | 221               | 11            | 231                       | 38.57                     | 0.46                       | 0.49           | <b>19.10</b>                  |
| 1999                    | 3.3                |                   | 3.3            | 1.99              | 6.5               | 0.0           | 6.6                       | 1.09                      | 0.16                       |                |                               |
| 2000                    | 3.0                | 0.0               | 3.0            | 3.29              | 10.0              | 1.9           | 11.8                      | 1.97                      | 0.15                       | 0.96           | 2.05                          |
| 2001                    | 2.7                | 0.3               | 3.0            | 3.99              | 11.8              | 2.0           | 13.9                      | 2.31                      | 0.15                       | 0.90           | 2.21                          |
| 2002                    | 2.5                | 0.4               | 2.9            | 3.56              | 10.4              | 1.2           | 11.7                      | 1.94                      | 0.15                       | 0.83           | 1.75                          |
| 2003                    | 2.3                | 0.6               | 2.9            | 3.23              | 9.3               | 1.0           | 10.3                      | 1.72                      |                            | 0.78           | 1.34                          |
| 2004                    | 2.1                | 0.8               | 2.8            | 3.22              | 9.2               | 0.8           | 10.0                      | 1.66                      |                            | 0.72           | 1.20                          |
| 2005                    | 1.9                | 0.9               | 2.8            | 3.14              | 8.8               | 0.7           | 9.5                       | 1.58                      |                            | 0.67           | 1.06                          |
| 2006                    | 1.8                | 1.0               | 2.8            | 3.07              | 8.5               | 0.5           | 9.0                       | 1.51                      |                            | 0.63           | 0.94                          |
| 2007                    | 1.6                | 1.1               | 2.7            | 3.03              | 8.2               | 0.5           | 8.7                       | 1.45                      |                            | 0.58           | 0.85                          |
| 2008                    | 1.5                | 1.2               | 2.7            | 3.12              | 8.3               | 0.4           | 8.8                       | 1.46                      |                            | 0.54           | 0.79                          |
| 2009                    | 1.4                | 1.3               | 2.6            | 3.20              | 8.4               | 0.4           | 8.8                       | 1.47                      |                            | 0.50           | 0.74                          |
| 2010                    | 1.3                | 1.3               | 2.6            | 3.30              | 8.5               | 0.3           | 8.9                       | 1.48                      |                            | 0.47           | 0.69                          |
| 2011                    | 1.1                | 1.4               | 2.6            | 3.39              | 8.6               | 0.3           | 8.9                       | 1.49                      |                            | 0.44           | 0.65                          |
| 2012                    | 1.1                | 1.5               | 2.5            | 3.49              | 8.7               | 0.2           | 9.0                       | 1.49                      |                            | 0.41           | 0.61                          |
| 2013                    | 1.0                | 1.5               | 2.5            | 3.59              | 8.8               | 0.2           | 9.0                       | 1.50                      |                            | 0.38           | 0.57                          |
| 2014                    | 0.9                | 1.5               | 2.4            | 3.69              | 8.9               | 0.1           | 9.1                       | 1.51                      |                            | 0.35           | 0.53                          |
| 2015                    | 0.8                | 1.4               | 2.2            | 3.79              | 8.4               |               | 8.4                       | 1.40                      |                            | 0.33           | 0.46                          |
| 2016                    | 0.7                | 1.3               | 2.0            | 3.90              | 7.9               |               | 7.9                       | 1.31                      |                            | 0.30           | 0.40                          |
| 2017                    | 0.7                | 1.2               | 1.8            | 4.01              | 7.4               |               | 7.4                       | 1.23                      |                            | 0.28           | 0.35                          |
| 2018                    | 0.6                | 1.1               | 1.7            | 4.13              | 6.9               |               | 6.9                       | 1.16                      |                            | 0.26           | 0.30                          |
| 2019                    | 0.6                | 1.0               | 1.5            | 4.25              | 6.5               |               | 6.5                       | 1.09                      |                            | 0.24           | 0.27                          |
| 2020                    | 0.5                | 0.9               | 1.4            | 4.37              | 6.1               |               | 6.1                       | 1.02                      |                            | 0.23           | 0.23                          |
| 2021                    | 0.5                | 0.8               | 1.3            | 4.49              | 5.8               |               | 5.8                       | 0.96                      |                            | 0.21           | 0.20                          |
| 2022                    | 0.4                | 0.7               | 1.2            | 4.62              | 5.4               |               | 5.4                       | 0.90                      |                            | 0.20           | 0.18                          |
| 2023                    | 0.4                | 0.7               | 1.1            | 4.76              | 5.1               |               | 5.1                       | 0.84                      |                            | 0.18           | 0.15                          |
| 2024                    | 0.4                | 0.6               | 1.0            | 4.89              | 4.8               |               | 4.8                       | 0.79                      |                            | 0.17           | 0.14                          |
| 2025                    | 0.3                | 0.5               | 0.9            | 5.03              | 4.5               |               | 4.5                       | 0.74                      |                            | 0.16           | 0.12                          |
| 2026                    | 0.3                | 0.5               | 0.8            | 5.17              | 4.2               |               | 4.2                       | 0.70                      |                            | 0.15           | 0.10                          |
| 2027                    | 0.3                | 0.5               | 0.7            | 5.32              | 3.9               |               | 3.9                       | 0.66                      |                            | 0.14           | 0.09                          |
| 2028                    | 0.3                | 0.4               | 0.7            | 5.48              | 3.7               |               | 3.7                       | 0.62                      |                            | 0.13           | 0.08                          |
| 2029                    | 0.2                | 0.4               | 0.6            | 5.63              | 3.5               |               | 3.5                       | 0.58                      |                            | 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    | 3.39    | 3.72     | 11.84 | 3.62    | 3.35    |
| Per unit                             | 0.20    | 0.28    | 0.38     | 1.09   | 0.38    | 0.40    | 0.56    | 0.62     | 1.97  | 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    | 4.15     | 3.21  | 4.21    | 4.09    |
| CRT (\$/mcf)                         | 1.79    | 2.02    | 2.39     | 1.99   | 2.72    | 2.62    | 3.63    | 4.15     | 3.29  | 4.21    | 4.09    |
| Oil (\$/bbl) (WTI lagged two months) |         |         |          |        |         |         |         |          |       |         |         |
| WTI Cushing                          | 14.67   | 18.57   | 22.59    | 17.02  | 26.07   | 28.33   | 30.55   | 30.51    | 28.86 | 28.77   | 27.63   |
| CRT                                  | 12.28   | 16.34   | 20.21    | 14.89  | 24.20   | 26.33   | 28.55   | 28.51    | 26.86 | 26.77   | 25.63   |
| Total (\$/mcf)                       | 1.89    | 2.26    | 2.75     | 2.17   | 3.25    | 3.28    | 4.05    | 4.37     | 3.74  | 4.30    | 4.16    |
| <b>Revenue (\$mm)</b>                |         |         |          |        |         |         |         |          |       |         |         |
| Natural Gas                          | 1.46    | 1.89    | 2.33     | 7.26   | 2.17    | 2.24    | 3.11    | 3.56     | 11.07 | 3.57    | 3.36    |
| Oil                                  | 1.07    | 1.30    | 1.91     | 5.19   | 2.14    | 2.23    | 2.43    | 2.38     | 9.18  | 2.19    | 2.01    |
| Total                                | 2.53    | 3.19    | 4.23     | 12.45  | 4.31    | 4.48    | 5.53    | 5.93     | 20.25 | 5.76    | 5.37    |
| <b>Cost (\$mm)</b>                   |         |         |          |        |         |         |         |          |       |         |         |
| Tax, transport & other               | 0.40    | 0.48    | 0.50     | 1.61   | 0.58    | 0.63    | 0.77    | 0.83     | 2.81  | 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    | 1.41     | 5.18  | 1.38    | 1.30    |
| <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    | 3.95    | 4.31     | 13.83 | 4.16    | 3.85    |
| <b>Royalty income (\$mm)</b>         |         |         |          |        |         |         |         |          |       |         |         |
| Royalty/Net proceeds                 | 90%     | 89%     | 88%      | 89%    | 88%     | 87%     | 87%     | 87%      | 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    | 3.39    | 3.72     | 11.84 | 3.62    | 3.35    |
| <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): | 2.9 |
| Volume Enhancement (%/yr): | 8  | Discount rate (%/yr):              | 7.5 |
| Capex/Cash Flow (%):       | 13 | U.S. TIPS Inflation (%/yr):        | 2.1 |
| Variable Cost (%):         | 15 | U.S. 10 Year Yield (%/yr):         | 6.1 |

| Year                    | Basic<br>(bcf) | Volume<br>Enhanced<br>(bcf) | Total<br>(bcf) | Price<br>(\$/mcf) | Revenue<br>(\$mm) | Fixed<br>Cost<br>(\$mm) | Var<br>Cost<br>(\$mm) | Cap<br>Ex<br>(\$mm) | Free Cash Flow<br>(\$mm) | Free Cash Flow<br>(\$/unit) | Disc<br>Factor | Present<br>Value<br>(\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|--------------------------|-----------------------------|----------------|-------------------------------|
| Total 2000 through 2029 |                |                             |                |                   |                   |                         |                       |                     |                          |                             |                |                               |
|                         | 61             | 56                          | 117            | 3.95              | 463               | 69                      | 69                    | 27                  | 297                      | 27.35                       | 0.53           | 14.50                         |
| 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            | 3.65              | 24.3              | 2.3                     | 3.6                   | 0.5                 | 17.9                     | 1.65                        | 0.96           | 1.59                          |
| 2001                    | 5.7            | 0.8                         | 6.5            | 3.76              | 24.3              | 2.3                     | 3.6                   | 2.4                 | 16.0                     | 1.47                        | 0.90           | 1.32                          |
| 2002                    | 5.1            | 1.2                         | 6.3            | 3.38              | 21.4              | 2.3                     | 3.2                   | 2.1                 | 13.8                     | 1.27                        | 0.83           | 1.06                          |
| 2003                    | 4.6            | 1.6                         | 6.2            | 3.09              | 19.2              | 2.3                     | 2.9                   | 1.8                 | 12.2                     | 1.12                        | 0.78           | 0.87                          |
| 2004                    | 4.2            | 1.9                         | 6.1            | 3.42              | 20.7              | 2.3                     | 3.1                   | 2.0                 | 13.3                     | 1.23                        | 0.72           | 0.89                          |
| 2005                    | 3.7            | 2.2                         | 5.9            | 3.34              | 19.8              | 2.3                     | 3.0                   | 1.9                 | 12.6                     | 1.17                        | 0.67           | 0.78                          |
| 2006                    | 3.4            | 2.4                         | 5.8            | 3.29              | 19.1              | 2.3                     | 2.9                   | 1.8                 | 12.1                     | 1.11                        | 0.63           | 0.70                          |
| 2007                    | 3.0            | 2.6                         | 5.7            | 3.39              | 19.2              | 2.3                     | 2.9                   | 1.8                 | 12.2                     | 1.12                        | 0.58           | 0.65                          |
| 2008                    | 2.7            | 2.8                         | 5.5            | 3.48              | 19.2              | 2.3                     | 2.9                   | 1.8                 | 12.2                     | 1.13                        | 0.54           | 0.61                          |
| 2009                    | 2.5            | 2.9                         | 5.4            | 3.58              | 19.3              | 2.3                     | 2.9                   | 1.8                 | 12.3                     | 1.13                        | 0.50           | 0.57                          |
| 2010                    | 2.2            | 3.0                         | 5.2            | 3.69              | 19.3              | 2.3                     | 2.9                   | 1.8                 | 12.3                     | 1.13                        | 0.47           | 0.53                          |
| 2011                    | 2.0            | 3.1                         | 5.1            | 3.79              | 19.4              | 2.3                     | 2.9                   | 1.8                 | 12.3                     | 1.14                        | 0.44           | 0.50                          |
| 2012                    | 1.8            | 3.2                         | 5.0            | 3.90              | 19.4              | 2.3                     | 2.9                   | 1.8                 | 12.4                     | 1.14                        | 0.41           | 0.46                          |
| 2013                    | 1.6            | 3.2                         | 4.9            | 4.01              | 19.5              | 2.3                     | 2.9                   | 1.9                 | 12.4                     | 1.14                        | 0.38           | 0.43                          |
| 2014                    | 1.5            | 3.3                         | 4.7            | 4.13              | 19.5              | 2.3                     | 2.9                   | 1.9                 | 12.4                     | 1.14                        | 0.35           | 0.40                          |
| 2015                    | 1.3            | 2.9                         | 4.2            | 4.24              | 17.9              | 2.3                     | 2.7                   |                     | 12.9                     | 1.19                        | 0.33           | 0.39                          |
| 2016                    | 1.2            | 2.6                         | 3.8            | 4.37              | 16.5              | 2.3                     | 2.5                   |                     | 11.7                     | 1.08                        | 0.30           | 0.33                          |
| 2017                    | 1.1            | 2.3                         | 3.4            | 4.49              | 15.1              | 2.3                     | 2.3                   |                     | 10.6                     | 0.97                        | 0.28           | 0.27                          |
| 2018                    | 1.0            | 2.0                         | 3.0            | 4.62              | 13.9              | 2.3                     | 2.1                   |                     | 9.5                      | 0.88                        | 0.26           | 0.23                          |
| 2019                    | 0.9            | 1.8                         | 2.7            | 4.75              | 12.8              | 2.3                     | 1.9                   |                     | 8.6                      | 0.79                        | 0.24           | 0.19                          |
| 2020                    | 0.8            | 1.6                         | 2.4            | 4.89              | 11.7              | 2.3                     | 1.8                   |                     | 7.7                      | 0.71                        | 0.23           | 0.16                          |
| 2021                    | 0.7            | 1.4                         | 2.1            | 5.03              | 10.8              | 2.3                     | 1.6                   |                     | 6.9                      | 0.63                        | 0.21           | 0.13                          |
| 2022                    | 0.6            | 1.3                         | 1.9            | 5.17              | 9.9               | 2.3                     | 1.5                   |                     | 6.1                      | 0.56                        | 0.20           | 0.11                          |
| 2023                    | 0.6            | 1.1                         | 1.7            | 5.32              | 9.1               | 2.3                     | 1.4                   |                     | 5.4                      | 0.50                        | 0.18           | 0.09                          |
| 2024                    | 0.5            | 1.0                         | 1.5            | 5.47              | 8.4               | 2.3                     | 1.3                   |                     | 4.8                      | 0.44                        | 0.17           | 0.08                          |
| 2025                    | 0.5            | 0.9                         | 1.4            | 5.63              | 7.7               | 2.3                     | 1.2                   |                     | 4.2                      | 0.39                        | 0.16           | 0.06                          |
| 2026                    | 0.4            | 0.8                         | 1.2            | 5.79              | 7.1               | 2.3                     | 1.1                   |                     | 3.7                      | 0.34                        | 0.15           | 0.05                          |
| 2027                    | 0.4            | 0.7                         | 1.1            | 5.95              | 6.5               | 2.3                     | 1.0                   |                     | 3.2                      | 0.30                        | 0.14           | 0.04                          |
| 2028                    | 0.3            | 0.6                         | 1.0            | 6.12              | 6.0               | 2.3                     | 0.9                   |                     | 2.8                      | 0.26                        | 0.13           | 0.03                          |
| 2029                    | 0.3            | 0.6                         | 0.9            | 6.30              | 5.5               | 2.3                     | 0.8                   |                     | 2.4                      | 0.22                        | 0.12           | 0.03                          |

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# Meter Reader

A Weekly Analysis

July 17, 2000

**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    | 6.65    | 6.67     | 23.3  | 6.28    | 5.64    |
| Cash flow (\$mm)            | 2.35    | 3.25    | 3.25     | 10.9  | 3.09    | 4.57    | 5.34    | 5.35     | 18.3  | 4.98    | 4.40    |
| Per unit                    | 0.22    | 0.30    | 0.30     | 1.01  | 0.28    | 0.42    | 0.49    | 0.49     | 1.69  | 0.46    | 0.41    |
| Earnings (\$mm)             | 1.89    | 2.77    | 2.78     | 9.0   | 2.64    | 4.11    | 4.87    | 4.89     | 16.5  | 4.53    | 3.95    |
| Per unit                    | 0.17    | 0.26    | 0.26     | 0.83  | 0.24    | 0.38    | 0.45    | 0.45     | 1.52  | 0.42    | 0.36    |
| Distribution (\$mm)         | 1.93    | 1.93    | 1.93     | 7.7   | 3.01    | 1.93    | 4.29    | 4.30     | 13.5  | 3.99    | 3.48    |
| Per unit                    | 0.18    | 0.18    | 0.18     | 0.72  | 0.28    | 0.18    | 0.40    | 0.40     | 1.26  | 0.37    | 0.32    |
| 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    | 4.15    | 4.21     | 3.65  | 4.09    | 3.67    |
| Oklahoma (\$/mcf)           | 2.15    | 2.60    | 2.60     | 2.28  | 2.53    | 3.63    | 4.15    | 4.21     | 3.63  | 4.09    | 3.67    |
| Kansas (\$/mcf)             | 2.26    | 2.68    | 2.70     | 2.36  | 2.72    | 3.70    | 4.22    | 4.28     | 3.73  | 4.16    | 3.74    |
| Total (\$/mcf)              | 2.17    | 2.62    | 2.62     | 2.30  | 2.57    | 3.64    | 4.17    | 4.22     | 3.65  | 4.10    | 3.68    |
| <b>Revenue (\$mm)</b>       |         |         |          |       |         |         |         |          |       |         |         |
| Natural Gas                 |         |         |          |       |         |         |         |          |       |         |         |
| Oklahoma                    | 2.87    | 3.63    | 3.73     | 12.7  | 3.53    | 4.97    | 5.69    | 5.71     | 19.9  | 5.37    | 4.82    |
| Kansas                      | 0.76    | 0.88    | 0.83     | 3.1   | 0.79    | 1.10    | 1.25    | 1.26     | 4.4   | 1.19    | 1.07    |
| 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)  | (0.35)   | (1.2) | (0.33)  | (0.29)  |
| Total                       | 3.51    | 4.34    | 4.39     | 15.3  | 4.16    | 5.82    | 6.65    | 6.67     | 23.3  | 6.28    | 5.64    |
| <b>Cost (\$mm)</b>          |         |         |          |       |         |         |         |          |       |         |         |
| Operating                   | 0.96    | 0.90    | 0.95     | 3.6   | 0.92    | 1.01    | 1.07    | 1.07     | 4.1   | 1.06    | 1.02    |
| 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    | 0.15     | 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    | 1.31    | 1.32     | 5.0   | 1.30    | 1.24    |
| <b>Cash flow (\$mm)</b>     | 2.35    | 3.25    | 3.25     | 10.9  | 3.09    | 4.57    | 5.34    | 5.35     | 18.3  | 4.98    | 4.40    |
| 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    |
| <b>Earnings (\$mm)</b>      | 1.89    | 2.77    | 2.78     | 9.0   | 2.64    | 4.11    | 4.87    | 4.89     | 16.5  | 4.53    | 3.95    |
| 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    | 0.65     | 0.61  | 0.66    | 0.64    |
| 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 17, 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):              | 7.5 |
| Capex/Cash Flow (%):       | 24 | U.S. TIPS Inflation (%/yr):        | 2.1 |
| Variable Cost (%):         | 14 | U.S. 10 Year Yield (%/yr):         | 6.1 |

| Year                    | Basic<br>(bcf) | Volume<br>Enhanced<br>(bcf) | Total<br>(bcf) | Price<br>(\$/mcf) | Revenue<br>(\$mm) | Fixed<br>Cost<br>(\$mm) | Var<br>Cost<br>(\$mm) | Cap<br>Ex<br>(\$mm) | Distribution<br>(\$/unit) | Tax<br>Credit<br>(\$/unit) | Disc<br>Factor | Present<br>Value<br>(\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|---------------------------|----------------------------|----------------|-------------------------------|
| Total 2000 through 2029 |                |                             |                |                   |                   |                         |                       |                     |                           |                            |                |                               |
|                         | 279            | 308                         | 587            | 3.64              | 2138              | 385                     | 299                   | 232                 | 1222                      | 30.55                      | 0.06           | 14.60                         |
| 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           | 3.18              | 97.3              | 12.8                    | 13.6                  | 10.9                | 60.0                      | 1.50                       | 0.02           | 1.47                          |
| 2001                    | 26.0           | 4.0                         | 30.0           | 3.67              | 110.2             | 12.8                    | 15.4                  | 19.7                | 62.3                      | 1.56                       | 0.02           | 1.42                          |
| 2002                    | 23.4           | 6.3                         | 29.7           | 3.28              | 97.5              | 12.8                    | 13.7                  | 17.1                | 54.0                      | 1.35                       | 0.02           | 0.83                          |
| 2003                    | 21.1           | 8.3                         | 29.4           | 3.00              | 88.0              | 12.8                    | 12.3                  | 15.1                | 47.7                      | 1.19                       |                | 0.78                          |
| 2004                    | 19.0           | 10.0                        | 29.0           | 3.12              | 90.4              | 12.8                    | 12.7                  | 15.6                | 49.4                      | 1.23                       |                | 0.72                          |
| 2005                    | 17.1           | 11.5                        | 28.6           | 3.05              | 87.3              | 12.8                    | 12.2                  | 14.9                | 47.3                      | 1.18                       |                | 0.67                          |
| 2006                    | 15.4           | 12.8                        | 28.2           | 3.00              | 84.8              | 12.8                    | 11.9                  | 14.4                | 45.7                      | 1.14                       |                | 0.63                          |
| 2007                    | 13.9           | 13.9                        | 27.8           | 3.09              | 86.0              | 12.8                    | 12.0                  | 14.7                | 46.5                      | 1.16                       |                | 0.58                          |
| 2008                    | 12.5           | 14.9                        | 27.4           | 3.18              | 87.2              | 12.8                    | 12.2                  | 14.9                | 47.3                      | 1.18                       |                | 0.54                          |
| 2009                    | 11.3           | 15.7                        | 27.0           | 3.27              | 88.4              | 12.8                    | 12.4                  | 15.2                | 48.0                      | 1.20                       |                | 0.50                          |
| 2010                    | 10.2           | 16.4                        | 26.6           | 3.36              | 89.5              | 12.8                    | 12.5                  | 15.4                | 48.7                      | 1.22                       |                | 0.47                          |
| 2011                    | 9.2            | 17.0                        | 26.2           | 3.46              | 90.6              | 12.8                    | 12.7                  | 15.6                | 49.5                      | 1.24                       |                | 0.44                          |
| 2012                    | 8.2            | 17.5                        | 25.8           | 3.56              | 91.7              | 12.8                    | 12.8                  | 15.8                | 50.2                      | 1.25                       |                | 0.41                          |
| 2013                    | 7.4            | 17.9                        | 25.3           | 3.66              | 92.7              | 12.8                    | 13.0                  | 16.1                | 50.9                      | 1.27                       |                | 0.38                          |
| 2014                    | 6.7            | 18.2                        | 24.9           | 3.76              | 93.8              | 12.8                    | 13.1                  | 16.3                | 51.5                      | 1.29                       |                | 0.35                          |
| 2015                    | 6.0            | 16.2                        | 22.2           | 3.87              | 86.1              | 12.8                    | 12.1                  |                     | 61.2                      | 1.53                       |                | 0.33                          |
| 2016                    | 5.4            | 14.4                        | 19.9           | 3.98              | 79.1              | 12.8                    | 11.1                  |                     | 55.2                      | 1.38                       |                | 0.30                          |
| 2017                    | 4.9            | 12.8                        | 17.7           | 4.10              | 72.7              | 12.8                    | 10.2                  |                     | 49.7                      | 1.24                       |                | 0.28                          |
| 2018                    | 4.4            | 11.4                        | 15.8           | 4.21              | 66.7              | 12.8                    | 9.3                   |                     | 44.6                      | 1.11                       |                | 0.26                          |
| 2019                    | 4.0            | 10.2                        | 14.1           | 4.33              | 61.3              | 12.8                    | 8.6                   |                     | 39.9                      | 1.00                       |                | 0.24                          |
| 2020                    | 3.6            | 9.1                         | 12.6           | 4.46              | 56.3              | 12.8                    | 7.9                   |                     | 35.6                      | 0.89                       |                | 0.23                          |
| 2021                    | 3.2            | 8.1                         | 11.3           | 4.59              | 51.7              | 12.8                    | 7.2                   |                     | 31.7                      | 0.79                       |                | 0.21                          |
| 2022                    | 2.9            | 7.2                         | 10.1           | 4.72              | 47.5              | 12.8                    | 6.7                   |                     | 28.0                      | 0.70                       |                | 0.20                          |
| 2023                    | 2.6            | 6.4                         | 9.0            | 4.85              | 43.7              | 12.8                    | 6.1                   |                     | 24.7                      | 0.62                       |                | 0.18                          |
| 2024                    | 2.4            | 5.7                         | 8.0            | 4.99              | 40.1              | 12.8                    | 5.6                   |                     | 21.7                      | 0.54                       |                | 0.17                          |
| 2025                    | 2.1            | 5.1                         | 7.2            | 5.13              | 36.9              | 12.8                    | 5.2                   |                     | 18.9                      | 0.47                       |                | 0.16                          |
| 2026                    | 1.9            | 4.5                         | 6.4            | 5.28              | 33.9              | 12.8                    | 4.7                   |                     | 16.3                      | 0.41                       |                | 0.15                          |
| 2027                    | 1.7            | 4.0                         | 5.7            | 5.43              | 31.1              | 12.8                    | 4.4                   |                     | 13.9                      | 0.35                       |                | 0.14                          |
| 2028                    | 1.6            | 3.6                         | 5.1            | 5.59              | 28.6              | 12.8                    | 4.0                   |                     | 11.8                      | 0.29                       |                | 0.13                          |
| 2029                    | 1.4            | 3.2                         | 4.6            | 5.75              | 26.3              | 12.8                    | 3.7                   |                     | 9.8                       | 0.24                       |                | 0.12                          |

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**Meter Reader**  
A Weekly Analysis  
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**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    | 28.5    | 29.1     | 97.3  | 29.6    | 25.9    |
| Cash flow (\$mm) (80%)                       | 11.1    | 11.5    | 14.4     | 42.2  | 14.1    | 13.7    | 21.3    | 21.8     | 70.9  | 22.2    | 19.2    |
| Per unit                                     | 0.28    | 0.29    | 0.36     | 1.06  | 0.35    | 0.34    | 0.53    | 0.55     | 1.77  | 0.56    | 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    | 18.6    | 19.2     | 60.0  | 19.6    | 16.5    |
| Per unit                                     | 0.22    | 0.21    | 0.30     | 0.83  | 0.27    | 0.28    | 0.47    | 0.48     | 1.50  | 0.49    | 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    | 4.01    | 4.14     | 3.33  | 4.26    | 3.90    |
| HGT (\$/mcf)                                 | 2.00    | 2.01    | 2.42     | 2.12  | 2.32    | 2.54    | 3.71    | 3.84     | 3.08  | 3.96    | 3.60    |
| Oil (\$/bbl) (WTI Cushing lagged two months) |         |         |          |       |         |         |         |          |       |         |         |
| WTI Cushing                                  | 14.67   | 18.57   | 22.59    | 17.39 | 26.07   | 28.33   | 30.55   | 30.06    | 28.75 | 28.77   | 27.63   |
| HGT  | 13.64   | 18.18   | 21.72    | 16.53 | 25.19   | 27.33   | 29.55   | 29.06    | 27.77 | 27.77   | 26.63   |
| Total (\$/mcf)                               | 2.02    | 2.07    | 2.49     | 2.16  | 2.43    | 2.66    | 3.78    | 3.90     | 3.18  | 4.00    | 3.65    |
| <b>Revenue (\$mm)</b>                        |         |         |          |       |         |         |         |          |       |         |         |
| Natural Gas                                  | 19.1    | 19.1    | 23.2     | 72.5  | 22.5    | 21.9    | 32.8    | 33.6     | 110.8 | 34.3    | 29.9    |
| Oil  | 1.6     | 1.9     | 2.2      | 6.4   | 2.5     | 2.7     | 2.9     | 2.8      | 10.9  | 2.7     | 2.5     |
| Total  | 20.7    | 21.0    | 25.4     | 78.9  | 25.0    | 24.6    | 35.7    | 36.4     | 121.7 | 37.0    | 32.3    |
| <b>Cost (\$mm)</b>                           |         |         |          |       |         |         |         |          |       |         |         |
| Tax, transport & other                       |         |         |          |       |         |         |         |          |       |         |         |
| Production                                   | 2.1     | 2.1     | 2.6      | 8.3   | 2.4     | 2.5     | 3.6     | 3.6      | 12.1  | 3.7     | 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     | 9.1      | 33.0  | 9.1     | 8.3     |
| <b>Cash flow (\$mm)</b>                      |         |         |          |       |         |         |         |          |       |         |         |
| Development                                  | 13.9    | 14.4    | 18.1     | 52.8  | 17.6    | 17.1    | 26.6    | 27.3     | 88.6  | 27.8    | 24.0    |
| Net proceeds                                 | 2.8     | 3.7     | 2.8      | 11.3  | 3.9     | 3.3     | 3.3     | 3.3      | 13.6  | 3.3     | 3.3     |
| Royalty/Net proceeds                         | 11.1    | 10.7    | 15.2     | 41.4  | 13.7    | 13.8    | 23.4    | 24.1     | 75.0  | 24.6    | 20.7    |
| <b>Royalty income (\$mm)</b>                 |         |         |          |       |         |         |         |          |       |         |         |
| Royalty/Net proceeds                         | 8.9     | 8.5     | 12.2     | 33.2  | 11.0    | 11.1    | 18.7    | 19.2     | 60.0  | 19.6    | 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    | 18.6    | 19.2     | 60.0  | 19.6    | 16.5    |
| <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 17, 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):              | 7.5 |
| Capex/Cash Flow (%):       | 24 | U.S. TIPS Inflation (%/yr):        | 2.1 |
| Variable Cost (%):         | 12 | U.S. 10 Year Yield (%/yr):         | 6.1 |

| Year                    | Basic<br>(bcf) | Volume<br>Enhanced<br>(bcf) | Total<br>(bcf) | Price<br>(\$/mcf) | Revenue<br>(\$mm) | Fixed<br>Cost<br>(\$mm) | Var<br>Cost<br>(\$mm) | Cap<br>Ex<br>(\$mm) | Distribution<br>(\$/unit) | Tax<br>Credit<br>(\$/unit) | Disc<br>Factor | Present<br>Value<br>(\$/unit) |
|-------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------------|-----------------------|---------------------|---------------------------|----------------------------|----------------|-------------------------------|
| Total 2000 through 2029 |                |                             |                |                   |                   |                         |                       |                     |                           |                            |                |                               |
|                         | 309            | 286                         | 594            | 3.51              | 2086              | 266                     | 250                   | 236                 | 1338                      | 28.71                      | 0.48           | 0.46 <b>13.40</b>             |
| 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           | 3.02              | 93.1              | 8.9                     | 11.2                  | 15.3                | 60.6                      | 1.30                       | 0.16           | 0.96                          |
| 2001                    | 25.3           | 4.3                         | 29.6           | 3.49              | 103.1             | 8.9                     | 12.4                  | 19.6                | 62.2                      | 1.34                       | 0.16           | 0.90                          |
| 2002                    | 23.2           | 6.0                         | 29.2           | 3.12              | 90.9              | 8.9                     | 10.9                  | 17.1                | 54.1                      | 1.16                       | 0.16           | 0.83                          |
| 2003                    | 21.3           | 7.5                         | 28.8           | 2.84              | 81.8              | 8.9                     | 9.8                   | 15.1                | 48.0                      | 1.03                       |                | 0.78                          |
| 2004                    | 19.5           | 8.8                         | 28.3           | 2.97              | 84.1              | 8.9                     | 10.1                  | 15.6                | 49.5                      | 1.06                       |                | 0.72                          |
| 2005                    | 17.9           | 10.0                        | 27.9           | 2.90              | 81.1              | 8.9                     | 9.7                   | 15.0                | 47.5                      | 1.02                       |                | 0.67                          |
| 2006                    | 16.4           | 11.1                        | 27.5           | 2.86              | 78.6              | 8.9                     | 9.4                   | 14.5                | 45.9                      | 0.98                       |                | 0.63                          |
| 2007                    | 15.1           | 12.0                        | 27.1           | 2.94              | 79.6              | 8.9                     | 9.6                   | 14.7                | 46.5                      | 1.00                       |                | 0.58                          |
| 2008                    | 13.8           | 12.8                        | 26.6           | 3.03              | 80.6              | 8.9                     | 9.7                   | 14.9                | 47.2                      | 1.01                       |                | 0.54                          |
| 2009                    | 12.7           | 13.5                        | 26.2           | 3.11              | 81.6              | 8.9                     | 9.8                   | 15.1                | 47.8                      | 1.03                       |                | 0.50                          |
| 2010                    | 11.6           | 14.1                        | 25.8           | 3.20              | 82.5              | 8.9                     | 9.9                   | 15.3                | 48.5                      | 1.04                       |                | 0.47                          |
| 2011                    | 10.7           | 14.7                        | 25.4           | 3.29              | 83.5              | 8.9                     | 10.0                  | 15.5                | 49.1                      | 1.05                       |                | 0.44                          |
| 2012                    | 9.8            | 15.1                        | 24.9           | 3.39              | 84.4              | 8.9                     | 10.1                  | 15.7                | 49.7                      | 1.07                       |                | 0.41                          |
| 2013                    | 9.0            | 15.5                        | 24.5           | 3.48              | 85.4              | 8.9                     | 10.2                  | 15.9                | 50.4                      | 1.08                       |                | 0.38                          |
| 2014                    | 8.2            | 15.8                        | 24.1           | 3.58              | 86.3              | 8.9                     | 10.4                  | 16.1                | 51.0                      | 1.09                       |                | 0.35                          |
| 2015                    | 7.6            | 14.4                        | 22.0           | 3.69              | 81.0              | 8.9                     | 9.7                   |                     | 62.4                      | 1.34                       |                | 0.33                          |
| 2016                    | 6.9            | 13.1                        | 20.1           | 3.79              | 76.0              | 8.9                     | 9.1                   |                     | 58.0                      | 1.25                       |                | 0.30                          |
| 2017                    | 6.4            | 11.9                        | 18.3           | 3.90              | 71.4              | 8.9                     | 8.6                   |                     | 53.9                      | 1.16                       |                | 0.28                          |
| 2018                    | 5.8            | 10.9                        | 16.7           | 4.01              | 67.0              | 8.9                     | 8.0                   |                     | 50.1                      | 1.07                       |                | 0.26                          |
| 2019                    | 5.4            | 9.9                         | 15.2           | 4.13              | 62.9              | 8.9                     | 7.5                   |                     | 46.5                      | 1.00                       |                | 0.24                          |
| 2020                    | 4.9            | 9.0                         | 13.9           | 4.24              | 59.0              | 8.9                     | 7.1                   |                     | 43.1                      | 0.92                       |                | 0.23                          |
| 2021                    | 4.5            | 8.2                         | 12.7           | 4.37              | 55.4              | 8.9                     | 6.6                   |                     | 39.9                      | 0.86                       |                | 0.21                          |
| 2022                    | 4.1            | 7.4                         | 11.6           | 4.49              | 52.0              | 8.9                     | 6.2                   |                     | 36.9                      | 0.79                       |                | 0.20                          |
| 2023                    | 3.8            | 6.8                         | 10.6           | 4.62              | 48.8              | 8.9                     | 5.9                   |                     | 34.1                      | 0.73                       |                | 0.18                          |
| 2024                    | 3.5            | 6.2                         | 9.6            | 4.75              | 45.8              | 8.9                     | 5.5                   |                     | 31.5                      | 0.68                       |                | 0.17                          |
| 2025                    | 3.2            | 5.6                         | 8.8            | 4.89              | 43.0              | 8.9                     | 5.2                   |                     | 29.0                      | 0.62                       |                | 0.16                          |
| 2026                    | 2.9            | 5.1                         | 8.0            | 5.03              | 40.4              | 8.9                     | 4.8                   |                     | 26.7                      | 0.57                       |                | 0.15                          |
| 2027                    | 2.7            | 4.6                         | 7.3            | 5.17              | 37.9              | 8.9                     | 4.6                   |                     | 24.5                      | 0.53                       |                | 0.14                          |
| 2028                    | 2.5            | 4.2                         | 6.7            | 5.32              | 35.6              | 8.9                     | 4.3                   |                     | 22.5                      | 0.48                       |                | 0.13                          |
| 2029                    | 2.3            | 3.8                         | 6.1            | 5.47              | 33.4              | 8.9                     | 4.0                   |                     | 20.6                      | 0.44                       |                | 0.12                          |

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# Meter Reader

A Weekly Analysis

July 17, 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    | 27.9    | 28.7     | 93.1  | 29.3    | 25.7    |
| Cash flow (\$mm) (75%)                               | 7.5     | 9.9     | 13.4     | 39.6  | 13.3    | 13.6    | 22.8    | 23.5     | 73.1  | 24.0    | 20.9    |
| Per unit   | 0.16    | 0.21    | 0.29     | 0.85  | 0.28    | 0.29    | 0.49    | 0.50     | 1.57  | 0.52    | 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    | 18.4    | 19.1     | 60.6  | 19.7    | 16.7    |
| Per unit   | 0.13    | 0.17    | 0.24     | 0.68  | 0.21    | 0.28    | 0.40    | 0.41     | 1.30  | 0.42    | 0.36    |
| Units (millions)                                     | 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     |
| Conventional (btu/cf)                                | 1,196   | 1,006   | 1,159    | 1,142 | 1,173   | 1,130   | 1,142   | 1,142    | 1,147 | 1,142   | 1,142   |
| Coal Seam (btu/cf)                                   | 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)                                 | 118.4   | 100.6   | 106.7    | 109.4 | 109.6   | 118.5   | 109.0   | 107.9    | 111.2 | 106.8   | 105.8   |
| 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    | 4.01    | 4.14     | 3.33  | 4.26    | 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    | 3.61    | 3.74     | 2.95  | 3.86    | 3.50    |
| SJT Coal Seam  | 1.20    | 1.65    | 2.13     | 1.58  | 2.03    | 2.20    | 3.41    | 3.54     | 2.78  | 3.66    | 3.30    |
| Total  | 1.26    | 1.93    | 2.22     | 1.69  | 2.12    | 2.30    | 3.54    | 3.67     | 2.89  | 3.79    | 3.43    |
| Natural gas (\$/mcf)                                 |         |         |          |       |         |         |         |          |       |         |         |
| Conventional   | 1.54    | 2.11    | 2.63     | 2.00  | 2.54    | 2.67    | 4.12    | 4.27     | 3.39  | 4.41    | 4.00    |
| Coal Seam  | 1.06    | 1.45    | 1.88     | 1.39  | 1.79    | 1.94    | 3.00    | 3.12     | 2.45  | 3.22    | 2.91    |
| Total  | 1.34    | 1.84    | 2.32     | 1.75  | 2.23    | 2.37    | 3.66    | 3.80     | 3.00  | 3.92    | 3.55    |
| Oil (\$/bbl) (WTI Cushing lagged two months)         |         |         |          |       |         |         |         |          |       |         |         |
| WTI Cushing  | 14.67   | 18.57   | 22.59    | 17.02 | 26.07   | 28.33   | 30.55   | 30.51    | 28.86 | 28.79   | 27.63   |
| SJT  | 12.72   | 15.71   | 20.66    | 14.25 | 22.48   | 24.33   | 26.55   | 26.51    | 24.81 | 24.79   | 23.63   |
| Total gas & oil (\$/mcf)                             | 1.35    | 1.85    | 2.33     | 1.76  | 2.25    | 2.38    | 3.67    | 3.81     | 3.02  | 3.93    | 3.56    |
| <b>Revenue (\$mm)</b>                                |         |         |          |       |         |         |         |          |       |         |         |
| Natural Gas - Conventional                           | 9.6     | 11.5    | 15.2     | 47.1  | 15.1    | 16.8    | 24.4    | 25.0     | 81.3  | 25.6    | 22.5    |
| Coal Seam  | 4.6     | 5.5     | 7.6      | 22.8  | 7.4     | 8.5     | 12.3    | 12.7     | 40.9  | 13.0    | 11.4    |
| Total  | 14.1    | 17.0    | 22.8     | 69.9  | 22.5    | 25.2    | 36.7    | 37.7     | 122.2 | 38.6    | 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    | 37.2    | 38.2     | 124.1 | 39.0    | 34.2    |
| <b>Cost (\$mm)</b>                                   |         |         |          |       |         |         |         |          |       |         |         |
| Severance tax  | 1.5     | 1.8     | 2.4      | 7.3   | 2.2     | 2.6     | 3.8     | 3.9      | 12.7  | 4.0     | 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     | 6.9      | 26.7  | 7.0     | 6.4     |
| Cash flow (\$mm)                                     | 10.0    | 13.3    | 17.9     | 52.8  | 17.7    | 18.1    | 30.4    | 31.3     | 97.4  | 32.0    | 27.9    |
| Development  | 3.0     | 2.7     | 2.6      | 10.6  | 4.6     | 4.8     | 5.6     | 5.6      | 20.5  | 5.6     | 5.3     |
| Net proceeds (\$mm)                                  | 7.1     | 10.5    | 15.3     | 42.3  | 13.1    | 13.3    | 24.8    | 25.8     | 77.0  | 26.5    | 22.6    |
| Royalty income (\$mm)                                | 5.3     | 7.9     | 11.5     | 31.7  | 9.8     | 10.0    | 18.6    | 19.3     | 57.7  | 19.9    | 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   |         |         |
| Distributable income (\$mm)                          | 5.9     | 7.8     | 11.3     | 31.8  | 9.9     | 13.2    | 18.4    | 19.1     | 60.6  | 19.7    | 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    |

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