

## Meter Reader

A Weekly Analysis

August 14, 2000

### Priced for Imperfection

Currently among investments concentrated on long-life natural gas with low financial and management risk, **San Juan Basin Royalty Trust** ranks most undervalued followed by **Cross Timbers Royalty Trust, Hugoton Royalty Trust** and **Dorchester Hugoton, Ltd.** (see table). Weighing the week's changes in prices of oil, natural gas and money, our calculated asset values drop 5% while our projected distributions for the next year gain 2%. Asset values gave back some of the recent gains while projected distributions remain at high levels. Unlike growth stocks priced at high levels in anticipation of high future earnings and cash flow, energy stocks appear to be priced in anticipation of lower future commodity prices. Compare the price of oil for delivery next month at \$31 a barrel with that for 2005 at \$20 a barrel. Do you think the price of the marker grade of oil will fall that much? If it doesn't there appears to be a lot of additional money to be made in energy stocks.

		Price (\$/unit) 11-Aug 2000	Units (mm)	Market Cap (\$mm)	Debt (\$mm)	Net Present Value (\$/unit)	McDep Ratio
Dorchester Hugoton, Ltd.	DHULZ	13.75	10.7	148	-	14.10	0.98
Hugoton RT (42.5%)	HGT	12.38	17.0	210	-	14.40	0.86
Cross Timbers Royalty Trust	CRT	13.38	6.0	80	-	17.60	0.76
San Juan Basin Royalty Trust	SJT	9.69	46.6	451	-	13.20	0.73

Our computations for the next four quarters point to Dynamic Distribution Yields exceeding 17% in cash (see table).

		Price (\$/unit) 11-Aug 2000	Distribution (\$/unit)		Distribution Yield (Percent per year)	
	Symbol		Cash	Taxable Equivalent	Cash	Taxable Equivalent
Dorchester Hugoton, Ltd.	DHULZ	13.75	1.41	1.94	10.2	14.1
Hugoton RT (42.5%)	HGT	12.38	1.95	2.30	15.7	18.6
Cross Timbers Royalty Trust	CRT	13.38	2.30	2.93	17.2	21.9
San Juan Basin Royalty Trust	SJT	9.69	1.67	2.33	17.3	24.0

The new disclosure to expect in the next week is the quarterly report for San Juan Basin Royalty Trust to be filed with the Securities and Exchange Commission. Most of the information should just confirm what has already been disclosed monthly.

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):	2.7
Volume Enhancement (%/yr):	7	Discount Rate (%/yr):	7.3
		U.S. TIPS Inflation (%/yr):	1.9
		U.S. 10 Year Yield (%/yr):	5.9

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	31	24	55	3.62	199	9	208	34.70	0.37	0.50	17.60
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16		
2000	2.8	0.0	2.8	3.47	9.7	1.9	11.6	1.93	0.12	0.97	1.98
2001	2.5	0.2	2.7	4.29	11.7	2.0	13.7	2.28	0.12	0.90	2.17
2002	2.3	0.4	2.7	3.64	9.8	1.2	11.0	1.83	0.12	0.84	1.64
2003	2.1	0.5	2.7	3.29	8.7	0.9	9.7	1.61		0.78	1.26
2004	2.0	0.7	2.6	3.16	8.3	0.7	9.0	1.50		0.73	1.09
2005	1.8	0.8	2.6	3.08	7.9	0.6	8.5	1.42		0.68	0.96
2006	1.6	0.9	2.5	3.00	7.6	0.4	8.1	1.34		0.63	0.85
2007	1.5	1.0	2.5	2.94	7.4	0.4	7.8	1.29		0.59	0.76
2008	1.4	1.1	2.5	3.02	7.5	0.3	7.8	1.30		0.55	0.71
2009	1.3	1.2	2.4	3.10	7.5	0.3	7.8	1.30		0.51	0.66
2010	1.2	1.2	2.4	3.19	7.6	0.2	7.8	1.31		0.48	0.62
2011	1.1	1.3	2.3	3.28	7.7	0.2	7.9	1.31		0.44	0.58
2012	1.0	1.3	2.3	3.36	7.8	0.1	7.9	1.31		0.41	0.54
2013	0.9	1.4	2.3	3.46	7.9	0.1	7.9	1.32		0.38	0.51
2014	0.8	1.4	2.2	3.55	7.9	0.0	7.9	1.32		0.36	0.47
2015	0.8	1.3	2.0	3.65	7.4		7.4	1.24		0.33	0.41
2016	0.7	1.2	1.9	3.75	7.0		7.0	1.16		0.31	0.36
2017	0.6	1.1	1.7	3.85	6.5		6.5	1.09		0.29	0.32
2018	0.6	1.0	1.5	3.96	6.1		6.1	1.02		0.27	0.28
2019	0.5	0.9	1.4	4.06	5.7		5.7	0.96		0.25	0.24
2020	0.5	0.8	1.3	4.17	5.4		5.4	0.90		0.23	0.21
2021	0.5	0.7	1.2	4.29	5.1		5.1	0.84		0.22	0.18
2022	0.4	0.7	1.1	4.41	4.7		4.7	0.79		0.20	0.16
2023	0.4	0.6	1.0	4.53	4.4		4.4	0.74		0.19	0.14
2024	0.3	0.5	0.9	4.65	4.2		4.2	0.69		0.18	0.12
2025	0.3	0.5	0.8	4.78	3.9		3.9	0.65		0.16	0.11
2026	0.3	0.5	0.7	4.91	3.7		3.7	0.61		0.15	0.09
2027	0.3	0.4	0.7	5.04	3.4		3.4	0.57		0.14	0.08
2028	0.2	0.4	0.6	5.18	3.2		3.2	0.54		0.13	0.07
2029	0.2	0.3	0.6	5.32	3.0		3.0	0.50		0.12	0.06

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Table CRT-2  
Cross Timbers Royalty Trust  
Distributable Income Model

	Q2	Q3	Q4	Year	Q1	Q2	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	0.03	0.03	0.03	0.12	0.03	0.03
Distributable Income (\$mm)	1.17	1.66	2.28	6.55	2.30	2.42	3.22	3.61	11.56	3.64	3.30
Per unit	0.20	0.28	0.38	1.09	0.38	0.40	0.54	0.60	1.93	0.61	0.55
<b>Units</b> (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	0.77	0.76	0.76	3.09	0.76	0.73
Natural Gas (mmcf)	9.1	10.3	10.6	10.0	8.7	8.5	8.4	8.3	8.5	8.2	8.1
Days	90	91	92	365	92	91	91	92	366	92	90
Oil (mb)	87	79	94	349	88	81	85	83	337	81	78
Oil (mbd)	0.98	0.86	1.03	0.96	0.96	0.90	0.92	0.90	0.92	0.88	0.87
Days	89	92	92	365	92	90	92	92	366	92	90
Total (bcf)	1.34	1.41	1.54	5.73	1.33	1.26	1.27	1.26	5.12	1.24	1.20
<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	4.27	3.24	4.50	4.26
CRT (\$/mcf)	1.79	2.02	2.39	1.99	2.72	2.88	3.83	4.47	3.47	4.70	4.46
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.02	26.07	28.33	30.12	30.67	28.80	29.43	27.93
CRT	12.28	16.34	20.21	14.89	24.20	26.86	28.12	28.67	26.92	27.43	25.93
Total (\$/mcf)	1.89	2.26	2.75	2.17	3.25	3.50	4.17	4.59	3.87	4.65	4.41
<b>Revenue</b> (\$mm)											
Natural Gas	1.46	1.89	2.33	7.26	2.17	2.22	2.92	3.41	10.72	3.56	3.27
Oil	1.07	1.30	1.91	5.19	2.14	2.18	2.38	2.38	9.08	2.23	2.02
Total	2.53	3.19	4.23	12.45	4.31	4.40	5.31	5.79	19.80	5.79	5.29
<b>Cost</b> (\$mm)											
Tax, transport & other	0.40	0.48	0.50	1.61	0.58	0.61	0.74	0.81	2.74	0.81	0.74
Production	0.63	0.60	0.60	2.39	0.59	0.65	0.64	0.62	2.50	0.61	0.59
Total	1.02	1.08	1.09	4.00	1.17	1.26	1.38	1.43	5.24	1.42	1.33
<b>Cash flow</b> (\$mm)											
Development	0.08	0.18	0.12	0.74	0.21	0.13	0.17	0.17	0.69	0.17	0.17
Excess	(0.06)	(0.07)		(0.43)					-		
Recovery of excess	0.14	0.10	0.40	0.63	0.24	0.15			0.38		
<b>Net proceeds</b> (\$mm)	1.35	1.91	2.62	7.52	2.68	2.86	3.76	4.19	13.49	4.20	3.79
<b>Royalty income</b> (\$mm)											
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	0.05	0.04	0.04	0.18	0.04	0.04
<b>Distributable income</b> (\$mm)	1.17	1.66	2.28	6.55	2.30	2.42	3.22	3.61	11.56	3.64	3.30
<i>Modeling ratios</i>											
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	8.00	7.50	7.50	7.41	7.50	7.50
<i>Accounting items</i>											
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):	2.7
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	7.3
Capex/Cash Flow (%):	13	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	15	U.S. 10 Year Yield (%/yr):	5.9

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Free Cash Flow (\$mm)	(\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	61	56	117	3.83	448	75	67	26	280	25.77	0.55	14.10
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	0.2	6.6	3.71	24.6	2.5	3.7	0.5	18.0	1.66	0.97	1.60
2001	5.7	0.8	6.4	3.76	24.2	2.5	3.6	2.3	15.7	1.45	0.90	1.30
2002	5.1	1.2	6.3	3.28	20.7	2.5	3.1	2.0	13.1	1.21	0.84	1.01
2003	4.6	1.6	6.2	2.98	18.4	2.5	2.8	1.7	11.4	1.06	0.78	0.82
2004	4.2	1.9	6.0	3.36	20.3	2.5	3.0	1.9	12.8	1.18	0.73	0.86
2005	3.7	2.2	5.9	3.28	19.3	2.5	2.9	1.8	12.1	1.12	0.68	0.76
2006	3.4	2.4	5.8	3.22	18.5	2.5	2.8	1.7	11.5	1.06	0.63	0.67
2007	3.0	2.6	5.6	3.30	18.6	2.5	2.8	1.7	11.6	1.07	0.59	0.63
2008	2.7	2.8	5.5	3.39	18.6	2.5	2.8	1.7	11.6	1.07	0.55	0.59
2009	2.5	2.9	5.4	3.49	18.7	2.5	2.8	1.7	11.6	1.07	0.51	0.55
2010	2.2	3.0	5.2	3.58	18.7	2.5	2.8	1.7	11.7	1.08	0.48	0.51
2011	2.0	3.1	5.1	3.68	18.7	2.5	2.8	1.7	11.7	1.08	0.44	0.48
2012	1.8	3.2	5.0	3.78	18.8	2.5	2.8	1.7	11.7	1.08	0.41	0.44
2013	1.6	3.2	4.8	3.88	18.8	2.5	2.8	1.7	11.7	1.08	0.38	0.41
2014	1.5	3.2	4.7	3.99	18.8	2.5	2.8	1.7	11.7	1.08	0.36	0.39
2015	1.3	2.9	4.2	4.10	17.2	2.5	2.6		12.1	1.12	0.33	0.37
2016	1.2	2.6	3.8	4.21	15.8	2.5	2.4		10.9	1.01	0.31	0.31
2017	1.1	2.3	3.4	4.32	14.5	2.5	2.2		9.8	0.91	0.29	0.26
2018	1.0	2.0	3.0	4.44	13.3	2.5	2.0		8.8	0.81	0.27	0.22
2019	0.9	1.8	2.7	4.56	12.2	2.5	1.8		7.9	0.73	0.25	0.18
2020	0.8	1.6	2.4	4.69	11.2	2.5	1.7		7.0	0.65	0.23	0.15
2021	0.7	1.4	2.1	4.82	10.3	2.5	1.5		6.3	0.58	0.22	0.13
2022	0.6	1.3	1.9	4.95	9.5	2.5	1.4		5.5	0.51	0.20	0.10
2023	0.6	1.1	1.7	5.08	8.7	2.5	1.3		4.9	0.45	0.19	0.09
2024	0.5	1.0	1.5	5.22	8.0	2.5	1.2		4.3	0.39	0.18	0.07
2025	0.5	0.9	1.4	5.36	7.3	2.5	1.1		3.7	0.34	0.16	0.06
2026	0.4	0.8	1.2	5.51	6.7	2.5	1.0		3.2	0.30	0.15	0.05
2027	0.4	0.7	1.1	5.66	6.2	2.5	0.9		2.7	0.25	0.14	0.04
2028	0.3	0.6	1.0	5.81	5.7	2.5	0.8		2.3	0.21	0.13	0.03
2029	0.3	0.6	0.9	5.97	5.2	2.5	0.8		1.9	0.18	0.12	0.02

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

	Q2	Q3	Q4	Year	Q1	Q2	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	5.57	6.79	7.09	23.6	6.50	5.62
Cash flow (\$mm)	2.35	3.25	3.25	10.9	3.09	3.87	5.46	5.73	18.1	5.18	4.38
Per unit	0.22	0.30	0.30	1.01	0.28	0.36	0.50	0.53	1.67	0.48	0.40
Earnings (\$mm)	1.89	2.77	2.78	9.0	2.64	3.40	4.99	5.27	16.3	4.73	3.93
Per unit	0.17	0.26	0.26	0.83	0.24	0.32	0.46	0.49	1.50	0.44	0.36
Distribution (\$mm)	1.93	1.93	1.93	7.7	3.01	1.93	4.40	4.64	14.0	4.16	3.46
Per unit	0.18	0.18	0.18	0.72	0.28	0.18	0.41	0.43	1.30	0.39	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	1.38	1.37	5.5	1.33	1.34
Kansas	0.34	0.33	0.31	1.3	0.29	0.28	0.28	0.27	1.1	0.25	0.25
Total	1.67	1.72	1.74	6.9	1.68	1.66	1.66	1.64	6.6	1.59	1.59
Natural Gas (mmcf)	18.4	18.7	18.9	18.9	18.5	18.2	18.0	17.8	18.1	17.7	17.5
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	4.27	4.50	3.76	4.26	3.68
Oklahoma (\$/mcf)	2.15	2.60	2.60	2.28	2.53	3.50	4.27	4.50	3.70	4.26	3.68
Kansas (\$/mcf)	2.26	2.68	2.70	2.36	2.72	3.58	4.34	4.57	3.78	4.33	3.75
Total (\$/mcf)	2.17	2.62	2.62	2.30	2.57	3.51	4.28	4.51	3.71	4.27	3.69
<b>Revenue (\$mm)</b>											
Natural Gas											
Oklahoma	2.87	3.63	3.73	12.7	3.53	4.81	5.89	6.18	20.4	5.69	4.93
Kansas	0.76	0.88	0.83	3.1	0.79	1.01	1.20	1.23	4.2	1.10	0.94
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)	(0.37)	(1.2)	(0.34)	(0.29)
Total	3.51	4.34	4.39	15.3	4.16	5.57	6.79	7.09	23.6	6.50	5.62
<b>Cost (\$mm)</b>											
Operating	0.96	0.90	0.95	3.6	0.92	1.04	1.08	1.10	4.1	1.08	1.02
General and administrative	0.13	0.14	0.16	0.6	0.14	0.18	0.17	0.17	0.7	0.17	0.16
Management	0.12	0.13	0.13	0.5	0.13	0.14	0.16	0.16	0.6	0.15	0.14
Other	(0.05)	(0.08)	(0.10)	(0.3)	(0.11)	0.35	(0.08)	(0.08)	0.1	(0.08)	(0.08)
Total	1.16	1.09	1.13	4.4	1.07	1.70	1.33	1.36	5.5	1.32	1.24
<b>Cash flow (\$mm)</b>	2.35	3.25	3.25	10.9	3.09	3.87	5.46	5.73	18.1	5.18	4.38
Depletion, deprec. & amort.	0.46	0.48	0.48	1.9	0.45	0.46	0.46	0.46	1.8	0.44	0.45
<b>Earnings (\$mm)</b>	1.89	2.77	2.78	9.0	2.64	3.40	4.99	5.27	16.3	4.73	3.93
Capital expenditures (\$mm)	0.05	0.21	0.10	0.4	0.04	0.13	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%	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%
Operating cost (\$/mcf)	0.57	0.52	0.54	0.52	0.54	0.63	0.65	0.67	0.62	0.68	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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**Table HGT-1**  
**Hugoton Royalty Trust**  
**Present Value**

Volume Decline (%/yr):	11	Price Escalation Post 2006 (%/yr):	2.7
Volume Enhancement (%/yr):	9	Discount rate (%/yr):	7.3
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	14	U.S. 10 Year Yield (%/yr):	5.9

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029													
	279	310	588	3.54	2084	391	292	226	1176	29.40	0.06	0.49	14.40
1999	29.2		29.2	2.16	63.1	12.1	8.8	9.1	33.1	0.83	0.02		
2000	29.2	1.5	30.7	3.23	99.4	13.0	13.9	10.9	61.6	1.54	0.02	0.97	1.50
2001	26.0	4.1	30.1	3.76	113.2	13.0	15.8	20.2	64.1	1.60	0.02	0.90	1.46
2002	23.4	6.4	29.8	3.22	96.1	13.0	13.5	16.7	52.9	1.32	0.02	0.84	1.12
2003	21.1	8.4	29.5	2.92	86.1	13.0	12.1	14.7	46.4	1.16		0.78	0.91
2004	19.0	10.1	29.1	3.06	89.1	13.0	12.5	15.3	48.4	1.21		0.73	0.88
2005	17.1	11.6	28.7	2.98	85.7	13.0	12.0	14.6	46.1	1.15		0.68	0.78
2006	15.4	12.9	28.3	2.93	83.0	13.0	11.6	14.0	44.3	1.11		0.63	0.70
2007	13.9	14.0	27.9	3.01	84.0	13.0	11.8	14.2	45.0	1.13		0.59	0.66
2008	12.5	15.0	27.5	3.09	85.1	13.0	11.9	14.4	45.7	1.14		0.55	0.63
2009	11.3	15.8	27.1	3.17	86.1	13.0	12.1	14.6	46.4	1.16		0.51	0.59
2010	10.2	16.5	26.7	3.26	87.1	13.0	12.2	14.8	47.0	1.18		0.48	0.56
2011	9.2	17.1	26.3	3.35	88.0	13.0	12.3	15.0	47.6	1.19		0.44	0.53
2012	8.2	17.6	25.8	3.44	89.0	13.0	12.5	15.2	48.2	1.21		0.41	0.50
2013	7.4	18.0	25.4	3.54	89.9	13.0	12.6	15.4	48.8	1.22		0.38	0.47
2014	6.7	18.3	25.0	3.63	90.8	13.0	12.7	15.6	49.4	1.24		0.36	0.44
2015	6.0	16.3	22.3	3.73	83.3	13.0	11.7		58.6	1.46		0.33	0.49
2016	5.4	14.5	19.9	3.83	76.4	13.0	10.7		52.7	1.32		0.31	0.41
2017	4.9	12.9	17.8	3.94	70.1	13.0	9.8		47.2	1.18		0.29	0.34
2018	4.4	11.5	15.9	4.05	64.3	13.0	9.0		42.3	1.06		0.27	0.28
2019	4.0	10.2	14.2	4.16	59.0	13.0	8.3		37.7	0.94		0.25	0.24
2020	3.6	9.1	12.7	4.27	54.1	13.0	7.6		33.5	0.84		0.23	0.20
2021	3.2	8.1	11.3	4.39	49.6	13.0	6.9		29.7	0.74		0.22	0.16
2022	2.9	7.2	10.1	4.51	45.5	13.0	6.4		26.1	0.65		0.20	0.13
2023	2.6	6.4	9.0	4.63	41.8	13.0	5.9		22.9	0.57		0.19	0.11
2024	2.4	5.7	8.1	4.76	38.3	13.0	5.4		20.0	0.50		0.18	0.09
2025	2.1	5.1	7.2	4.88	35.2	13.0	4.9		17.2	0.43		0.16	0.07
2026	1.9	4.5	6.4	5.02	32.3	13.0	4.5		14.7	0.37		0.15	0.06
2027	1.7	4.0	5.7	5.16	29.6	13.0	4.1		12.5	0.31		0.14	0.04
2028	1.6	3.6	5.1	5.30	27.2	13.0	3.8		10.4	0.26		0.13	0.03
2029	1.4	3.2	4.6	5.44	24.9	13.0	3.5		8.4	0.21		0.12	0.03

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

# Meter Reader

A Weekly Analysis

August 14, 2000

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

	Q2 6/30/99	Q3 9/30/99	Q4 12/31/99	Year 1999	Q1 3/31/00	Q2 6/30/00	Q3E 9/30/00	Q4E 12/31/00	Year 2000E	Q1E 3/31/01	Q2E 6/30/01
<b>Highlights</b>											
Revenue (\$mm) (80%)	16.6	16.8	20.4	63.1	20.0	19.8	28.2	31.4	99.4	31.6	26.7
Cash flow (\$mm) (80%)	11.1	11.5	14.4	42.2	14.1	13.9	21.0	23.7	72.7	24.0	19.9
Per unit	0.28	0.29	0.36	1.06	0.35	0.35	0.52	0.59	1.82	0.60	0.50
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	21.1	61.6	21.3	17.2
Per unit	0.22	0.21	0.30	0.83	0.27	0.28	0.46	0.53	1.54	0.53	0.43
Units (millions)	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	105	106	105	415	104	99
Oil (mbd)	1.2	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1
Days	96	92	92	342	92	90	92	92	366	92	89
Total (bcf)	10.3	10.1	10.2	36.5	10.3	9.3	9.5	9.4	38.4	9.3	8.9
<b>Price</b>											
Natural Gas (HH lagged two months)											
Henry Hub (\$/mmbtu)	1.89	2.27	2.66	2.18	2.35	2.82	3.94	4.43	3.39	4.52	4.00
HGT (\$/mcf)	2.00	2.01	2.42	2.12	2.32	2.54	3.64	4.13	3.14	4.22	3.70
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.39	26.07	28.33	30.12	30.11	28.65	29.43	27.93
HGT	13.64	18.18	21.72	16.53	25.19	27.63	29.12	29.11	27.79	28.43	26.93
Total (\$/mcf)	2.02	2.07	2.49	2.16	2.43	2.68	3.72	4.18	3.23	4.26	3.76
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	19.1	23.2	72.5	22.5	21.9	32.1	36.1	112.7	36.5	30.7
Oil	1.6	1.9	2.2	6.4	2.5	2.9	3.1	3.0	11.5	2.9	2.7
Total	20.7	21.0	25.4	78.9	25.0	24.8	35.2	39.2	124.2	39.5	33.4
<b>Cost (\$mm)</b>											
Tax, transport & other	2.1	2.1	2.6	8.3	2.4	2.4	3.5	3.9	12.3	3.9	3.3
Production	2.9	2.8	3.0	11.0	3.3	3.2	3.7	3.8	14.0	3.8	3.5
Overhead	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	7.4	9.0	9.5	33.4	9.5	8.5
<b>Cash flow (\$mm)</b>											
Development	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>											
Development	11.1	10.7	15.2	41.4	13.7	14.1	23.0	26.4	77.2	26.7	21.6
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	8.9	8.5	12.2	33.2	11.0	11.3	18.4	21.1	61.8	21.4	17.3
Administration	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.2	0.1	0.1
<b>Distributable income (\$mm)</b>											
	8.8	8.5	12.2	33.1	10.9	11.3	18.3	21.1	61.6	21.3	17.2
<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	0.41	0.36	0.41	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 year of operations includes only eleven months of actual production from December 1998 through October 1999.

# Meter Reader

A Weekly Analysis

August 14, 2000

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

Volume Decline (%/yr):	9	Price Escalation Post 2006 (%/yr):	2.7
Volume Enhancement (%/yr):	7	Discount rate (%/yr):	7.3
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	5.9

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029													
	309	286	594	3.41	2025	265	243	230	1290	27.68	0.48	0.47	13.20
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	3.07	94.8	8.8	11.4	15.3	62.1	1.33	0.16	0.97	1.44
2001	25.3	4.3	29.6	3.57	105.5	8.8	12.7	20.2	63.9	1.37	0.16	0.90	1.38
2002	23.2	6.0	29.2	3.06	89.3	8.8	10.7	16.7	53.0	1.14	0.16	0.84	1.09
2003	21.3	7.5	28.8	2.78	79.9	8.8	9.6	14.7	46.7	1.00		0.78	0.78
2004	19.5	8.8	28.3	2.91	82.6	8.8	9.9	15.3	48.5	1.04		0.73	0.76
2005	17.9	10.0	27.9	2.84	79.3	8.8	9.5	14.6	46.3	0.99		0.68	0.67
2006	16.4	11.1	27.5	2.78	76.6	8.8	9.2	14.1	44.5	0.96		0.63	0.60
2007	15.1	12.0	27.1	2.86	77.5	8.8	9.3	14.2	45.1	0.97		0.59	0.57
2008	13.8	12.8	26.6	2.94	78.3	8.8	9.4	14.4	45.7	0.98		0.55	0.54
2009	12.7	13.5	26.2	3.02	79.1	8.8	9.5	14.6	46.2	0.99		0.51	0.51
2010	11.6	14.1	25.8	3.10	80.0	8.8	9.6	14.8	46.8	1.00		0.48	0.48
2011	10.7	14.7	25.4	3.19	80.8	8.8	9.7	14.9	47.3	1.02		0.44	0.45
2012	9.8	15.1	24.9	3.27	81.6	8.8	9.8	15.1	47.9	1.03		0.41	0.42
2013	9.0	15.5	24.5	3.36	82.4	8.8	9.9	15.3	48.4	1.04		0.38	0.40
2014	8.2	15.8	24.1	3.45	83.2	8.8	10.0	15.4	48.9	1.05		0.36	0.38
2015	7.6	14.4	22.0	3.55	78.0	8.8	9.4		59.8	1.28		0.33	0.43
2016	6.9	13.1	20.1	3.65	73.1	8.8	8.8		55.5	1.19		0.31	0.37
2017	6.4	11.9	18.3	3.75	68.5	8.8	8.2		51.5	1.10		0.29	0.32
2018	5.8	10.9	16.7	3.85	64.2	8.8	7.7		47.7	1.02		0.27	0.28
2019	5.4	9.9	15.2	3.95	60.2	8.8	7.2		44.2	0.95		0.25	0.24
2020	4.9	9.0	13.9	4.06	56.5	8.8	6.8		40.9	0.88		0.23	0.21
2021	4.5	8.2	12.7	4.17	52.9	8.8	6.4		37.8	0.81		0.22	0.18
2022	4.1	7.4	11.6	4.29	49.6	8.8	6.0		34.9	0.75		0.20	0.15
2023	3.8	6.8	10.6	4.40	46.5	8.8	5.6		32.1	0.69		0.19	0.13
2024	3.5	6.2	9.6	4.52	43.6	8.8	5.2		29.6	0.63		0.18	0.11
2025	3.2	5.6	8.8	4.65	40.9	8.8	4.9		27.2	0.58		0.16	0.10
2026	2.9	5.1	8.0	4.77	38.4	8.8	4.6		24.9	0.53		0.15	0.08
2027	2.7	4.6	7.3	4.90	36.0	8.8	4.3		22.8	0.49		0.14	0.07
2028	2.5	4.2	6.7	5.04	33.7	8.8	4.0		20.9	0.45		0.13	0.06
2029	2.3	3.8	6.1	5.17	31.6	8.8	3.8		19.0	0.41		0.12	0.05

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**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	27.4	30.9	94.8	31.3	26.4
Cash flow (\$mm) (75%)	7.5	9.9	13.4	39.6	13.3	13.6	22.3	25.5	74.6	25.8	21.6
Per unit	0.16	0.21	0.29	0.85	0.28	0.29	0.48	0.55	1.60	0.55	0.46
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	17.9	21.1	62.1	21.5	17.4
Per unit	0.13	0.17	0.24	0.68	0.21	0.28	0.38	0.45	1.33	0.46	0.37
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<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	1,142	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)											
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 (mmbd)											
	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	3.94	4.43	3.39	4.52	4.00
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	3.54	4.03	3.01	4.12	3.60
SJT Coal Seam	1.20	1.65	2.13	1.58	2.03	2.20	3.34	3.83	2.84	3.92	3.40
Total	1.26	1.93	2.22	1.69	2.12	2.30	3.47	3.96	2.95	4.05	3.53
Natural gas (\$/mcf)											
Conventional	1.54	2.11	2.63	2.00	2.54	2.67	4.04	4.61	3.45	4.71	4.11
Coal Seam	1.06	1.45	1.88	1.39	1.79	1.94	2.94	3.38	2.50	3.46	3.00
Total	1.34	1.84	2.32	1.75	2.23	2.37	3.59	4.10	3.06	4.19	3.66
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.02	26.07	28.33	30.12	30.67	28.80	28.79	27.93
SJT	12.72	15.71	20.66	14.25	22.48	24.33	26.12	26.67	24.75	24.79	23.93
Total gas & oil (\$/mcf)	1.35	1.85	2.33	1.76	2.25	2.38	3.60	4.11	3.07	4.19	3.66
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional											
	9.6	11.5	15.2	47.1	15.1	16.8	23.9	27.0	82.8	27.3	23.1
Coal Seam											
	4.6	5.5	7.6	22.8	7.4	8.5	12.1	13.7	41.7	13.9	11.7
Total	14.1	17.0	22.8	69.9	22.5	25.2	36.0	40.7	124.5	41.2	34.8
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	36.5	41.2	126.4	41.7	35.2
<b>Cost (\$mm)</b>											
Severance tax											
	1.5	1.8	2.4	7.3	2.2	2.6	3.8	4.2	12.9	4.3	3.6
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	7.2	26.9	7.2	6.5
<b>Cash flow (\$mm)</b>											
Development	10.0	13.3	17.9	52.8	17.7	18.1	29.7	34.0	99.5	34.4	28.7
	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	24.2	28.4	79.0	28.9	23.4
<b>Royalty income (\$mm)</b>											
	5.3	7.9	11.5	31.7	9.8	10.0	18.1	21.3	59.3	21.7	17.6
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	17.9	21.1	62.1	21.5	17.4
<i>Modeling ratios</i>											
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