

## The Tipping Point

Borrowing from the thinking of Malcolm Gladwell, author of the best selling book, we can see a possible "tipping point" to higher oil and gas pricing. The tightest underlying energy supply/demand situation in three decades now appears well accepted by "early adopters". We may be on the verge of a burst of acceptance by the mainstream that could lead investors to embrace energy stocks with urgency. Some unanticipated small event could catalyze the rapid change. Might Hugo Chavez of Venezuela rouse the producers in 2001 as Colonel Qaddafi did in 1973? Might oil at \$40 a barrel, or higher, be around the corner?

Our natural gas trusts and partnerships should participate in higher oil and gas values. **Dorchester Hugoton, Ltd.** seems to be getting the most direct benefit as its wellhead price is following the market most closely. **Cross Timbers Royalty Trust** has some oil production that should participate in potential further gains. Otherwise CRT and **San Juan Basin Royalty Trust** appear to be losing some of the sharp price gains to marketers and/or pipelines. An abnormal spread has opened between the San Juan Basin wellhead price and that for the rest of the industry. The differential with marker natural gas is more than \$1.00 an mcf compared to about \$0.40 normally. We believe the abnormal spread is temporary. Meanwhile our projection of payout for SJT has actually increased because latest disclosures point to a stronger volume trend that is enough to offset the pricing lag.

Despite recent stock market gains, SJT continues to rank most undervalued followed by CRT, **Hugoton Royalty Trust** and DHULZ (see table).

		<i>Price</i> <i>(\$/unit)</i>		<i>Market</i>		<i>Net</i> <i>Present</i>	
	<i>Symbol</i>	<i>25-Aug</i> <i>2000</i>	<i>Units</i> <i>(mm)</i>	<i>Cap</i> <i>(\$mm)</i>	<i>Debt</i> <i>(\$mm)</i>	<i>Value</i> <i>(\$/unit)</i>	<i>McDep</i> <i>Ratio</i>
Dorchester Hugoton, Ltd.	DHULZ	14.88	10.7	160	-	14.70	1.01
Hugoton RT (42.5%)	HGT	12.75	17.0	217	-	15.20	0.84
Cross Timbers Royalty Trust	CRT	15.06	6.0	90	-	18.40	0.82
San Juan Basin Royalty Trust	SJT	10.63	46.6	495	-	13.80	0.77

## ***Meter Reader***

*A Weekly Analysis*

August 28, 2000

Our computations for the next four quarters point to Dynamic Distribution Yields approaching 17% in cash (see table). Latest disclosures of monthly distributions for royalty trusts at \$0.20, \$0.17, and \$0.14 per unit respectively for CRT, HGT and SJT exceeded expectations.

	<i>Symbol</i>	<i>Price</i>	<i>Distribution</i>		<i>Distribution Yield</i>	
		<i>(\$/unit)</i>	<i>(\$/unit)</i>		<i>(Percent per year)</i>	
		<i>25-Aug</i>	<i>Cash</i>	<i>Taxable</i>	<i>Cash</i>	<i>Taxable</i>
Dorchester Hugoton, Ltd.	DHULZ	14.88	1.53	2.11	10.3	14.2
Hugoton RT (42.5%)	HGT	12.75	1.97	2.33	15.4	18.3
Cross Timbers Royalty Trust	CRT	15.06	2.31	3.00	15.3	19.9
San Juan Basin Royalty Trust	SJT	10.63	1.78	2.48	16.7	23.3

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## Meter Reader

A Weekly Analysis

August 28, 2000

**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	3.74	206	11	217	36.13	0.37	0.50	18.40
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16		
2000	2.8	0.0	2.8	3.42	9.5	2.0	11.5	1.92	0.12	0.97	1.97
2001	2.5	0.2	2.7	4.39	12.0	2.2	14.2	2.36	0.12	0.90	2.23
2002	2.3	0.4	2.7	3.71	10.0	1.3	11.3	1.88	0.12	0.84	1.68
2003	2.1	0.5	2.7	3.27	8.7	1.1	9.8	1.63		0.78	1.28
2004	2.0	0.7	2.6	3.36	8.8	0.9	9.7	1.61		0.73	1.18
2005	1.8	0.8	2.6	3.24	8.4	0.7	9.1	1.51		0.68	1.03
2006	1.6	0.9	2.5	3.13	8.0	0.6	8.5	1.42		0.63	0.90
2007	1.5	1.0	2.5	3.07	7.7	0.5	8.2	1.36		0.59	0.81
2008	1.4	1.1	2.5	3.15	7.8	0.4	8.2	1.37		0.55	0.75
2009	1.3	1.2	2.4	3.24	7.9	0.4	8.2	1.37		0.51	0.70
2010	1.2	1.2	2.4	3.32	7.9	0.3	8.3	1.38		0.48	0.66
2011	1.1	1.3	2.3	3.41	8.0	0.3	8.3	1.38		0.45	0.62
2012	1.0	1.3	2.3	3.50	8.1	0.2	8.3	1.38		0.42	0.58
2013	0.9	1.4	2.3	3.60	8.2	0.2	8.3	1.39		0.39	0.54
2014	0.8	1.4	2.2	3.69	8.2	0.1	8.3	1.39		0.36	0.50
2015	0.8	1.3	2.0	3.79	7.7		7.7	1.29		0.34	0.43
2016	0.7	1.2	1.9	3.90	7.2		7.2	1.21		0.31	0.38
2017	0.6	1.1	1.7	4.00	6.8		6.8	1.13		0.29	0.33
2018	0.6	1.0	1.5	4.11	6.4		6.4	1.06		0.27	0.29
2019	0.5	0.9	1.4	4.22	6.0		6.0	0.99		0.25	0.25
2020	0.5	0.8	1.3	4.33	5.6		5.6	0.93		0.24	0.22
2021	0.5	0.7	1.2	4.45	5.2		5.2	0.87		0.22	0.19
2022	0.4	0.7	1.1	4.57	4.9		4.9	0.82		0.21	0.17
2023	0.4	0.6	1.0	4.69	4.6		4.6	0.77		0.19	0.15
2024	0.3	0.5	0.9	4.82	4.3		4.3	0.72		0.18	0.13
2025	0.3	0.5	0.8	4.95	4.0		4.0	0.67		0.17	0.11
2026	0.3	0.5	0.7	5.08	3.8		3.8	0.63		0.16	0.10
2027	0.3	0.4	0.7	5.22	3.6		3.6	0.59		0.15	0.09
2028	0.2	0.4	0.6	5.36	3.3		3.3	0.56		0.14	0.08
2029	0.2	0.3	0.6	5.50	3.1		3.1	0.52		0.13	0.07

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# Meter Reader

A Weekly Analysis

August 28, 2000

Table CRT-2  
Cross Timbers Royalty Trust  
Distributable Income Model

	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	Q3E 9/30/01
<b>Highlights</b>											
Tax credit (\$mm)											
Per unit	0.04	0.03	0.16	0.03	0.03	0.03	0.03	0.12	0.03	0.03	0.03
Distributable Income (\$mm)	1.66	2.28	6.55	2.30	2.42	3.22	3.58	11.53	3.70	3.45	3.11
Per unit	0.28	0.38	1.09	0.38	0.40	0.54	0.60	1.92	0.62	0.58	0.52
<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)	0.94	0.97	3.64	0.80	0.77	0.76	0.76	3.09	0.76	0.73	0.73
Natural Gas (mmcf)	10.3	10.6	10.0	8.7	8.5	8.4	8.3	8.5	8.2	8.1	8.1
Days	91	92	365	92	91	91	92	366	92	90	91
Oil (mb)	79	94	349	88	81	85	83	337	81	78	85
Oil (mbd)	0.86	1.03	0.96	0.96	0.90	0.92	0.90	0.92	0.88	0.87	0.92
Days	92	92	365	92	90	92	92	366	92	90	92
Total (bcf)	1.41	1.54	5.73	1.33	1.26	1.27	1.26	5.12	1.24	1.20	1.24
<b>Price</b>											
Natural Gas (HH lagged three months)											
Henry Hub (\$/mmbtu)	2.22	2.52	2.12	2.45	2.62	3.63	4.30	3.25	4.69	4.43	3.82
Differential (\$/mmbtu)	0.20	0.13	0.13	(0.27)	(0.26)	(0.20)	-	(0.17)	-	(0.20)	(0.20)
CRT (\$/mcf)	2.02	2.39	1.99	2.72	2.88	3.83	4.30	3.42	4.69	4.63	4.02
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.00	29.13	30.67	29.11	27.81
CRT	16.34	20.21	14.89	24.20	26.86	28.12	30.00	27.25	28.67	27.11	25.81
Total (\$/mcf)	2.26	2.75	2.17	3.25	3.50	4.17	4.58	3.87	4.72	4.59	4.13
<b>Revenue</b> (\$mm)											
Natural Gas	1.89	2.33	7.26	2.17	2.22	2.92	3.28	10.59	3.55	3.39	2.95
Oil	1.30	1.91	5.19	2.14	2.18	2.38	2.49	9.19	2.33	2.12	2.19
Total	3.19	4.23	12.45	4.31	4.40	5.31	5.78	19.79	5.88	5.51	5.13
<b>Cost</b> (\$mm)											
Tax, transport & other	0.48	0.50	1.61	0.58	0.61	0.74	0.81	2.74	0.82	0.77	0.72
Production	0.60	0.60	2.39	0.59	0.65	0.64	0.62	2.50	0.61	0.59	0.64
Total	1.08	1.09	4.00	1.17	1.26	1.38	1.43	5.24	1.43	1.36	1.35
<b>Cash flow</b> (\$mm)											
Development	2.11	3.14	8.46	3.13	3.14	3.93	4.34	14.54	4.45	4.15	3.78
Excess	0.18	0.12	0.74	0.21	0.13	0.17	0.17	0.69	0.17	0.17	0.17
Recovery of excess	(0.07)		(0.43)					-			
	0.10	0.40	0.63	0.24	0.15			0.38			
<b>Net proceeds</b> (\$mm)	1.91	2.62	7.52	2.68	2.86	3.76	4.17	13.47	4.28	3.98	3.61
<b>Royalty income</b> (\$mm)											
Royalty/Net proceeds	1.70	2.30	6.69	2.35	2.48	3.26	3.62	11.71	3.74	3.49	3.15
	89%	88%	89%	88%	87%	87%	87%	87%	87%	88%	87%
Administration	0.04	0.02	0.14	0.05	0.05	0.04	0.04	0.18	0.04	0.04	0.04
<b>Distributable income</b> (\$mm)	1.66	2.28	6.55	2.30	2.42	3.22	3.58	11.53	3.70	3.45	3.11
<b>Modeling ratios</b>											
Tax and other/revenue	0.15	0.12	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Production exp (\$/bbl)	7.56	6.31	6.86	6.71	8.00	7.50	7.50	7.41	7.50	7.50	7.50
<b>Accounting items</b>											
Interest on excess costs	0.01	0.01	0.06								
Cumulative excess costs	0.76	0.37	0.37	0.15							

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A Weekly Analysis

August 28, 2000

**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	3.99	466	75	70	27	294	27.10	0.54	14.70
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	3.77	25.0	2.5	3.7	0.5	18.3	1.69	0.97	1.63
2001	5.7	0.8	6.4	3.90	25.1	2.5	3.8	2.5	16.4	1.51	0.90	1.36
2002	5.1	1.2	6.3	3.37	21.3	2.5	3.2	2.0	13.6	1.25	0.84	1.05
2003	4.6	1.6	6.2	2.98	18.4	2.5	2.8	1.7	11.4	1.05	0.78	0.82
2004	4.2	1.9	6.0	3.56	21.5	2.5	3.2	2.0	13.7	1.26	0.73	0.92
2005	3.7	2.2	5.9	3.44	20.3	2.5	3.0	1.9	12.8	1.18	0.68	0.80
2006	3.4	2.4	5.8	3.37	19.4	2.5	2.9	1.8	12.2	1.12	0.63	0.71
2007	3.0	2.6	5.6	3.46	19.5	2.5	2.9	1.8	12.2	1.13	0.59	0.67
2008	2.7	2.8	5.5	3.55	19.5	2.5	2.9	1.8	12.3	1.13	0.55	0.62
2009	2.5	2.9	5.4	3.65	19.6	2.5	2.9	1.8	12.3	1.13	0.51	0.58
2010	2.2	3.0	5.2	3.75	19.6	2.5	2.9	1.8	12.3	1.14	0.48	0.54
2011	2.0	3.1	5.1	3.85	19.6	2.5	2.9	1.8	12.3	1.14	0.45	0.51
2012	1.8	3.2	5.0	3.95	19.6	2.5	2.9	1.8	12.3	1.14	0.42	0.47
2013	1.6	3.2	4.8	4.06	19.6	2.5	2.9	1.8	12.3	1.14	0.39	0.44
2014	1.5	3.2	4.7	4.17	19.6	2.5	2.9	1.8	12.3	1.14	0.36	0.41
2015	1.3	2.9	4.2	4.28	18.0	2.5	2.7		12.8	1.18	0.34	0.40
2016	1.2	2.6	3.8	4.39	16.5	2.5	2.5		11.5	1.06	0.31	0.33
2017	1.1	2.3	3.4	4.51	15.1	2.5	2.3		10.4	0.96	0.29	0.28
2018	1.0	2.0	3.0	4.63	13.9	2.5	2.1		9.3	0.86	0.27	0.23
2019	0.9	1.8	2.7	4.76	12.7	2.5	1.9		8.3	0.77	0.25	0.20
2020	0.8	1.6	2.4	4.89	11.7	2.5	1.8		7.5	0.69	0.24	0.16
2021	0.7	1.4	2.1	5.02	10.7	2.5	1.6		6.6	0.61	0.22	0.14
2022	0.6	1.3	1.9	5.15	9.9	2.5	1.5		5.9	0.54	0.21	0.11
2023	0.6	1.1	1.7	5.29	9.0	2.5	1.4		5.2	0.48	0.19	0.09
2024	0.5	1.0	1.5	5.43	8.3	2.5	1.2		4.6	0.42	0.18	0.08
2025	0.5	0.9	1.4	5.58	7.6	2.5	1.1		4.0	0.37	0.17	0.06
2026	0.4	0.8	1.2	5.73	7.0	2.5	1.0		3.4	0.32	0.16	0.05
2027	0.4	0.7	1.1	5.88	6.4	2.5	1.0		3.0	0.27	0.15	0.04
2028	0.3	0.6	1.0	6.04	5.9	2.5	0.9		2.5	0.23	0.14	0.03
2029	0.3	0.6	0.9	6.21	5.4	2.5	0.8		2.1	0.19	0.13	0.02

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

	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>
	<i>9/30/99</i>	<i>12/31/99</i>	<i>1999</i>	<i>3/31/00</i>	<i>6/30/00</i>	<i>9/30/00</i>	<i>12/31/00</i>	<i>2000E</i>	<i>3/31/01</i>	<i>6/30/01</i>	<i>9/30/01</i>
<b>Highlights</b>											
Revenue (\$mm)	4.34	4.39	15.3	4.16	5.57	6.84	7.38	23.9	6.75	5.83	5.71
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.50	6.00	18.5	5.41	4.57	4.46
Per unit	0.30	0.30	1.01	0.28	0.36	0.51	0.55	1.70	0.50	0.42	0.41
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.04	5.54	16.6	4.97	4.13	4.01
Per unit	0.26	0.26	0.83	0.24	0.32	0.46	0.51	1.53	0.46	0.38	0.37
Distribution (\$mm)	1.93	1.93	7.7	3.01	1.93	4.44	4.87	14.2	4.37	3.63	3.53
Per unit	0.18	0.18	0.72	0.28	0.18	0.41	0.45	1.33	0.41	0.34	0.33
<b>Units</b> (millions)	10.74	10.74	10.7	10.74	10.74	10.74	10.74	10.7	10.74	10.74	10.74
<b>Volume</b>											
Natural gas (bcf)											
Oklahoma	1.40	1.43	5.6	1.39	1.37	1.38	1.37	5.5	1.33	1.34	1.35
Kansas	0.33	0.31	1.3	0.29	0.28	0.28	0.27	1.1	0.25	0.25	0.24
Total	1.72	1.74	6.9	1.68	1.66	1.66	1.64	6.6	1.59	1.59	1.59
Natural Gas (mmcf/d)	18.7	18.9	18.9	18.5	18.2	18.0	17.8	18.1	17.7	17.5	17.3
Days	92	92	365	91	91	92	92	366	90	91	92
<b>Price</b>											
Natural gas											
Henry Hub (\$/mmbtu)	2.52	2.45	2.24	2.62	3.63	4.30	4.69	3.81	4.43	3.82	3.73
Oklahoma (\$/mcf)	2.60	2.60	2.28	2.53	3.50	4.30	4.69	3.75	4.43	3.82	3.73
Kansas (\$/mcf)	2.68	2.70	2.36	2.72	3.58	4.37	4.76	3.83	4.50	3.89	3.80
Total (\$/mcf)	2.62	2.62	2.30	2.57	3.51	4.31	4.70	3.77	4.44	3.83	3.74
<b>Revenue</b> (\$mm)											
Natural Gas											
Oklahoma	3.63	3.73	12.7	3.53	4.81	5.94	6.44	20.7	5.91	5.12	5.03
Kansas	0.88	0.83	3.1	0.79	1.01	1.21	1.28	4.3	1.15	0.97	0.93
Other	0.05	0.05	0.2	0.05	0.05	0.05	0.05	0.2	0.05	0.05	0.05
Production payment (ORRI)	(0.22)	(0.23)	(0.8)	(0.21)	(0.30)	(0.36)	(0.39)	(1.2)	(0.35)	(0.30)	(0.30)
Total	4.34	4.39	15.3	4.16	5.57	6.84	7.38	23.9	6.75	5.83	5.71
<b>Cost</b> (\$mm)											
Operating	0.90	0.95	3.6	0.92	1.04	1.08	1.12	4.2	1.09	1.03	1.02
General and administrative	0.14	0.16	0.6	0.14	0.18	0.17	0.18	0.7	0.17	0.16	0.16
Management	0.13	0.13	0.5	0.13	0.14	0.16	0.16	0.6	0.16	0.15	0.14
Other	(0.08)	(0.10)	(0.3)	(0.11)	0.35	(0.08)	(0.08)	0.1	(0.08)	(0.08)	(0.08)
Total	1.09	1.13	4.4	1.07	1.70	1.33	1.38	5.5	1.34	1.26	1.25
<b>Cash flow</b> (\$mm)	3.25	3.25	10.9	3.09	3.87	5.50	6.00	18.5	5.41	4.57	4.46
Depletion, deprec. & amort.	0.48	0.48	1.9	0.45	0.46	0.46	0.46	1.8	0.44	0.45	0.45
<b>Earnings</b> (\$mm)	2.77	2.78	9.0	2.64	3.40	5.04	5.54	16.6	4.97	4.13	4.01
Capital expenditures (\$mm)	0.21	0.10	0.4	0.04	0.13	0.15	0.15	0.5	0.15	0.15	0.15
<b>Cost ratios</b>											
Prod pay/revenue	4.9%	5.0%	4.7%	4.8%	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Operating cost (\$/mcf)	0.52	0.54	0.52	0.54	0.63	0.65	0.68	0.63	0.69	0.65	0.64
Depletion (\$/mcf)	0.28	0.27	0.28	0.27	0.28	0.28	0.28	0.28	0.28	0.28	0.28

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## Meter Reader

A Weekly Analysis

August 28, 2000

**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	3.70	2179	391	305	238	1245	31.13	0.06	0.49	15.20
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	3.26	100.1	13.0	14.0	10.9	62.2	1.55	0.02	0.97	1.52
2001	26.0	4.1	30.1	3.91	117.7	13.0	16.5	21.2	67.0	1.68	0.02	0.90	1.53
2002	23.4	6.4	29.8	3.33	99.2	13.0	13.9	17.4	54.9	1.37	0.02	0.84	1.17
2003	21.1	8.4	29.5	2.94	86.7	13.0	12.1	14.8	46.8	1.17		0.78	0.92
2004	19.0	10.1	29.1	3.26	94.7	13.0	13.3	16.4	52.0	1.30		0.73	0.95
2005	17.1	11.6	28.7	3.15	90.4	13.0	12.7	15.5	49.2	1.23		0.68	0.84
2006	15.4	12.9	28.3	3.09	87.4	13.0	12.2	14.9	47.2	1.18		0.63	0.75
2007	13.9	14.0	27.9	3.17	88.5	13.0	12.4	15.1	48.0	1.20		0.59	0.71
2008	12.5	15.0	27.5	3.25	89.6	13.0	12.5	15.4	48.7	1.22		0.55	0.67
2009	11.3	15.8	27.1	3.34	90.6	13.0	12.7	15.6	49.3	1.23		0.51	0.63
2010	10.2	16.5	26.7	3.43	91.6	13.0	12.8	15.8	50.0	1.25		0.48	0.60
2011	9.2	17.1	26.3	3.52	92.6	13.0	13.0	16.0	50.6	1.27		0.45	0.56
2012	8.2	17.6	25.8	3.62	93.5	13.0	13.1	16.2	51.2	1.28		0.42	0.53
2013	7.4	18.0	25.4	3.72	94.5	13.0	13.2	16.4	51.8	1.30		0.39	0.50
2014	6.7	18.3	25.0	3.82	95.4	13.0	13.4	16.6	52.4	1.31		0.36	0.47
2015	6.0	16.3	22.3	3.92	87.4	13.0	12.2		62.2	1.55		0.34	0.52
2016	5.4	14.5	19.9	4.02	80.2	13.0	11.2		55.9	1.40		0.31	0.44
2017	4.9	12.9	17.8	4.13	73.5	13.0	10.3		50.2	1.26		0.29	0.37
2018	4.4	11.5	15.9	4.24	67.4	13.0	9.4		45.0	1.12		0.27	0.31
2019	4.0	10.2	14.2	4.36	61.8	13.0	8.7		40.2	1.00		0.25	0.26
2020	3.6	9.1	12.7	4.47	56.7	13.0	7.9		35.7	0.89		0.24	0.21
2021	3.2	8.1	11.3	4.59	52.0	13.0	7.3		31.7	0.79		0.22	0.18
2022	2.9	7.2	10.1	4.72	47.7	13.0	6.7		28.0	0.70		0.21	0.14
2023	2.6	6.4	9.0	4.85	43.7	13.0	6.1		24.6	0.61		0.19	0.12
2024	2.4	5.7	8.1	4.98	40.1	13.0	5.6		21.5	0.54		0.18	0.10
2025	2.1	5.1	7.2	5.11	36.8	13.0	5.2		18.6	0.47		0.17	0.08
2026	1.9	4.5	6.4	5.25	33.8	13.0	4.7		16.0	0.40		0.16	0.06
2027	1.7	4.0	5.7	5.39	31.0	13.0	4.3		13.6	0.34		0.15	0.05
2028	1.6	3.6	5.1	5.53	28.4	13.0	4.0		11.4	0.29		0.14	0.04
2029	1.4	3.2	4.6	5.68	26.1	13.0	3.6		9.4	0.23		0.13	0.03

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**Meter Reader**  
A Weekly Analysis  
August 28, 2000

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

	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	Q3E 9/30/01
<b>Highlights</b>											
Revenue (\$mm) (80%)	16.8	20.4	63.1	20.0	19.8	28.2	32.1	100.1	33.0	27.8	25.7
Cash flow (\$mm) (80%)	11.5	14.4	42.2	14.1	13.9	21.0	24.4	73.3	25.2	20.9	19.0
Per unit	0.29	0.36	1.06	0.35	0.35	0.52	0.61	1.83	0.63	0.52	0.48
Tax credit (\$mm)	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2
Per unit	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01
Distributable Income (\$mm)	8.5	12.2	33.1	10.9	11.3	18.3	21.7	62.2	22.5	18.2	16.3
Per unit	0.21	0.30	0.83	0.27	0.28	0.46	0.54	1.55	0.56	0.45	0.41
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)	9.5	9.6	34.2	9.7	8.6	8.8	8.7	35.9	8.7	8.3	8.5
Natural Gas (mmcf)	103.4	104.2	102.1	105.5	96.0	96.0	95.0	98.4	94.1	93.1	92.2
Days	92	92	335	92	90	92	92	366	92	89	92
Oil (mb)	104	103	388	100	105	106	105	415	104	99	102
Oil (mbd)	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1
Days	92	92	342	92	90	92	92	366	92	89	92
Total (bcf)	10.1	10.2	36.5	10.3	9.3	9.5	9.4	38.4	9.3	8.9	9.1
<b>Price</b>											
Natural Gas (HH lagged two months)											
Henry Hub (\$/mmbtu)	2.27	2.66	2.18	2.35	2.82	3.94	4.52	3.41	4.71	4.16	3.77
HGT (\$/mcf)	2.01	2.42	2.12	2.32	2.54	3.64	4.22	3.16	4.41	3.86	3.47
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.39	26.07	28.33	30.12	31.36	28.97	30.67	29.11	27.81
HGT	18.18	21.72	16.53	25.19	27.63	29.12	30.36	28.11	29.67	28.11	26.81
Total (\$/mcf)	2.07	2.49	2.16	2.43	2.68	3.72	4.28	3.26	4.45	3.92	3.54
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	23.2	72.5	22.5	21.9	32.1	36.9	113.5	38.2	32.0	29.5
Oil	1.9	2.2	6.4	2.5	2.9	3.1	3.2	11.7	3.1	2.8	2.7
Total	21.0	25.4	78.9	25.0	24.8	35.2	40.1	125.2	41.2	34.8	32.2
<b>Cost (\$mm)</b>											
Tax, transport & other											
Production	2.8	3.0	11.0	3.3	3.2	3.7	3.9	14.1	3.9	3.5	3.5
Overhead	1.8	1.7	6.9	1.7	1.8	1.8	1.8	7.1	1.8	1.7	1.7
Total	6.6	7.4	26.2	7.4	7.4	9.0	9.6	33.5	9.8	8.7	8.4
Cash flow (\$mm)	14.4	18.1	52.8	17.6	17.4	26.2	30.5	91.7	31.5	26.1	23.8
Development	3.7	2.8	11.3	3.9	3.3	3.3	3.3	13.6	3.3	3.3	3.3
Net proceeds (\$mm)	10.7	15.2	41.4	13.7	14.1	23.0	27.2	78.0	28.2	22.8	20.5
Royalty income (\$mm)	8.5	12.2	33.2	11.0	11.3	18.4	21.8	62.4	22.6	18.2	16.4
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1
Distributable income (\$mm)	8.5	12.2	33.1	10.9	11.3	18.3	21.7	62.2	22.5	18.2	16.3
<b>Cost ratios</b>											
Tax and other/revenue	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Production cost (\$/mcf)	0.28	0.29	0.30	0.32	0.35	0.39	0.41	0.37	0.42	0.40	0.38
Overhead cost (\$/mcf)	0.17	0.17	0.19	0.17	0.19	0.19	0.19	0.18	0.19	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 28, 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	287	596	3.53	2103	259	252	238	1357	29.12	0.48	0.47	13.80
1999	30.3		30.3	1.76	53.2	7.2	6.4	7.9	31.8	0.68	0.16		
2000	27.8	4.4	32.2	2.91	93.5	8.6	11.2	14.1	62.5	1.34	0.16	0.97	1.45
2001	25.3	4.3	29.6	3.49	103.2	8.6	12.4	19.7	62.4	1.34	0.16	0.90	1.35
2002	23.2	6.0	29.2	2.97	86.7	8.6	10.4	16.2	51.4	1.10	0.16	0.84	1.06
2003	21.3	7.5	28.8	2.63	75.6	8.6	9.1	13.9	44.0	0.94		0.78	0.74
2004	19.5	8.8	28.3	3.11	88.0	8.6	10.6	16.5	52.3	1.12		0.73	0.82
2005	17.9	10.0	27.9	3.00	83.8	8.6	10.1	15.6	49.5	1.06		0.68	0.72
2006	16.4	11.1	27.5	2.94	80.9	8.6	9.7	15.0	47.6	1.02		0.63	0.65
2007	15.1	12.0	27.1	3.02	81.8	8.6	9.8	15.2	48.2	1.03		0.59	0.61
2008	13.8	12.8	26.6	3.10	82.7	8.6	9.9	15.4	48.8	1.05		0.55	0.58
2009	12.7	13.5	26.2	3.19	83.6	8.6	10.0	15.6	49.3	1.06		0.51	0.54
2010	11.6	14.1	25.8	3.27	84.4	8.6	10.1	15.8	49.9	1.07		0.48	0.51
2011	10.7	14.7	25.4	3.36	85.2	8.6	10.2	15.9	50.4	1.08		0.45	0.48
2012	9.8	15.1	24.9	3.45	86.0	8.6	10.3	16.1	51.0	1.09		0.42	0.46
2013	9.0	15.5	24.5	3.54	86.8	8.6	10.4	16.3	51.5	1.11		0.39	0.43
2014	8.2	15.8	24.1	3.64	87.6	8.6	10.5	16.4	52.1	1.12		0.36	0.40
2015	7.6	14.4	22.0	3.74	82.1	8.6	9.9		63.6	1.37		0.34	0.46
2016	6.9	13.1	20.1	3.84	77.0	8.6	9.2		59.1	1.27		0.31	0.40
2017	6.4	11.9	18.3	3.94	72.1	8.6	8.7		54.8	1.18		0.29	0.34
2018	5.8	10.9	16.7	4.05	67.6	8.6	8.1		50.8	1.09		0.27	0.30
2019	5.4	9.9	15.2	4.16	63.3	8.6	7.6		47.1	1.01		0.25	0.26
2020	4.9	9.0	13.9	4.27	59.4	8.6	7.1		43.6	0.94		0.24	0.22
2021	4.5	8.2	12.7	4.38	55.6	8.6	6.7		40.3	0.87		0.22	0.19
2022	4.1	7.4	11.6	4.50	52.1	8.6	6.3		37.3	0.80		0.21	0.16
2023	3.8	6.8	10.6	4.62	48.9	8.6	5.9		34.4	0.74		0.19	0.14
2024	3.5	6.2	9.6	4.75	45.8	8.6	5.5		31.7	0.68		0.18	0.12
2025	3.2	5.6	8.8	4.87	42.9	8.6	5.2		29.1	0.63		0.17	0.10
2026	2.9	5.1	8.0	5.01	40.2	8.6	4.8		26.8	0.57		0.16	0.09
2027	2.7	4.6	7.3	5.14	37.7	8.6	4.5		24.6	0.53		0.15	0.08
2028	2.5	4.2	6.7	5.28	35.3	8.6	4.2		22.5	0.48		0.14	0.07
2029	2.3	3.8	6.1	5.42	33.1	8.6	4.0		20.5	0.44		0.13	0.06

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# Meter Reader

A Weekly Analysis

August 28, 2000

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

	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	Q3E 9/30/01
<b>Highlights</b>											
Revenue (\$mm) (75%)	13.0	17.4	53.2	17.3	19.3	27.2	29.8	93.5	33.5	29.7	26.9
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	22.4	24.4	73.7	27.6	24.3	21.8
Per unit	0.21	0.29	0.85	0.28	0.29	0.48	0.52	1.58	0.59	0.52	0.47
Tax credit (\$mm)	1.9	2.5	7.6	1.9	1.9	1.9	1.9	7.5	1.9	1.9	1.9
Per unit	0.04	0.05	0.16	0.04	0.04	0.04	0.04	0.16	0.04	0.04	0.04
Distributable Income (\$mm)	7.8	11.3	31.8	9.9	13.2	18.8	20.6	62.5	23.9	20.1	18.1
Per unit	0.17	0.24	0.68	0.21	0.28	0.40	0.44	1.34	0.51	0.43	0.39
<b>Units (millions)</b>	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Volume</b>											
Natural gas (mmbtu)											
Conventional	5.5	6.7	26.9	7.0	7.1	8.1	7.2	29.3	7.1	6.9	7.0
Coal Seam	3.3	3.5	14.4	3.6	3.9	4.0	3.9	15.4	3.8	3.7	3.7
Total	8.8	10.3	41.3	10.6	11.0	4.0	11.0	36.6	10.9	10.6	10.7
Conventional (btu/cf)											
Conventional (btu/cf)	1,006	1,159	1,142	1,173	1,130	1,257	1,142	1,176	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	5.5	5.8	23.5	5.9	6.3	6.4	6.3	24.9	6.2	6.0	6.1
Coal Seam	3.8	4.0	16.4	4.1	4.4	4.6	4.4	17.5	4.3	4.2	4.2
Total	9.3	9.8	39.9	10.1	10.7	11.0	10.7	42.4	10.6	10.2	10.4
Natural Gas (mmcf)											
Days	92	92	365	92	90	92	92	366	92	90	92
Oil (mb)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Oil (mbd)	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Days	92	92	365	92	90	92	92	366	92	90	92
Total gas & oil (bcf)	9.4	9.9	40.4	10.2	10.8	11.1	10.8	42.9	10.7	10.3	10.5
<b>Price</b>											
Natural gas (\$/mmbtu) (Henry Hub lagged two months)											
Henry Hub (\$/mmbtu)	2.27	2.66	2.17	2.35	2.82	3.94	4.52	3.41	4.71	4.16	3.77
Differential (\$/mmbtu)	0.04	0.38	0.35	0.19	0.47	0.90	0.90	0.60	0.60	0.40	0.40
SJT Conventional	2.09	2.27	1.75	2.17	2.35	3.04	3.62	2.81	4.11	3.76	3.37
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.82	3.42	2.63	3.91	3.56	3.17
Total	1.93	2.22	1.69	2.12	2.30	8.88	3.55	3.35	4.04	3.69	3.30
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.81	4.14	3.30	4.69	4.30	3.85
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.48	3.02	2.31	3.44	3.14	2.79
Total	1.84	2.32	1.75	2.23	2.37	3.25	3.68	2.89	4.18	3.82	3.42
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.00	29.13	28.79	29.11	27.81
SJT	15.71	20.66	14.25	22.48	21.66	26.12	28.00	24.32	24.79	25.11	23.81
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.27	3.69	2.91	4.18	3.82	3.42
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional											
Natural Gas - Conventional	11.5	15.2	47.1	15.1	16.8	24.4	26.1	82.3	29.3	25.9	23.5
Coal Seam	5.5	7.6	22.8	7.4	8.5	11.3	13.2	40.4	14.9	13.2	11.9
Total	17.0	22.8	69.9	22.5	25.2	35.7	39.3	122.7	44.2	39.1	35.4
Oil											
Oil	0.3	0.4	1.0	0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.4
Total	17.3	23.2	71.0	23.0	25.7	36.2	39.8	124.7	44.6	39.5	35.8
<b>Cost (\$mm)</b>											
Severance tax											
Severance tax	1.8	2.4	7.3	2.2	2.3	3.3	4.1	11.9	4.6	4.1	3.7
Operating											
Operating	2.2	2.9	10.8	3.1	5.2	3.1	3.2	14.6	3.2	3.1	3.1
Total	4.0	5.3	18.1	5.4	7.5	6.4	7.3	26.5	7.8	7.1	6.8
<b>Cash flow (\$mm)</b>											
Cash flow (\$mm)	13.3	17.9	52.8	17.7	18.2	29.9	32.5	98.3	36.9	32.4	29.0
Development											
Development	2.7	2.6	10.6	4.6	4.8	4.7	4.7	18.8	4.7	5.3	4.6
<b>Net proceeds (\$mm)</b>											
Net proceeds (\$mm)	10.5	15.3	42.3	13.1	13.5	25.2	27.8	79.5	32.2	27.1	24.5
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.1	0.2	0.8	0.2	0.4	0.1	0.2	0.9	0.2	0.2	0.2
One-time			0.9	0.3	3.5			3.7			
Distributable income (\$mm)	7.8	11.3	31.8	9.9	13.2	18.8	20.6	62.5	23.9	20.1	18.1
<b>Modeling ratios</b>											
Severance tax/revenue	10.4%	10.3%	10.3%	9.8%	9.0%	9.0%	10.3%	9.5%	10.3%	10.3%	10.3%
Operating cost (\$/mcf)	0.24	0.29	0.27	0.30	0.48	0.88	0.30	0.34	0.30	0.30	0.30

Analyses are prepared from original source data 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