

## ***Meter Reader***

*A Weekly Analysis*

September 5, 2000

### **Present Great, Future Positive**

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 **Hugoton Royalty Trust, Cross Timbers 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 jump another 5% while our projected distributions for the next year gain 6%. Near term commodity prices are remarkably strong. While prices five years out have been gaining too, there may be room for further improvement on \$21 oil and \$3.50 gas for 2005.

		<i>Price</i> <i>(\$/unit)</i>		<i>Market</i>		<i>Net</i> <i>Present</i>	
	<i>Symbol</i>	<i>1-Sep</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	14.13	10.7	152	-	15.50	0.91
Cross Timbers Royalty Trust	CRT	15.88	6.0	95	-	19.40	0.82
Hugoton RT (42.5%)	HGT	13.00	17.0	221	-	16.10	0.81
San Juan Basin Royalty Trust	SJT	10.50	46.6	489	-	14.50	0.72

Our computations for the next four quarters point to Dynamic Distribution Yields approaching 18% in cash (see table).

		<i>Price</i> <i>(\$/unit)</i>	<i>Distribution</i> <i>(\$/unit)</i>		<i>Distribution Yield</i> <i>(Percent per year)</i>	
	<i>Symbol</i>	<i>1-Sep</i> <i>2000</i>	<i>Cash</i>	<i>Taxable</i> <i>Equivalent</i>	<i>Cash</i>	<i>Taxable</i> <i>Equivalent</i>
Dorchester Hugoton, Ltd.	DHULZ	14.13	1.62	2.17	11.5	15.4
Cross Timbers Royalty Trust	CRT	15.88	2.41	3.13	15.2	19.7
Hugoton RT (42.5%)	HGT	13.00	2.08	2.46	16.0	18.9
San Juan Basin Royalty Trust	SJT	10.50	1.90	2.59	18.1	24.7

During the next week we expect Dorchester Hugoton to announce its distribution for the third quarter. In view of the wide margin by which cash flow exceeds the past rate of distribution we believe it would be appropriate for the general partner to distribute more. For comparative purposes we project future distributions at 0.88 times cash flow. Meanwhile we note with great interest, as pointed out by one of our research users, that Dorchester Hugoton ranks among the top ten stocks on NASDAQ by return on equity according to StockSheet.com.

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):	7.2
		U.S. TIPS Inflation (%/yr):	1.9
		U.S. 10 Year Yield (%/yr):	5.8

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	3.93	216	13	229	38.09	0.37	0.50	19.40
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16		
2000	2.8	0.0	2.8	3.44	9.6	2.0	11.6	1.93	0.12	0.97	1.99
2001	2.5	0.2	2.7	4.62	12.6	2.3	14.9	2.49	0.12	0.90	2.35
2002	2.3	0.4	2.7	3.90	10.5	1.7	12.2	2.03	0.12	0.84	1.81
2003	2.1	0.5	2.7	3.44	9.1	1.2	10.3	1.72		0.78	1.35
2004	2.0	0.7	2.6	3.48	9.1	1.0	10.1	1.68		0.73	1.23
2005	1.8	0.8	2.6	3.39	8.7	0.8	9.5	1.59		0.68	1.08
2006	1.6	0.9	2.5	3.31	8.4	0.7	9.1	1.51		0.64	0.96
2007	1.5	1.0	2.5	3.24	8.1	0.6	8.7	1.45		0.59	0.86
2008	1.4	1.1	2.5	3.33	8.2	0.5	8.7	1.46		0.55	0.80
2009	1.3	1.2	2.4	3.42	8.3	0.5	8.8	1.46		0.52	0.75
2010	1.2	1.2	2.4	3.51	8.4	0.4	8.8	1.46		0.48	0.70
2011	1.1	1.3	2.3	3.60	8.5	0.3	8.8	1.47		0.45	0.66
2012	1.0	1.3	2.3	3.70	8.5	0.3	8.8	1.47		0.42	0.61
2013	0.9	1.4	2.3	3.79	8.6	0.2	8.8	1.47		0.39	0.57
2014	0.8	1.4	2.2	3.89	8.7	0.2	8.9	1.48		0.36	0.54
2015	0.8	1.3	2.0	4.00	8.1		8.1	1.36		0.34	0.46
2016	0.7	1.2	1.9	4.10	7.6		7.6	1.27		0.32	0.40
2017	0.6	1.1	1.7	4.21	7.1		7.1	1.19		0.30	0.35
2018	0.6	1.0	1.5	4.32	6.7		6.7	1.12		0.28	0.31
2019	0.5	0.9	1.4	4.44	6.3		6.3	1.05		0.26	0.27
2020	0.5	0.8	1.3	4.56	5.9		5.9	0.98		0.24	0.23
2021	0.5	0.7	1.2	4.68	5.5		5.5	0.92		0.22	0.21
2022	0.4	0.7	1.1	4.80	5.2		5.2	0.86		0.21	0.18
2023	0.4	0.6	1.0	4.93	4.8		4.8	0.81		0.19	0.16
2024	0.3	0.5	0.9	5.06	4.5		4.5	0.76		0.18	0.14
2025	0.3	0.5	0.8	5.19	4.2		4.2	0.71		0.17	0.12
2026	0.3	0.5	0.7	5.33	4.0		4.0	0.66		0.16	0.10
2027	0.3	0.4	0.7	5.47	3.7		3.7	0.62		0.15	0.09
2028	0.2	0.4	0.6	5.62	3.5		3.5	0.58		0.14	0.08
2029	0.2	0.3	0.6	5.76	3.3		3.3	0.55		0.13	0.07

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**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	3.65	11.60	3.89	3.63	3.29
Per unit	0.28	0.38	1.09	0.38	0.40	0.54	0.61	1.93	0.65	0.60	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)	0.94	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	4.35	3.26	4.91	4.64	4.03
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	4.35	3.44	4.91	4.84	4.23
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.68	29.30	31.80	30.15	28.83
CRT	16.34	20.21	14.89	24.20	26.86	28.12	30.68	27.42	29.80	28.15	26.83
Total (\$/mcf)	2.26	2.75	2.17	3.25	3.50	4.17	4.65	3.88	4.93	4.78	4.33
<b>Revenue</b> (\$mm)											
Natural Gas	1.89	2.33	7.26	2.17	2.22	2.92	3.32	10.63	3.71	3.55	3.10
Oil	1.30	1.91	5.19	2.14	2.18	2.38	2.55	9.25	2.43	2.20	2.27
Total	3.19	4.23	12.45	4.31	4.40	5.31	5.87	19.88	6.14	5.74	5.38
<b>Cost</b> (\$mm)											
Tax, transport & other	0.48	0.50	1.61	0.58	0.61	0.74	0.82	2.75	0.86	0.80	0.75
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	1.45	5.26	1.47	1.39	1.39
<b>Cash flow</b> (\$mm)											
Development	2.11	3.14	8.46	3.13	3.14	3.93	4.43	14.63	4.67	4.35	3.99
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)					-			
Net proceeds	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	4.26	13.56	4.50	4.18	3.82
<b>Royalty income</b> (\$mm)	1.70	2.30	6.69	2.35	2.48	3.26	3.69	11.78	3.93	3.67	3.33
Royalty/Net proceeds	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	3.65	11.60	3.89	3.63	3.29
<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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**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):	7.2
Capex/Cash Flow (%):	13	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	15	U.S. 10 Year Yield (%/yr):	5.8

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Free Cash Flow (\$mm)	Free Cash Flow (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	61	56	117	4.15	485	74	73	29	309	28.50	0.54	15.50
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	0.2	6.6	3.83	25.4	2.5	3.8	0.5	18.7	1.72	0.97	1.66
2001	5.7	0.8	6.4	4.11	26.5	2.5	4.0	2.6	17.4	1.61	0.90	1.45
2002	5.1	1.2	6.3	3.54	22.3	2.5	3.3	2.1	14.3	1.32	0.84	1.11
2003	4.6	1.6	6.2	3.14	19.4	2.5	2.9	1.8	12.2	1.12	0.78	0.88
2004	4.2	1.9	6.0	3.68	22.2	2.5	3.3	2.1	14.3	1.32	0.73	0.96
2005	3.7	2.2	5.9	3.59	21.2	2.5	3.2	2.0	13.5	1.24	0.68	0.85
2006	3.4	2.4	5.8	3.52	20.3	2.5	3.0	1.9	12.9	1.18	0.64	0.75
2007	3.0	2.6	5.6	3.61	20.3	2.5	3.1	1.9	12.9	1.19	0.59	0.70
2008	2.7	2.8	5.5	3.71	20.4	2.5	3.1	1.9	12.9	1.19	0.55	0.66
2009	2.5	2.9	5.4	3.81	20.4	2.5	3.1	1.9	12.9	1.19	0.52	0.61
2010	2.2	3.0	5.2	3.91	20.4	2.5	3.1	1.9	12.9	1.19	0.48	0.57
2011	2.0	3.1	5.1	4.01	20.4	2.5	3.1	1.9	13.0	1.19	0.45	0.54
2012	1.8	3.2	5.0	4.12	20.4	2.5	3.1	1.9	13.0	1.19	0.42	0.50
2013	1.6	3.2	4.8	4.23	20.4	2.5	3.1	1.9	12.9	1.19	0.39	0.47
2014	1.5	3.2	4.7	4.34	20.4	2.5	3.1	1.9	12.9	1.19	0.36	0.43
2015	1.3	2.9	4.2	4.45	18.7	2.5	2.8		13.4	1.24	0.34	0.42
2016	1.2	2.6	3.8	4.57	17.2	2.5	2.6		12.1	1.12	0.32	0.35
2017	1.1	2.3	3.4	4.69	15.8	2.5	2.4		10.9	1.01	0.30	0.30
2018	1.0	2.0	3.0	4.82	14.4	2.5	2.2		9.8	0.90	0.28	0.25
2019	0.9	1.8	2.7	4.95	13.2	2.5	2.0		8.8	0.81	0.26	0.21
2020	0.8	1.6	2.4	5.08	12.2	2.5	1.8		7.8	0.72	0.24	0.17
2021	0.7	1.4	2.1	5.21	11.1	2.5	1.7		7.0	0.64	0.22	0.14
2022	0.6	1.3	1.9	5.35	10.2	2.5	1.5		6.2	0.57	0.21	0.12
2023	0.6	1.1	1.7	5.49	9.4	2.5	1.4		5.5	0.51	0.19	0.10
2024	0.5	1.0	1.5	5.64	8.6	2.5	1.3		4.8	0.45	0.18	0.08
2025	0.5	0.9	1.4	5.79	7.9	2.5	1.2		4.2	0.39	0.17	0.07
2026	0.4	0.8	1.2	5.94	7.2	2.5	1.1		3.7	0.34	0.16	0.05
2027	0.4	0.7	1.1	6.10	6.6	2.5	1.0		3.2	0.29	0.15	0.04
2028	0.3	0.6	1.0	6.26	6.1	2.5	0.9		2.7	0.25	0.14	0.03
2029	0.3	0.6	0.9	6.42	5.6	2.5	0.8		2.3	0.21	0.13	0.03

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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	6.92	7.71	24.4	7.07	6.16	6.05
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.58	6.30	18.8	5.70	4.87	4.77
Per unit	0.30	0.30	1.01	0.28	0.36	0.51	0.58	1.74	0.53	0.45	0.44
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.12	5.84	17.0	5.26	4.42	4.32
Per unit	0.26	0.26	0.83	0.24	0.32	0.47	0.54	1.57	0.48	0.41	0.40
Distribution (\$mm)	1.93	1.93	7.7	3.01	1.93	4.50	5.14	14.6	4.62	3.89	3.80
Per unit	0.18	0.18	0.72	0.28	0.18	0.42	0.48	1.36	0.43	0.36	0.35
<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	4.35	4.91	3.88	4.64	4.03	3.96
Oklahoma (\$/mcf)	2.60	2.60	2.28	2.53	3.50	4.35	4.91	3.82	4.64	4.03	3.96
Kansas (\$/mcf)	2.68	2.70	2.36	2.72	3.58	4.42	4.98	3.90	4.71	4.10	4.03
Total (\$/mcf)	2.62	2.62	2.30	2.57	3.51	4.36	4.92	3.83	4.65	4.04	3.97
<b>Revenue</b> (\$mm)											
Natural Gas											
Oklahoma	3.63	3.73	12.7	3.53	4.81	6.01	6.73	21.1	6.19	5.40	5.33
Kansas	0.88	0.83	3.1	0.79	1.01	1.22	1.33	4.4	1.20	1.02	0.99
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)	(0.40)	(1.3)	(0.37)	(0.32)	(0.32)
Total	4.34	4.39	15.3	4.16	5.57	6.92	7.71	24.4	7.07	6.16	6.05
<b>Cost</b> (\$mm)											
Operating	0.90	0.95	3.6	0.92	1.04	1.09	1.14	4.2	1.12	1.05	1.05
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	0.15
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	1.34	1.41	5.5	1.37	1.29	1.28
<b>Cash flow</b> (\$mm)	3.25	3.25	10.9	3.09	3.87	5.58	6.30	18.8	5.70	4.87	4.77
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	5.12	5.84	17.0	5.26	4.42	4.32
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	0.66	0.70	0.63	0.70	0.66	0.66
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  
September 5, 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):	7.2
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	14	U.S. 10 Year Yield (%/yr):	5.8

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	279	310	588	3.86	2274	391	318	251	1314	32.85	0.06	0.49 <b>16.10</b>
1999	29.2		29.2	2.16	63.1	12.1	8.8	9.1	33.1	0.83	0.02	
2000	29.2	1.5	30.7	3.29	101.0	13.0	14.1	10.9	62.9	1.57	0.02	1.54
2001	26.0	4.1	30.1	4.11	123.9	13.0	17.3	22.4	71.1	1.78	0.02	1.62
2002	23.4	6.4	29.8	3.50	104.3	13.0	14.6	18.4	58.3	1.46	0.02	1.24
2003	21.1	8.4	29.5	3.10	91.2	13.0	12.8	15.7	49.7	1.24		0.78
2004	19.0	10.1	29.1	3.38	98.3	13.0	13.8	17.2	54.4	1.36		0.73
2005	17.1	11.6	28.7	3.30	94.7	13.0	13.3	16.4	52.0	1.30		0.68
2006	15.4	12.9	28.3	3.23	91.6	13.0	12.8	15.8	50.0	1.25		0.64
2007	13.9	14.0	27.9	3.32	92.7	13.0	13.0	16.0	50.7	1.27		0.59
2008	12.5	15.0	27.5	3.41	93.8	13.0	13.1	16.2	51.4	1.28		0.55
2009	11.3	15.8	27.1	3.50	94.8	13.0	13.3	16.4	52.1	1.30		0.52
2010	10.2	16.5	26.7	3.59	95.8	13.0	13.4	16.7	52.7	1.32		0.48
2011	9.2	17.1	26.3	3.68	96.8	13.0	13.6	16.9	53.4	1.33		0.45
2012	8.2	17.6	25.8	3.78	97.8	13.0	13.7	17.1	54.0	1.35		0.42
2013	7.4	18.0	25.4	3.88	98.7	13.0	13.8	17.2	54.6	1.37		0.39
2014	6.7	18.3	25.0	3.99	99.6	13.0	13.9	17.4	55.2	1.38		0.36
2015	6.0	16.3	22.3	4.09	91.3	13.0	12.8		65.5	1.64		0.34
2016	5.4	14.5	19.9	4.20	83.7	13.0	11.7		58.9	1.47		0.32
2017	4.9	12.9	17.8	4.31	76.7	13.0	10.7		52.9	1.32		0.30
2018	4.4	11.5	15.9	4.42	70.3	13.0	9.8		47.4	1.19		0.28
2019	4.0	10.2	14.2	4.54	64.5	13.0	9.0		42.4	1.06		0.26
2020	3.6	9.1	12.7	4.66	59.1	13.0	8.3		37.8	0.94		0.24
2021	3.2	8.1	11.3	4.79	54.2	13.0	7.6		33.6	0.84		0.22
2022	2.9	7.2	10.1	4.91	49.7	13.0	7.0		29.7	0.74		0.21
2023	2.6	6.4	9.0	5.04	45.5	13.0	6.4		26.1	0.65		0.19
2024	2.4	5.7	8.1	5.18	41.7	13.0	5.8		22.9	0.57		0.18
2025	2.1	5.1	7.2	5.31	38.3	13.0	5.4		19.9	0.50		0.17
2026	1.9	4.5	6.4	5.45	35.1	13.0	4.9		17.2	0.43		0.16
2027	1.7	4.0	5.7	5.60	32.2	13.0	4.5		14.6	0.37		0.15
2028	1.6	3.6	5.1	5.75	29.5	13.0	4.1		12.4	0.31		0.14
2029	1.4	3.2	4.6	5.90	27.1	13.0	3.8		10.2	0.26		0.13

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A Weekly Analysis  
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**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	33.0	101.0	34.6	29.3	27.3
Cash flow (\$mm) (80%)	11.5	14.4	42.2	14.1	13.9	21.0	25.1	74.1	26.6	22.1	20.3
Per unit	0.29	0.36	1.06	0.35	0.35	0.52	0.63	1.85	0.66	0.55	0.51
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	22.4	62.9	23.9	19.4	17.6
Per unit	0.21	0.30	0.83	0.27	0.28	0.46	0.56	1.57	0.60	0.49	0.44
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	4.64	3.44	4.93	4.37	3.99
HGT (\$/mcf)	2.01	2.42	2.12	2.32	2.54	3.64	4.34	3.19	4.63	4.07	3.69
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.39	26.07	28.33	30.12	31.96	29.12	31.80	30.15	28.83
HGT	18.18	21.72	16.53	25.19	27.63	29.12	30.96	28.26	30.80	29.15	27.83
Total (\$/mcf)	2.07	2.49	2.16	2.43	2.68	3.72	4.40	3.29	4.67	4.12	3.75
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	23.2	72.5	22.5	21.9	32.1	38.0	114.5	40.1	33.7	31.3
Oil	1.9	2.2	6.4	2.5	2.9	3.1	3.2	11.7	3.2	2.9	2.8
Total	21.0	25.4	78.9	25.0	24.8	35.2	41.2	126.3	43.3	36.6	34.1
<b>Cost (\$mm)</b>											
Tax, transport & other											
Production	2.8	3.0	11.0	3.3	3.2	3.7	3.9	14.1	4.0	3.6	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	9.8	33.7	10.0	8.9	8.7
<b>Cash flow (\$mm)</b>											
Development	3.7	2.8	11.3	3.9	3.3	3.3	3.3	13.6	3.3	3.3	3.3
<b>Net proceeds (\$mm)</b>											
Royalty/Net proceeds	8.5	12.2	33.2	11.0	11.3	18.4	22.5	63.2	24.0	19.5	17.7
Administration	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1
<b>Distributable income (\$mm)</b>											
	8.5	12.2	33.1	10.9	11.3	18.3	22.4	62.9	23.9	19.4	17.6
<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	0.42	0.37	0.43	0.40	0.39
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.

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**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):	7.2
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	5.8

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	309	287	596	3.69	2198	258	264	250	1429	30.66	0.47	14.50
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	2.94	94.5	8.6	11.3	14.1	63.4	1.36	0.16	1.47
2001	25.3	4.3	29.6	3.68	108.8	8.6	13.1	20.9	66.2	1.42	0.16	1.42
2002	23.2	6.0	29.2	3.13	91.3	8.6	11.0	17.2	54.5	1.17	0.16	1.12
2003	21.3	7.5	28.8	2.77	79.6	8.6	9.6	14.7	46.7	1.00		0.78
2004	19.5	8.8	28.3	3.23	91.5	8.6	11.0	17.3	54.7	1.17		0.73
2005	17.9	10.0	27.9	3.15	87.9	8.6	10.6	16.5	52.3	1.12		0.68
2006	16.4	11.1	27.5	3.09	85.0	8.6	10.2	15.9	50.3	1.08		0.64
2007	15.1	12.0	27.1	3.17	85.9	8.6	10.3	16.1	50.9	1.09		0.59
2008	13.8	12.8	26.6	3.26	86.7	8.6	10.4	16.3	51.5	1.10		0.55
2009	12.7	13.5	26.2	3.34	87.6	8.6	10.5	16.4	52.0	1.12		0.52
2010	11.6	14.1	25.8	3.43	88.4	8.6	10.6	16.6	52.6	1.13		0.48
2011	10.7	14.7	25.4	3.52	89.3	8.6	10.7	16.8	53.2	1.14		0.45
2012	9.8	15.1	24.9	3.61	90.1	8.6	10.8	17.0	53.7	1.15		0.42
2013	9.0	15.5	24.5	3.71	90.9	8.6	10.9	17.1	54.3	1.16		0.39
2014	8.2	15.8	24.1	3.81	91.7	8.6	11.0	17.3	54.8	1.18		0.36
2015	7.6	14.4	22.0	3.91	85.9	8.6	10.3		67.0	1.44		0.34
2016	6.9	13.1	20.1	4.01	80.5	8.6	9.7		62.2	1.33		0.32
2017	6.4	11.9	18.3	4.12	75.4	8.6	9.0		57.7	1.24		0.30
2018	5.8	10.9	16.7	4.23	70.6	8.6	8.5		53.5	1.15		0.28
2019	5.4	9.9	15.2	4.34	66.1	8.6	7.9		49.6	1.06		0.26
2020	4.9	9.0	13.9	4.46	62.0	8.6	7.4		45.9	0.99		0.24
2021	4.5	8.2	12.7	4.57	58.0	8.6	7.0		42.5	0.91		0.22
2022	4.1	7.4	11.6	4.69	54.4	8.6	6.5		39.2	0.84		0.21
2023	3.8	6.8	10.6	4.82	50.9	8.6	6.1		36.2	0.78		0.19
2024	3.5	6.2	9.6	4.95	47.7	8.6	5.7		33.4	0.72		0.18
2025	3.2	5.6	8.8	5.08	44.7	8.6	5.4		30.7	0.66		0.17
2026	2.9	5.1	8.0	5.21	41.9	8.6	5.0		28.3	0.61		0.16
2027	2.7	4.6	7.3	5.35	39.2	8.6	4.7		25.9	0.56		0.15
2028	2.5	4.2	6.7	5.49	36.8	8.6	4.4		23.8	0.51		0.14
2029	2.3	3.8	6.1	5.64	34.5	8.6	4.1		21.7	0.47		0.13

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**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	30.8	94.5	35.3	31.3	28.6
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	22.4	25.2	74.6	29.3	25.8	23.3
Per unit	0.21	0.29	0.85	0.28	0.29	0.48	0.54	1.60	0.63	0.55	0.50
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	21.5	63.4	25.6	21.6	19.7
Per unit	0.17	0.24	0.68	0.21	0.28	0.40	0.46	1.36	0.55	0.46	0.42
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	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)	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)	100.6	106.7	109.4	109.6	118.5	119.4	116.0	115.8	114.8	113.7	112.6
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	4.64	3.44	4.93	4.37	3.99
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	3.74	2.84	4.33	3.97	3.59
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.82	3.54	2.66	4.13	3.77	3.39
Total	1.93	2.22	1.69	2.12	2.30	8.88	3.67	3.39	4.26	3.90	3.52
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.81	4.27	3.34	4.95	4.53	4.09
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.48	3.12	2.34	3.64	3.32	2.98
Total	1.84	2.32	1.75	2.23	2.37	3.25	3.80	2.93	4.41	4.04	3.64
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.68	29.30	28.79	30.15	28.83
SJT	15.71	20.66	14.25	22.48	21.66	26.12	28.68	24.47	24.79	26.15	24.83
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.27	3.81	2.94	4.41	4.04	3.64
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional	11.5	15.2	47.1	15.1	16.8	24.4	26.9	83.2	30.8	27.4	25.0
Coal Seam	5.5	7.6	22.8	7.4	8.5	11.3	13.7	40.9	15.8	13.9	12.7
Total	17.0	22.8	69.9	22.5	25.2	35.7	40.6	124.1	46.6	41.3	37.7
Oil	0.3	0.4	1.0	0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.5
Total	17.3	23.2	71.0	23.0	25.7	36.2	41.1	126.1	47.1	41.8	38.1
<b>Cost (\$mm)</b>											
Severance tax	1.8	2.4	7.3	2.2	2.3	3.3	4.2	12.0	4.8	4.3	3.9
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	7.4	26.6	8.0	7.4	7.0
<b>Cash flow (\$mm)</b>	13.3	17.9	52.8	17.7	18.2	29.9	33.7	99.5	39.0	34.4	31.1
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>	10.5	15.3	42.3	13.1	13.5	25.2	29.0	80.7	34.3	29.1	26.5
<b>Royalty income (\$mm)</b>	7.9	11.5	31.7	9.8	10.1	18.9	21.7	60.5	25.8	21.8	19.9
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			
<b>Distributable income (\$mm)</b>	7.8	11.3	31.8	9.9	13.2	18.8	21.5	63.4	25.6	21.6	19.7
<b>Modeling ratios</b>											
Severance tax/revenue	10.4%	10.3%	10.3%	9.8%	9.0%	9.0%	10.3%	9.6%	10.3%	10.3%	10.3%
Operating cost (\$/mcf)	0.24	0.29	0.27	0.30	0.48	0.28	0.30	0.34	0.30	0.30	0.30

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