

## San Juan Gap Closes

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 slide 1% while our projected distributions for the next year gain 4%. The news of the week is the closing of the gap between the current price of gas in the San Juan Basin with that of the rest of the country. For several weeks the pipelines and marketers seemed to be getting disproportionate benefits from the Natural Gas Shortage of 2000. It looked like the New Economy "information" companies were profiting at the expense of the Old Economy "resource" owners. Our projections for the next two quarters retain a wider than normal spread until we see that the current restoration lasts.

	<i>Symbol</i>	<i>Price</i>	<i>Units</i>	<i>Market</i>		<i>Net</i>	<i>McDep</i>
		<i>(\$/unit)</i>		<i>Cap</i>	<i>Debt</i>	<i>Present</i>	
		<i>8-Sep</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Ratio</i>
		<i>2000</i>				<i>(\$/unit)</i>	
Dorchester Hugoton, Ltd.	DHULZ	14.81	10.7	159	-	15.40	0.96
Hugoton RT (42.5%)	HGT	13.38	17.0	227	-	15.90	0.84
Cross Timbers Royalty Trust	CRT	15.25	6.0	92	-	19.20	0.79
San Juan Basin Royalty Trust	SJT	10.50	46.6	489	-	14.40	0.73

Our computations for the next four quarters point to Dynamic Distribution Yields approaching 19% in cash, a record level (see table). DHULZ, the operator of its properties, boosted its third quarter distribution to \$0.22 per unit. Yet the partnership is retaining most of its expected \$0.52 in cash flow. Royalty trusts payout monthly all cash flow after development spending by third party operator(s) of their properties.

	<i>Symbol</i>	<i>Price</i>	<i>Distribution</i>		<i>Distribution Yield</i>	
		<i>(\$/unit)</i>	<i>Cash</i>	<i>Taxable</i>	<i>Cash</i>	<i>Taxable</i>
		<i>8-Sep</i>	<i>Equivalent</i>	<i>Equivalent</i>	<i>Percent per year</i>	<i>Equivalent</i>
		<i>2000</i>				
Dorchester Hugoton, Ltd.	DHULZ	14.81	1.69	2.27	11.4	15.3
Hugoton RT (42.5%)	HGT	13.38	2.17	2.55	16.2	19.1
Cross Timbers Royalty Trust	CRT	15.25	2.46	3.16	16.2	20.7
San Juan Basin Royalty Trust	SJT	10.50	1.98	2.67	18.9	25.5

The tables that follow present details of the latest present value and distributions estimates for each of the three royalty trusts and the one partnership.

Kurt H. Wulff, CFA

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Oil and gas investment research by Kurt Wulff is available free at <http://www.mcdep.com>. Mr. Wulff may acquire, hold, or sell a position in securities mentioned.

**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	3.87	213	12	225	37.47	0.37	19.20
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16	
2000	2.8	0.0	2.8	3.45	9.6	2.0	11.6	1.94	0.12	0.97
2001	2.5	0.2	2.7	4.77	13.0	2.3	15.4	2.56	0.12	0.90
2002	2.3	0.4	2.7	4.06	10.9	1.4	12.3	2.06	0.12	0.84
2003	2.1	0.5	2.7	3.55	9.4	1.1	10.6	1.76		0.78
2004	2.0	0.7	2.6	3.41	8.9	0.9	9.8	1.64		0.73
2005	1.8	0.8	2.6	3.31	8.5	0.7	9.3	1.55		0.68
2006	1.6	0.9	2.5	3.21	8.2	0.6	8.8	1.46		0.63
2007	1.5	1.0	2.5	3.15	7.9	0.5	8.4	1.40		0.59
2008	1.4	1.1	2.5	3.23	8.0	0.5	8.4	1.41		0.55
2009	1.3	1.2	2.4	3.32	8.1	0.4	8.5	1.41		0.51
2010	1.2	1.2	2.4	3.41	8.1	0.4	8.5	1.42		0.48
2011	1.1	1.3	2.3	3.50	8.2	0.3	8.5	1.42		0.45
2012	1.0	1.3	2.3	3.60	8.3	0.2	8.6	1.43		0.42
2013	0.9	1.4	2.3	3.70	8.4	0.2	8.6	1.43		0.39
2014	0.8	1.4	2.2	3.80	8.5	0.1	8.6	1.43		0.36
2015	0.8	1.3	2.0	3.90	7.9		7.9	1.32		0.34
2016	0.7	1.2	1.9	4.01	7.4		7.4	1.24		0.31
2017	0.6	1.1	1.7	4.11	7.0		7.0	1.16		0.29
2018	0.6	1.0	1.5	4.23	6.5		6.5	1.09		0.27
2019	0.5	0.9	1.4	4.34	6.1		6.1	1.02		0.25
2020	0.5	0.8	1.3	4.46	5.8		5.8	0.96		0.24
2021	0.5	0.7	1.2	4.58	5.4		5.4	0.90		0.22
2022	0.4	0.7	1.1	4.71	5.1		5.1	0.84		0.21
2023	0.4	0.6	1.0	4.83	4.7		4.7	0.79		0.19
2024	0.3	0.5	0.9	4.97	4.5		4.5	0.74		0.18
2025	0.3	0.5	0.8	5.10	4.2		4.2	0.70		0.17
2026	0.3	0.5	0.7	5.24	3.9		3.9	0.65		0.16
2027	0.3	0.4	0.7	5.38	3.7		3.7	0.61		0.15
2028	0.2	0.4	0.6	5.53	3.4		3.4	0.57		0.14
2029	0.2	0.3	0.6	5.68	3.2		3.2	0.54		0.13

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

	Q3	Q4	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E
	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	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	3.70	11.64	3.96	3.74	3.39
Per unit	0.28	0.38	1.09	0.38	0.40	0.54	0.62	1.94	0.66	0.62	0.57
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)	0.94	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 (mcf)	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	4.41	3.28	4.99	4.81	4.20
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	4.41	3.45	4.99	5.01	4.40
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.87	29.34	32.15	30.42	28.95
CRT	16.34	20.21	14.89	24.20	26.86	28.12	30.87	27.47	30.15	28.42	26.95
Total (\$/mcf)	2.26	2.75	2.17	3.25	3.50	4.17	4.70	3.90	5.01	4.90	4.44
<b>Revenue (\$mm)</b>											
Natural Gas	1.89	2.33	7.26	2.17	2.22	2.92	3.37	10.68	3.78	3.67	3.22
Oil	1.30	1.91	5.19	2.14	2.18	2.38	2.56	9.26	2.45	2.22	2.28
Total	3.19	4.23	12.45	4.31	4.40	5.31	5.93	19.94	6.23	5.89	5.51
<b>Cost (\$mm)</b>											
Tax, transport & other											
Production	0.48	0.50	1.61	0.58	0.61	0.74	0.83	2.76	0.87	0.82	0.77
Total	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	1.48	1.41	1.41
<b>Cash flow (\$mm)</b>											
Development	2.11	3.14	8.46	3.13	3.14	3.93	4.48	14.68	4.75	4.48	4.10
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			
Royalty income	1.91	2.62	7.52	2.68	2.86	3.76	4.31	13.61	4.58	4.31	3.93
Royalty/Net proceeds	1.70	2.30	6.69	2.35	2.48	3.26	3.74	11.82	4.00	3.78	3.43
Administration	89%	88%	89%	88%	87%	87%	87%	87%	87%	88%	87%
Distributable income	0.04	0.02	0.14	0.05	0.05	0.04	0.04	0.18	0.04	0.04	0.04
Distributable income (\$mm)	1.66	2.28	6.55	2.30	2.42	3.22	3.70	11.64	3.96	3.74	3.39
<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):	7.3
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	4.11	480	74	72	28	306	28.17	0.55	15.40
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	3.87	25.7	2.5	3.9	0.5	18.9	1.74	0.97	1.68
2001	5.7	0.8	6.4	4.29	27.6	2.5	4.1	2.7	18.3	1.68	0.90	1.52
2002	5.1	1.2	6.3	3.68	23.2	2.5	3.5	2.2	15.0	1.38	0.84	1.16
2003	4.6	1.6	6.2	3.25	20.1	2.5	3.0	1.9	12.7	1.17	0.78	0.91
2004	4.2	1.9	6.0	3.61	21.8	2.5	3.3	2.1	14.0	1.29	0.73	0.94
2005	3.7	2.2	5.9	3.51	20.7	2.5	3.1	2.0	13.2	1.21	0.68	0.82
2006	3.4	2.4	5.8	3.43	19.8	2.5	3.0	1.9	12.5	1.15	0.63	0.73
2007	3.0	2.6	5.6	3.53	19.8	2.5	3.0	1.9	12.5	1.15	0.59	0.68
2008	2.7	2.8	5.5	3.62	19.9	2.5	3.0	1.9	12.6	1.16	0.55	0.64
2009	2.5	2.9	5.4	3.72	19.9	2.5	3.0	1.9	12.6	1.16	0.51	0.60
2010	2.2	3.0	5.2	3.82	20.0	2.5	3.0	1.9	12.6	1.16	0.48	0.56
2011	2.0	3.1	5.1	3.92	20.0	2.5	3.0	1.9	12.6	1.16	0.45	0.52
2012	1.8	3.2	5.0	4.03	20.0	2.5	3.0	1.9	12.6	1.16	0.42	0.49
2013	1.6	3.2	4.8	4.14	20.0	2.5	3.0	1.9	12.6	1.17	0.39	0.45
2014	1.5	3.2	4.7	4.25	20.0	2.5	3.0	1.9	12.6	1.17	0.36	0.42
2015	1.3	2.9	4.2	4.37	18.4	2.5	2.8		13.1	1.21	0.34	0.41
2016	1.2	2.6	3.8	4.49	16.9	2.5	2.5		11.9	1.09	0.31	0.34
2017	1.1	2.3	3.4	4.61	15.5	2.5	2.3		10.7	0.98	0.29	0.29
2018	1.0	2.0	3.0	4.74	14.2	2.5	2.1		9.6	0.88	0.27	0.24
2019	0.9	1.8	2.7	4.86	13.0	2.5	2.0		8.6	0.79	0.25	0.20
2020	0.8	1.6	2.4	5.00	12.0	2.5	1.8		7.7	0.71	0.24	0.17
2021	0.7	1.4	2.1	5.13	11.0	2.5	1.6		6.9	0.63	0.22	0.14
2022	0.6	1.3	1.9	5.27	10.1	2.5	1.5		6.1	0.56	0.21	0.12
2023	0.6	1.1	1.7	5.42	9.3	2.5	1.4		5.4	0.50	0.19	0.10
2024	0.5	1.0	1.5	5.56	8.5	2.5	1.3		4.7	0.44	0.18	0.08
2025	0.5	0.9	1.4	5.71	7.8	2.5	1.2		4.1	0.38	0.17	0.06
2026	0.4	0.8	1.2	5.87	7.2	2.5	1.1		3.6	0.33	0.16	0.05
2027	0.4	0.7	1.1	6.03	6.6	2.5	1.0		3.1	0.29	0.15	0.04
2028	0.3	0.6	1.0	6.19	6.0	2.5	0.9		2.6	0.24	0.14	0.03
2029	0.3	0.6	0.9	6.36	5.5	2.5	0.8		2.2	0.21	0.13	0.03

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

	Q3	Q4	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E
	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	9/30/01
<b>Highlights</b>											
Revenue (\$mm)	4.34	4.39	15.3	4.16	5.57	7.01	7.85	24.6	7.33	6.41	6.32
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.66	6.43	19.0	5.93	5.10	5.02
Per unit	0.30	0.30	1.01	0.28	0.36	0.52	0.59	1.75	0.55	0.47	0.46
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.20	5.97	17.2	5.49	4.65	4.57
Per unit	0.26	0.26	0.83	0.24	0.32	0.48	0.55	1.59	0.51	0.43	0.42
Distribution (\$mm)	1.93	1.93	7.7	3.01	1.93	2.36	5.25	12.6	4.83	4.09	4.02
Per unit	0.18	0.18	0.72	0.28	0.18	0.22	0.49	1.17	0.45	0.38	0.37
Units (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)	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	4.41	4.99	3.91	4.81	4.20	4.14
Oklahoma (\$/mcf)	2.60	2.60	2.28	2.53	3.50	4.41	4.99	3.85	4.81	4.20	4.14
Kansas (\$/mcf)	2.68	2.70	2.36	2.72	3.58	4.48	5.06	3.93	4.88	4.27	4.21
Total (\$/mcf)	2.62	2.62	2.30	2.57	3.51	4.42	5.00	3.87	4.82	4.21	4.15
<b>Revenue (\$mm)</b>											
Natural Gas											
Oklahoma	3.63	3.73	12.7	3.53	4.81	6.09	6.85	21.3	6.42	5.63	5.57
Kansas	0.88	0.83	3.1	0.79	1.01	1.24	1.36	4.4	1.24	1.07	1.03
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)	(0.37)	(0.41)	(1.3)	(0.38)	(0.33)	(0.33)
Total	4.34	4.39	15.3	4.16	5.57	7.01	7.85	24.6	7.33	6.41	6.32
<b>Cost (\$mm)</b>											
Operating	0.90	0.95	3.6	0.92	1.04	1.09	1.15	4.2	1.13	1.07	1.06
General and administrative	0.14	0.16	0.6	0.14	0.18	0.17	0.18	0.7	0.18	0.17	0.17
Management	0.13	0.13	0.5	0.13	0.14	0.16	0.17	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	1.35	1.42	5.5	1.39	1.31	1.31
<b>Cash flow (\$mm)</b>											
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 (\$mm)</b>											
Earnings	2.77	2.78	9.0	2.64	3.40	5.20	5.97	17.2	5.49	4.65	4.57
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	0.71	0.67	0.67
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 11, 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	3.82	2247	391	315	248	1294	32.35	0.06	0.49	15.90
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	3.30	101.5	13.0	14.2	10.9	63.4	1.58	0.02	0.97	1.55
2001	26.0	4.1	30.1	4.27	128.6	13.0	18.0	23.4	74.1	1.85	0.02	0.90	1.69
2002	23.4	6.4	29.8	3.65	108.6	13.0	15.2	19.3	61.1	1.53	0.02	0.84	1.30
2003	21.1	8.4	29.5	3.20	94.3	13.0	13.2	16.3	51.8	1.29		0.78	1.01
2004	19.0	10.1	29.1	3.31	96.2	13.0	13.5	16.7	53.0	1.32		0.73	0.97
2005	17.1	11.6	28.7	3.21	92.3	13.0	12.9	15.9	50.5	1.26		0.68	0.86
2006	15.4	12.9	28.3	3.15	89.1	13.0	12.5	15.3	48.4	1.21		0.63	0.77
2007	13.9	14.0	27.9	3.23	90.3	13.0	12.6	15.5	49.1	1.23		0.59	0.73
2008	12.5	15.0	27.5	3.32	91.4	13.0	12.8	15.7	49.8	1.25		0.55	0.69
2009	11.3	15.8	27.1	3.41	92.5	13.0	12.9	16.0	50.5	1.26		0.51	0.65
2010	10.2	16.5	26.7	3.50	93.5	13.0	13.1	16.2	51.2	1.28		0.48	0.61
2011	9.2	17.1	26.3	3.60	94.5	13.0	13.2	16.4	51.9	1.30		0.45	0.58
2012	8.2	17.6	25.8	3.70	95.5	13.0	13.4	16.6	52.5	1.31		0.42	0.55
2013	7.4	18.0	25.4	3.80	96.5	13.0	13.5	16.8	53.2	1.33		0.39	0.52
2014	6.7	18.3	25.0	3.90	97.5	13.0	13.6	17.0	53.8	1.35		0.36	0.49
2015	6.0	16.3	22.3	4.01	89.4	13.0	12.5		63.9	1.60		0.34	0.54
2016	5.4	14.5	19.9	4.11	82.0	13.0	11.5		57.5	1.44		0.31	0.45
2017	4.9	12.9	17.8	4.23	75.2	13.0	10.5		51.7	1.29		0.29	0.38
2018	4.4	11.5	15.9	4.34	69.0	13.0	9.7		46.3	1.16		0.27	0.32
2019	4.0	10.2	14.2	4.46	63.3	13.0	8.9		41.4	1.04		0.25	0.26
2020	3.6	9.1	12.7	4.58	58.1	13.0	8.1		36.9	0.92		0.24	0.22
2021	3.2	8.1	11.3	4.71	53.3	13.0	7.5		32.8	0.82		0.22	0.18
2022	2.9	7.2	10.1	4.83	48.9	13.0	6.8		29.0	0.72		0.21	0.15
2023	2.6	6.4	9.0	4.97	44.8	13.0	6.3		25.5	0.64		0.19	0.12
2024	2.4	5.7	8.1	5.10	41.1	13.0	5.8		22.3	0.56		0.18	0.10
2025	2.1	5.1	7.2	5.24	37.7	13.0	5.3		19.4	0.49		0.17	0.08
2026	1.9	4.5	6.4	5.38	34.6	13.0	4.8		16.8	0.42		0.16	0.07
2027	1.7	4.0	5.7	5.53	31.8	13.0	4.4		14.3	0.36		0.15	0.05
2028	1.6	3.6	5.1	5.68	29.1	13.0	4.1		12.0	0.30		0.14	0.04
2029	1.4	3.2	4.6	5.83	26.7	13.0	3.7		10.0	0.25		0.13	0.03

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

	Q3	Q4	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E
	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	9/30/01
<b>Highlights</b>											
Revenue (\$mm) (80%)	16.8	20.4	63.1	20.0	19.8	28.2	33.5	101.5	35.5	30.4	28.5
Cash flow (\$mm) (80%)	11.5	14.4	42.2	14.1	13.9	21.0	25.6	74.5	27.4	23.1	21.4
Per unit	0.29	0.36	1.06	0.35	0.35	0.52	0.64	1.86	0.68	0.58	0.53
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	22.9	63.4	24.7	20.4	18.6
Per unit	0.21	0.30	0.83	0.27	0.28	0.46	0.57	1.58	0.62	0.51	0.47
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	4.71	3.46	5.06	4.54	4.16
HGT (\$/mcf)	2.01	2.42	2.12	2.32	2.54	3.64	4.41	3.21	4.76	4.24	3.86
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.39	26.07	28.33	30.12	32.17	29.17	32.15	30.42	28.95
HGT	18.18	21.72	16.53	25.19	27.63	29.12	31.17	28.31	31.15	29.42	27.95
Total (\$/mcf)	2.07	2.49	2.16	2.43	2.68	3.72	4.47	3.30	4.79	4.28	3.91
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	23.2	72.5	22.5	21.9	32.1	38.6	115.2	41.2	35.1	32.7
Oil	1.9	2.2	6.4	2.5	2.9	3.1	3.3	11.8	3.2	2.9	2.8
Total	21.0	25.4	78.9	25.0	24.8	35.2	41.9	126.9	44.4	38.1	35.6
<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	3.7	3.6
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	9.9	33.7	10.2	9.1	8.9
<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 income (\$mm)	8.5	12.2	33.2	11.0	11.3	18.4	23.0	63.6	24.8	20.5	18.7
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
<b>Distributable income (\$mm)</b>											
	8.5	12.2	33.1	10.9	11.3	18.3	22.9	63.4	24.7	20.4	18.6
<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	0.41	0.40
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):	7.3
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	3.64	2170	258	260	247	1407	30.20	0.48	0.47	14.40
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	2.96	95.1	8.6	11.4	14.1	63.9	1.37	0.16	0.97	1.48
2001	25.3	4.3	29.6	3.82	113.1	8.6	13.6	21.8	69.1	1.48	0.16	0.90	1.48
2002	23.2	6.0	29.2	3.26	95.2	8.6	11.4	18.0	57.1	1.23	0.16	0.84	1.16
2003	21.3	7.5	28.8	2.87	82.5	8.6	9.9	15.4	48.6	1.04		0.78	0.82
2004	19.5	8.8	28.3	3.16	89.5	8.6	10.7	16.8	53.3	1.14		0.73	0.83
2005	17.9	10.0	27.9	3.07	85.7	8.6	10.3	16.0	50.8	1.09		0.68	0.74
2006	16.4	11.1	27.5	3.00	82.6	8.6	9.9	15.4	48.7	1.05		0.63	0.66
2007	15.1	12.0	27.1	3.09	83.5	8.6	10.0	15.6	49.3	1.06		0.59	0.63
2008	13.8	12.8	26.6	3.17	84.4	8.6	10.1	15.8	49.9	1.07		0.55	0.59
2009	12.7	13.5	26.2	3.26	85.3	8.6	10.2	16.0	50.5	1.08		0.51	0.56
2010	11.6	14.1	25.8	3.34	86.2	8.6	10.3	16.1	51.1	1.10		0.48	0.53
2011	10.7	14.7	25.4	3.43	87.1	8.6	10.5	16.3	51.7	1.11		0.45	0.50
2012	9.8	15.1	24.9	3.53	87.9	8.6	10.6	16.5	52.3	1.12		0.42	0.47
2013	9.0	15.5	24.5	3.62	88.8	8.6	10.7	16.7	52.9	1.13		0.39	0.44
2014	8.2	15.8	24.1	3.72	89.6	8.6	10.8	16.9	53.4	1.15		0.36	0.41
2015	7.6	14.4	22.0	3.82	84.0	8.6	10.1		65.3	1.40		0.34	0.47
2016	6.9	13.1	20.1	3.93	78.8	8.6	9.5		60.7	1.30		0.31	0.41
2017	6.4	11.9	18.3	4.03	73.8	8.6	8.9		56.4	1.21		0.29	0.35
2018	5.8	10.9	16.7	4.14	69.2	8.6	8.3		52.3	1.12		0.27	0.31
2019	5.4	9.9	15.2	4.26	64.9	8.6	7.8		48.5	1.04		0.25	0.27
2020	4.9	9.0	13.9	4.37	60.8	8.6	7.3		44.9	0.96		0.24	0.23
2021	4.5	8.2	12.7	4.49	57.0	8.6	6.8		41.6	0.89		0.22	0.20
2022	4.1	7.4	11.6	4.61	53.4	8.6	6.4		38.4	0.82		0.21	0.17
2023	3.8	6.8	10.6	4.74	50.1	8.6	6.0		35.5	0.76		0.19	0.15
2024	3.5	6.2	9.6	4.87	47.0	8.6	5.6		32.7	0.70		0.18	0.13
2025	3.2	5.6	8.8	5.00	44.0	8.6	5.3		30.2	0.65		0.17	0.11
2026	2.9	5.1	8.0	5.14	41.3	8.6	5.0		27.7	0.60		0.16	0.09
2027	2.7	4.6	7.3	5.28	38.7	8.6	4.6		25.5	0.55		0.15	0.08
2028	2.5	4.2	6.7	5.42	36.3	8.6	4.4		23.3	0.50		0.14	0.07
2029	2.3	3.8	6.1	5.57	34.0	8.6	4.1		21.3	0.46		0.13	0.06

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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	31.4	95.1	36.3	32.7	30.0
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	22.4	25.8	75.1	30.2	27.0	24.6
Per unit	0.21	0.29	0.85	0.28	0.29	0.48	0.55	1.61	0.65	0.58	0.53
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	22.1	63.9	26.5	22.8	21.0
Per unit	0.17	0.24	0.68	0.21	0.28	0.40	0.47	1.37	0.57	0.49	0.45
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
Natural gas (bcf)											
Conventional	1,006	1,159	1,142	1,173	1,130	1,257	1,142	1,176	1,142	1,142	1,142
Coal Seam	881	881	881	881	881	881	881	881	881	881	881
Natural gas (mcf)											
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	100.6	106.7	109.4	109.6	118.5	119.4	116.0	115.8	114.8	113.7	112.6
Oil (mb)	92	92	365	92	90	92	92	366	92	90	92
Oil (mbd)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Days	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	4.71	3.46	5.06	4.54	4.16
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	3.81	2.85	4.46	4.14	3.76
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.82	3.61	2.67	4.26	3.94	3.56
Total	1.93	2.22	1.69	2.12	2.30	8.88	3.74	3.41	4.39	4.07	3.69
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.81	4.36	3.36	5.09	4.73	4.29
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.48	3.18	2.36	3.75	3.47	3.14
Total	1.84	2.32	1.75	2.23	2.37	3.25	3.88	2.94	4.54	4.21	3.82
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.87	29.34	28.79	30.42	28.95
SJT	15.71	20.66	14.25	22.48	21.66	26.12	28.87	24.52	24.79	26.42	24.95
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.27	3.88	2.96	4.54	4.21	3.82
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional	11.5	15.2	47.1	15.1	16.8	24.4	27.4	83.7	31.7	28.5	26.2
Coal Seam	5.5	7.6	22.8	7.4	8.5	11.3	13.9	41.1	16.2	14.6	13.3
Total	17.0	22.8	69.9	22.5	25.2	35.7	41.4	124.8	48.0	43.1	39.5
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	41.9	126.8	48.4	43.6	40.0
<b>Cost (\$mm)</b>											
Severance tax	1.8	2.4	7.3	2.2	2.3	3.3	4.3	12.1	5.0	4.5	4.1
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	7.5	26.7	8.2	7.6	7.2
<b>Cash flow (\$mm)</b>											
Development	13.3	17.9	52.8	17.7	18.2	29.9	34.4	100.2	40.3	36.0	32.8
Total	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>											
Total	10.5	15.3	42.3	13.1	13.5	25.2	29.7	81.4	35.6	30.7	28.2
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	7.9	11.5	31.7	9.8	10.1	18.9	22.3	61.1	26.7	23.0	21.2
Administration	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
One-time	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>											
Total	7.8	11.3	31.8	9.9	13.2	18.8	22.1	63.9	26.5	22.8	21.0
<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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