

## Meter Reader

A Weekly Analysis

September 18, 2000

## McDep Trends

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 gain 4% while our projected distributions for the next year gain 7%. In the nine months that Meter Reader has been presenting regularly recalculated valuation ratios, the trend for SJT has been down while the trend for DHULZ, HGT and CRT has been up (see graphic on next page). Starting out as the highest, or least undervalued, SJT is now the lowest, or most undervalued. It seems time for SJT to do better in stock price.

		<i>Price</i> <i>(\$/unit)</i>		<i>Market</i>		<i>Net</i> <i>Present</i>	
	<i>Symbol</i>	<i>15-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	14.97	10.7	161	-	15.90	0.94
Hugoton RT (42.5%)	HGT	13.94	17.0	237	-	16.60	0.84
Cross Timbers Royalty Trust	CRT	16.25	6.0	98	-	19.70	0.82
San Juan Basin Royalty Trust	SJT	11.00	46.6	513	-	15.00	0.73

Our computations for the next four quarters point to Dynamic Distribution Yields approaching 19% in cash, a record level (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>15-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	14.97	1.81	2.39	12.1	16.0
Hugoton RT (42.5%)	HGT	13.94	2.31	2.71	16.6	19.5
Cross Timbers Royalty Trust	CRT	16.25	2.61	3.34	16.1	20.6
San Juan Basin Royalty Trust	SJT	11.00	2.13	2.84	19.3	25.9

Look for new monthly disclosures on or about Tuesday, September 19 for the three royalty trusts. Distributions for September, the third month of the third quarter, ought to be about \$0.19, \$0.18, and \$0.14 per unit for CRT, HGT and SJT respectively.

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

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**Trusts and Partnership  
 McDep Ratios, 2000**



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**Table CRT-1**  
**Cross Timbers Royalty Trust**  
**Present Value**

Volume Decline (%/yr):	9	Price Escalation post 2007 (%/yr):	2.8
Volume Enhancement (%/yr):	7	Discount Rate (%/yr):	7.4
		U.S. TIPS Inflation (%/yr):	2.0
		U.S. 10 Year Yield (%/yr):	6.0

Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Oil Net (\$mm)	Distribution (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)	
	Basic (bcf)	Enhanced (bcf)	Total (bcf)								
Total 2000 through 2029	31	24	55	3.98	219	13	232	38.67	0.37	0.50	19.70
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	2.1	11.8	1.96	0.12	0.97	2.01
2001	2.5	0.2	2.7	5.03	13.7	2.6	16.3	2.72	0.12	0.90	2.55
2002	2.3	0.4	2.7	4.20	11.3	1.5	12.8	2.14	0.12	0.84	1.89
2003	2.1	0.5	2.7	3.57	9.5	1.3	10.8	1.80		0.78	1.40
2004	2.0	0.7	2.6	3.64	9.5	1.1	10.6	1.77		0.73	1.29
2005	1.8	0.8	2.6	3.44	8.9	0.8	9.7	1.62		0.68	1.10
2006	1.6	0.9	2.5	3.27	8.3	0.7	9.0	1.50		0.63	0.94
2007	1.5	1.0	2.5	3.20	8.0	0.6	8.6	1.44		0.59	0.84
2008	1.4	1.1	2.5	3.29	8.1	0.6	8.7	1.45		0.55	0.79
2009	1.3	1.2	2.4	3.38	8.2	0.5	8.7	1.45		0.51	0.74
2010	1.2	1.2	2.4	3.48	8.3	0.4	8.7	1.46		0.47	0.69
2011	1.1	1.3	2.3	3.57	8.4	0.4	8.8	1.46		0.44	0.65
2012	1.0	1.3	2.3	3.67	8.5	0.3	8.8	1.47		0.41	0.60
2013	0.9	1.4	2.3	3.77	8.6	0.3	8.8	1.47		0.38	0.56
2014	0.8	1.4	2.2	3.88	8.7	0.2	8.9	1.48		0.36	0.53
2015	0.8	1.3	2.0	3.99	8.1		8.1	1.35		0.33	0.45
2016	0.7	1.2	1.9	4.10	7.6		7.6	1.27		0.31	0.39
2017	0.6	1.1	1.7	4.21	7.2		7.2	1.19		0.29	0.34
2018	0.6	1.0	1.5	4.33	6.7		6.7	1.12		0.27	0.30
2019	0.5	0.9	1.4	4.45	6.3		6.3	1.05		0.25	0.26
2020	0.5	0.8	1.3	4.58	5.9		5.9	0.98		0.23	0.23
2021	0.5	0.7	1.2	4.70	5.5		5.5	0.92		0.22	0.20
2022	0.4	0.7	1.1	4.83	5.2		5.2	0.87		0.20	0.18
2023	0.4	0.6	1.0	4.97	4.9		4.9	0.81		0.19	0.15
2024	0.3	0.5	0.9	5.11	4.6		4.6	0.76		0.18	0.13
2025	0.3	0.5	0.8	5.25	4.3		4.3	0.72		0.16	0.12
2026	0.3	0.5	0.7	5.40	4.0		4.0	0.67		0.15	0.10
2027	0.3	0.4	0.7	5.55	3.8		3.8	0.63		0.14	0.09
2028	0.2	0.4	0.6	5.70	3.6		3.6	0.59		0.13	0.08
2029	0.2	0.3	0.6	5.86	3.3		3.3	0.56		0.12	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)											
Per unit	1.66	2.28	6.55	2.30	2.42	3.22	3.82	11.76	4.25	3.99	3.61
Per unit	0.28	0.38	1.09	0.38	0.40	0.54	0.64	1.96	0.71	0.66	0.60
<b>Units (millions)</b>											
	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	4.49	3.30	5.30	5.07	4.41
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	4.49	3.47	5.30	5.27	4.61
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	34.11	29.66	34.07	32.27	30.74
CRT	16.34	20.21	14.89	24.20	26.86	28.12	32.11	27.77	32.07	30.27	28.74
Total (\$/mcf)	2.26	2.75	2.17	3.25	3.50	4.17	4.83	3.93	5.32	5.18	4.68
<b>Revenue (\$mm)</b>											
Natural Gas	1.89	2.33	7.26	2.17	2.22	2.92	3.43	10.74	4.01	3.86	3.38
Oil	1.30	1.91	5.19	2.14	2.18	2.38	2.67	9.37	2.61	2.36	2.44
Total	3.19	4.23	12.45	4.31	4.40	5.31	6.10	20.11	6.62	6.22	5.82
<b>Cost (\$mm)</b>											
Tax, transport & other											
	0.48	0.50	1.61	0.58	0.61	0.74	0.85	2.79	0.93	0.87	0.81
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	1.48	5.29	1.54	1.46	1.45
<b>Cash flow (\$mm)</b>											
Development	2.11	3.14	8.46	3.13	3.14	3.93	4.62	14.82	5.08	4.77	4.37
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 (\$mm)</b>											
	1.91	2.62	7.52	2.68	2.86	3.76	4.45	13.75	4.91	4.60	4.20
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	1.70	2.30	6.69	2.35	2.48	3.26	3.86	11.94	4.29	4.03	3.65
	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 (\$mm)</b>											
	1.66	2.28	6.55	2.30	2.42	3.22	3.82	11.76	4.25	3.99	3.61
<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):	2.8
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	7.4
Capex/Cash Flow (%):	13	U.S. TIPS Inflation (%/yr):	2.0
Variable Cost (%):	15	U.S. 10 Year Yield (%/yr):	6.0

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	4.29	501	74	75	30	322	29.70	0.54	15.90
1999	6.9		6.9	2.30	15.8	2.1	2.4	0.4	10.9	1.01		
												Other assets, net
2000	6.4	0.2	6.6	3.97	26.3	2.5	3.9	0.5	19.4	1.79	0.97	1.73
2001	5.7	0.8	6.4	4.50	29.0	2.5	4.3	2.9	19.3	1.78	0.90	1.60
2002	5.1	1.2	6.3	3.77	23.8	2.5	3.6	2.3	15.4	1.42	0.84	1.19
2003	4.6	1.6	6.2	3.26	20.1	2.5	3.0	1.9	12.7	1.17	0.78	0.92
2004	4.2	1.9	6.0	3.84	23.2	2.5	3.5	2.2	15.0	1.38	0.73	1.00
2005	3.7	2.2	5.9	3.64	21.5	2.5	3.2	2.1	13.8	1.27	0.68	0.86
2006	3.4	2.4	5.8	3.57	20.6	2.5	3.1	2.0	13.1	1.20	0.63	0.76
2007	3.0	2.6	5.6	3.67	20.7	2.5	3.1	2.0	13.1	1.21	0.59	0.71
2008	2.7	2.8	5.5	3.77	20.7	2.5	3.1	2.0	13.2	1.21	0.55	0.66
2009	2.5	2.9	5.4	3.88	20.8	2.5	3.1	2.0	13.2	1.22	0.51	0.62
2010	2.2	3.0	5.2	3.98	20.8	2.5	3.1	2.0	13.2	1.22	0.47	0.58
2011	2.0	3.1	5.1	4.09	20.9	2.5	3.1	2.0	13.3	1.22	0.44	0.54
2012	1.8	3.2	5.0	4.21	20.9	2.5	3.1	2.0	13.3	1.23	0.41	0.50
2013	1.6	3.2	4.8	4.33	20.9	2.5	3.1	2.0	13.3	1.23	0.38	0.47
2014	1.5	3.2	4.7	4.45	20.9	2.5	3.1	2.0	13.3	1.23	0.36	0.44
2015	1.3	2.9	4.2	4.57	19.2	2.5	2.9		13.9	1.28	0.33	0.42
2016	1.2	2.6	3.8	4.70	17.6	2.5	2.6		12.5	1.16	0.31	0.36
2017	1.1	2.3	3.4	4.83	16.2	2.5	2.4		11.3	1.04	0.29	0.30
2018	1.0	2.0	3.0	4.96	14.9	2.5	2.2		10.2	0.94	0.27	0.25
2019	0.9	1.8	2.7	5.10	13.7	2.5	2.1		9.2	0.84	0.25	0.21
2020	0.8	1.6	2.4	5.25	12.6	2.5	1.9		8.2	0.76	0.23	0.18
2021	0.7	1.4	2.1	5.39	11.5	2.5	1.7		7.3	0.68	0.22	0.15
2022	0.6	1.3	1.9	5.54	10.6	2.5	1.6		6.5	0.60	0.20	0.12
2023	0.6	1.1	1.7	5.70	9.7	2.5	1.5		5.8	0.54	0.19	0.10
2024	0.5	1.0	1.5	5.86	8.9	2.5	1.3		5.1	0.47	0.18	0.08
2025	0.5	0.9	1.4	6.02	8.2	2.5	1.2		4.5	0.42	0.16	0.07
2026	0.4	0.8	1.2	6.19	7.5	2.5	1.1		3.9	0.36	0.15	0.06
2027	0.4	0.7	1.1	6.36	6.9	2.5	1.0		3.4	0.32	0.14	0.04
2028	0.3	0.6	1.0	6.54	6.4	2.5	1.0		2.9	0.27	0.13	0.04
2029	0.3	0.6	0.9	6.72	5.8	2.5	0.9		2.5	0.23	0.12	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	7.15	8.33	25.2	7.72	6.73	6.62
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.79	6.87	19.6	6.30	5.39	5.29
Per unit	0.30	0.30	1.01	0.28	0.36	0.53	0.63	1.81	0.58	0.50	0.49
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.32	6.41	17.8	5.85	4.94	4.84
Per unit	0.26	0.26	0.83	0.24	0.32	0.49	0.59	1.64	0.54	0.46	0.45
Distribution (\$mm)	1.93	1.93	7.7	3.01	1.93	2.36	5.64	12.9	5.15	4.35	4.26
Per unit	0.18	0.18	0.72	0.28	0.18	0.22	0.52	1.20	0.48	0.40	0.40
<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	4.49	5.30	4.01	5.07	4.41	4.33
Oklahoma (\$/mcf)	2.60	2.60	2.28	2.53	3.50	4.49	5.30	3.95	5.07	4.41	4.33
Kansas (\$/mcf)	2.68	2.70	2.36	2.72	3.58	4.56	5.37	4.03	5.14	4.48	4.40
Total (\$/mcf)	2.62	2.62	2.30	2.57	3.51	4.51	5.31	3.97	5.08	4.42	4.34
<b>Revenue (\$mm)</b>											
Natural Gas											
Oklahoma	3.63	3.73	12.7	3.53	4.81	6.21	7.28	21.8	6.77	5.91	5.84
Kansas	0.88	0.83	3.1	0.79	1.01	1.26	1.44	4.5	1.31	1.12	1.08
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)	(0.44)	(1.3)	(0.40)	(0.35)	(0.35)
Total	4.34	4.39	15.3	4.16	5.57	7.15	8.33	25.2	7.72	6.73	6.62
<b>Cost (\$mm)</b>											
Operating	0.90	0.95	3.6	0.92	1.04	1.10	1.18	4.2	1.16	1.09	1.08
General and administrative	0.14	0.16	0.6	0.14	0.18	0.17	0.19	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	1.36	1.46	5.6	1.43	1.34	1.33
<b>Cash flow (\$mm)</b>	3.25	3.25	10.9	3.09	3.87	5.79	6.87	19.6	6.30	5.39	5.29
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>	2.77	2.78	9.0	2.64	3.40	5.32	6.41	17.8	5.85	4.94	4.84
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	0.72	0.64	0.73	0.69	0.68
Depletion (\$/mcf)	0.28	0.27	0.28	0.27	0.28	0.28	0.28	0.28	0.28	0.28	0.28

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 HGT-1**  
**Hugoton Royalty Trust**  
**Present Value**

Volume Decline (%/yr):	11	Price Escalation Post 2006 (%/yr):	2.8
Volume Enhancement (%/yr):	9	Discount rate (%/yr):	7.4
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	2.0
Variable Cost (%):	14	U.S. 10 Year Yield (%/yr):	6.0

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	4.00	2355	391	330	261	1374	34.35	0.06	0.48 <b>16.60</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	3.35	103.0	13.0	14.4	10.9	64.6	1.62	0.02	1.58
2001	26.0	4.1	30.1	4.49	135.4	13.0	19.0	24.8	78.6	1.96	0.02	1.78
2002	23.4	6.4	29.8	3.76	112.1	13.0	15.7	20.0	63.4	1.58	0.02	1.58
2003	21.1	8.4	29.5	3.22	94.8	13.0	13.3	16.4	52.1	1.30		1.01
2004	19.0	10.1	29.1	3.54	103.0	13.0	14.4	18.1	57.4	1.44		1.04
2005	17.1	11.6	28.7	3.36	96.5	13.0	13.5	16.8	53.2	1.33		0.90
2006	15.4	12.9	28.3	3.29	93.2	13.0	13.0	16.1	51.0	1.28		0.80
2007	13.9	14.0	27.9	3.38	94.5	13.0	13.2	16.4	51.8	1.30		0.76
2008	12.5	15.0	27.5	3.48	95.7	13.0	13.4	16.6	52.6	1.32		0.72
2009	11.3	15.8	27.1	3.57	96.9	13.0	13.6	16.9	53.4	1.34		0.68
2010	10.2	16.5	26.7	3.67	98.0	13.0	13.7	17.1	54.2	1.35		0.64
2011	9.2	17.1	26.3	3.77	99.2	13.0	13.9	17.3	54.9	1.37		0.61
2012	8.2	17.6	25.8	3.88	100.3	13.0	14.0	17.6	55.7	1.39		0.57
2013	7.4	18.0	25.4	3.99	101.4	13.0	14.2	17.8	56.4	1.41		0.54
2014	6.7	18.3	25.0	4.10	102.5	13.0	14.3	18.0	57.1	1.43		0.51
2015	6.0	16.3	22.3	4.21	94.0	13.0	13.2		67.9	1.70		0.56
2016	5.4	14.5	19.9	4.33	86.3	13.0	12.1		61.2	1.53		0.47
2017	4.9	12.9	17.8	4.45	79.2	13.0	11.1		55.1	1.38		0.40
2018	4.4	11.5	15.9	4.58	72.7	13.0	10.2		49.5	1.24		0.33
2019	4.0	10.2	14.2	4.70	66.8	13.0	9.3		44.4	1.11		0.28
2020	3.6	9.1	12.7	4.84	61.3	13.0	8.6		39.7	0.99		0.23
2021	3.2	8.1	11.3	4.97	56.3	13.0	7.9		35.4	0.88		0.19
2022	2.9	7.2	10.1	5.11	51.6	13.0	7.2		31.4	0.78		0.16
2023	2.6	6.4	9.0	5.25	47.4	13.0	6.6		27.8	0.69		0.13
2024	2.4	5.7	8.1	5.40	43.5	13.0	6.1		24.4	0.61		0.11
2025	2.1	5.1	7.2	5.55	40.0	13.0	5.6		21.3	0.53		0.09
2026	1.9	4.5	6.4	5.70	36.7	13.0	5.1		18.5	0.46		0.07
2027	1.7	4.0	5.7	5.86	33.7	13.0	4.7		16.0	0.40		0.06
2028	1.6	3.6	5.1	6.03	30.9	13.0	4.3		13.6	0.34		0.04
2029	1.4	3.2	4.6	6.19	28.4	13.0	4.0		11.4	0.29		0.03

**Meter Reader**  
A Weekly Analysis  
September 18, 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	34.9	103.0	37.7	32.2	30.0
Cash flow (\$mm) (80%)	11.5	14.4	42.2	14.1	13.9	21.0	26.8	75.8	29.3	24.6	22.6
Per unit	0.29	0.36	1.06	0.35	0.35	0.52	0.67	1.89	0.73	0.62	0.57
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	24.1	64.6	26.6	21.9	19.9
Per unit	0.21	0.30	0.83	0.27	0.28	0.46	0.60	1.62	0.66	0.55	0.50
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	4.91	3.51	5.35	4.78	4.36
HGT (\$/mcf)	2.01	2.42	2.12	2.32	2.54	3.64	4.61	3.25	5.05	4.48	4.06
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.39	26.07	28.33	30.12	33.28	29.45	34.07	32.27	30.74
HGT	18.18	21.72	16.53	25.19	27.63	29.12	32.28	28.59	33.07	31.27	29.74
Total (\$/mcf)	2.07	2.49	2.16	2.43	2.68	3.72	4.66	3.35	5.08	4.53	4.12
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	23.2	72.5	22.5	21.9	32.1	40.3	116.9	43.7	37.2	34.4
Oil	1.9	2.2	6.4	2.5	2.9	3.1	3.4	11.9	3.4	3.1	3.0
Total	21.0	25.4	78.9	25.0	24.8	35.2	43.7	128.7	47.2	40.3	37.5
<b>Cost (\$mm)</b>											
Tax, transport & other											
Production	2.8	3.0	11.0	3.3	3.2	3.7	4.0	14.2	4.1	3.7	3.7
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	10.1	34.0	10.6	9.5	9.2
Cash flow (\$mm)	14.4	18.1	52.8	17.6	17.4	26.2	33.5	94.7	36.6	30.8	28.3
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	30.3	81.1	33.3	27.5	25.0
Net royalty income (\$mm)	8.5	12.2	33.2	11.0	11.3	18.4	24.2	64.9	26.6	22.0	20.0
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	24.1	64.6	26.6	21.9	19.9
<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	0.43	0.37	0.44	0.42	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.



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

Volume Decline (%/yr):	9	Price Escalation Post 2006 (%/yr):	2.8
Volume Enhancement (%/yr):	7	Discount rate (%/yr):	7.4
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	2.0
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	6.0

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	3.83	2282	257	274	260	1494	32.06	0.48	0.46 <b>15.00</b>
1999	30.3		30.3	1.76	53.2	7.2	6.4	7.9	31.8	0.68	0.16	
2000	27.8	4.4	32.2	3.01	96.8	8.6	11.6	14.1	65.4	1.40	0.16	1.51
2001	25.3	4.3	29.6	4.03	119.3	8.6	14.3	23.1	73.3	1.57	0.16	1.56
2002	23.2	6.0	29.2	3.38	98.5	8.6	11.8	18.7	59.4	1.27	0.16	0.84
2003	21.3	7.5	28.8	2.89	83.1	8.6	10.0	15.5	49.1	1.05		0.78
2004	19.5	8.8	28.3	3.39	96.1	8.6	11.5	18.2	57.8	1.24		0.73
2005	17.9	10.0	27.9	3.22	89.8	8.6	10.8	16.9	53.6	1.15		0.68
2006	16.4	11.1	27.5	3.15	86.6	8.6	10.4	16.2	51.4	1.10		0.63
2007	15.1	12.0	27.1	3.24	87.7	8.6	10.5	16.5	52.1	1.12		0.59
2008	13.8	12.8	26.6	3.33	88.7	8.6	10.6	16.7	52.8	1.13		0.55
2009	12.7	13.5	26.2	3.42	89.7	8.6	10.8	16.9	53.5	1.15		0.51
2010	11.6	14.1	25.8	3.52	90.7	8.6	10.9	17.1	54.1	1.16		0.47
2011	10.7	14.7	25.4	3.61	91.6	8.6	11.0	17.3	54.8	1.18		0.44
2012	9.8	15.1	24.9	3.72	92.6	8.6	11.1	17.5	55.4	1.19		0.41
2013	9.0	15.5	24.5	3.82	93.6	8.6	11.2	17.7	56.1	1.20		0.38
2014	8.2	15.8	24.1	3.93	94.5	8.6	11.3	17.9	56.7	1.22		0.36
2015	7.6	14.4	22.0	4.04	88.7	8.6	10.6		69.5	1.49		0.33
2016	6.9	13.1	20.1	4.15	83.2	8.6	10.0		64.6	1.39		0.31
2017	6.4	11.9	18.3	4.26	78.0	8.6	9.4		60.1	1.29		0.29
2018	5.8	10.9	16.7	4.38	73.2	8.6	8.8		55.8	1.20		0.27
2019	5.4	9.9	15.2	4.51	68.6	8.6	8.2		51.8	1.11		0.25
2020	4.9	9.0	13.9	4.63	64.4	8.6	7.7		48.1	1.03		0.23
2021	4.5	8.2	12.7	4.76	60.4	8.6	7.2		44.6	0.96		0.22
2022	4.1	7.4	11.6	4.89	56.7	8.6	6.8		41.3	0.89		0.20
2023	3.8	6.8	10.6	5.03	53.2	8.6	6.4		38.2	0.82		0.19
2024	3.5	6.2	9.6	5.17	49.9	8.6	6.0		35.3	0.76		0.18
2025	3.2	5.6	8.8	5.31	46.8	8.6	5.6		32.6	0.70		0.16
2026	2.9	5.1	8.0	5.46	43.9	8.6	5.3		30.1	0.65		0.15
2027	2.7	4.6	7.3	5.61	41.2	8.6	4.9		27.7	0.59		0.14
2028	2.5	4.2	6.7	5.77	38.6	8.6	4.6		25.4	0.55		0.13
2029	2.3	3.8	6.1	5.93	36.3	8.6	4.4		23.3	0.50		0.12

**Meter Reader**  
A Weekly Analysis  
September 18, 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	33.1	96.8	38.7	34.6	31.6
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	22.4	27.2	76.6	32.4	28.8	26.0
Per unit	0.21	0.29	0.85	0.28	0.29	0.48	0.58	1.64	0.69	0.62	0.56
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	23.5	65.4	28.6	24.6	22.4
Per unit	0.17	0.24	0.68	0.21	0.28	0.40	0.50	1.40	0.61	0.53	0.48
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 (btu/cf)											
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 (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	4.91	3.51	5.35	4.78	4.36
Differential (\$/mmbtu)	0.04	0.38	0.35	0.19	0.47	0.90	0.90	0.61	0.60	0.40	0.40
SJT Conventional	2.09	2.27	1.75	2.17	2.35	3.04	4.01	2.90	4.75	4.38	3.96
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.82	3.81	2.72	4.55	4.18	3.76
Total	1.93	2.22	1.69	2.12	2.30	8.88	3.94	3.47	4.68	4.31	3.89
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.81	4.58	3.41	5.43	5.00	4.52
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.48	3.36	2.40	4.01	3.68	3.31
Total	1.84	2.32	1.75	2.23	2.37	3.25	4.08	3.00	4.85	4.46	4.03
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	34.11	29.66	28.79	32.27	30.74
SJT	15.71	20.66	14.25	22.48	21.66	26.12	30.11	24.79	24.79	28.27	26.74
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.27	4.09	3.01	4.84	4.47	4.03
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional											
	11.5	15.2	47.1	15.1	16.8	24.4	28.8	85.1	33.8	30.2	27.6
Coal Seam											
	5.5	7.6	22.8	7.4	8.5	11.3	14.7	41.9	17.4	15.5	14.1
Total											
	17.0	22.8	69.9	22.5	25.2	35.7	43.5	127.0	51.2	45.7	41.7
Oil											
	0.3	0.4	1.0	0.5	0.5	0.5	0.6	2.0	0.5	0.5	0.5
Total											
	17.3	23.2	71.0	23.0	25.7	36.2	44.1	129.0	51.7	46.2	42.2
<b>Cost (\$mm)</b>											
Severance tax											
	1.8	2.4	7.3	2.2	2.3	3.3	4.5	12.4	5.3	4.8	4.3
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	7.7	26.9	8.5	7.8	7.5
<b>Cash flow (\$mm)</b>											
	13.3	17.9	52.8	17.7	18.2	29.9	36.3	102.1	43.2	38.3	34.7
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	31.6	83.4	38.5	33.0	30.2
<b>Royalty income (\$mm)</b>											
	7.9	11.5	31.7	9.8	10.1	18.9	23.7	62.5	28.8	24.8	22.6
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	23.5	65.4	28.6	24.6	22.4
<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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