

## *Meter Reader*

*A Weekly Analysis*

October 2, 2000

# Energy Election

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 decline only 1% while our projected distributions for the next year decline little more than 1%. That is a surprisingly modest reaction to the announcement of President Clinton's decision to release oil from strategic storage. Meanwhile at this time of a new presidential election there is little doubt about which candidate is favored in the energy industry - one bashes us, the other is a native son. Yet, we think the industry is facing a better future regardless of which party wins. Energy development has been too unprofitable for too long and now we need new supply.

		<i>Price</i> (\$/unit)		<i>Market</i>		<i>Net</i> <i>Present</i>	
		<i>29-Sep</i>	<i>Units</i>	<i>Cap</i>	<i>Debt</i>	<i>Value</i>	<i>McDep</i>
	<i>Symbol</i>	<i>2000</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>(\$mm)</i>	<i>(\$/unit)</i>	<i>Ratio</i>
Dorchester Hugoton, Ltd.	DHULZ	15.25	10.7	164	-	15.90	0.96
Hugoton RT (42.5%)	HGT	15.69	17.0	267	-	16.60	0.95
Cross Timbers Royalty Trust	CRT	16.06	6.0	96	-	19.50	0.82
San Juan Basin Royalty Trust	SJT	11.88	46.6	553	-	15.00	0.79

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

		<i>Price</i> (\$/unit)		<i>Distribution</i>		<i>Distribution Yield</i>	
		<i>29-Sep</i>		<i>(\$/unit)</i>		<i>(Percent per year)</i>	
	<i>Symbol</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	15.25	1.81	2.40	11.8	15.7	
Hugoton RT (42.5%)	HGT	15.69	2.29	2.73	14.6	17.4	
Cross Timbers Royalty Trust	CRT	16.06	2.48	3.21	15.5	20.0	
San Juan Basin Royalty Trust	SJT	11.88	2.11	2.86	17.7	24.1	

Investors took more of a long-term point of view despite near term pressure on commodity price. Stock prices and McDep Ratios were up sharply for the two royalty trusts that have more stock market liquidity because they are larger (see charts on next page).

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):	2.7
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			Tax	Disc Factor	Present Value (\$/unit)
	Basic (bcf)	Enhanced (bcf)	Total (bcf)			Net (\$mm)	Distribution (\$/unit)	Credit (\$/unit)			
Total 2000 through 2029											
	31	24	55	3.93	216	11	227	37.83	0.37	0.51	19.50
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16		
2000	2.8	0.0	2.8	3.47	9.7	1.9	11.5	1.92	0.12	0.97	1.98
2001	2.5	0.2	2.7	5.03	13.7	2.2	16.0	2.66	0.12	0.90	2.50
2002	2.3	0.4	2.7	4.43	11.9	1.4	13.3	2.22	0.12	0.84	1.97
2003	2.1	0.5	2.7	3.95	10.5	1.1	11.6	1.94		0.78	1.52
2004	2.0	0.7	2.6	3.53	9.3	0.9	10.2	1.70		0.73	1.24
2005	1.8	0.8	2.6	3.36	8.7	0.7	9.4	1.57		0.68	1.06
2006	1.6	0.9	2.5	3.21	8.2	0.6	8.7	1.45		0.63	0.92
2007	1.5	1.0	2.5	3.13	7.8	0.5	8.3	1.39		0.59	0.82
2008	1.4	1.1	2.5	3.22	7.9	0.4	8.4	1.39		0.55	0.77
2009	1.3	1.2	2.4	3.31	8.0	0.4	8.4	1.40		0.51	0.72
2010	1.2	1.2	2.4	3.40	8.1	0.3	8.4	1.40		0.48	0.67
2011	1.1	1.3	2.3	3.49	8.2	0.2	8.4	1.41		0.44	0.63
2012	1.0	1.3	2.3	3.59	8.3	0.2	8.5	1.41		0.41	0.59
2013	0.9	1.4	2.3	3.68	8.4	0.1	8.5	1.42		0.39	0.55
2014	0.8	1.4	2.2	3.78	8.4	0.1	8.5	1.42		0.36	0.51
2015	0.8	1.3	2.0	3.89	7.9		7.9	1.32		0.34	0.44
2016	0.7	1.2	1.9	3.99	7.4		7.4	1.24		0.31	0.39
2017	0.6	1.1	1.7	4.10	7.0		7.0	1.16		0.29	0.34
2018	0.6	1.0	1.5	4.22	6.5		6.5	1.09		0.27	0.30
2019	0.5	0.9	1.4	4.33	6.1		6.1	1.02		0.25	0.26
2020	0.5	0.8	1.3	4.45	5.7		5.7	0.96		0.24	0.23
2021	0.5	0.7	1.2	4.57	5.4		5.4	0.90		0.22	0.20
2022	0.4	0.7	1.1	4.70	5.1		5.1	0.84		0.20	0.17
2023	0.4	0.6	1.0	4.83	4.7		4.7	0.79		0.19	0.15
2024	0.3	0.5	0.9	4.96	4.4		4.4	0.74		0.18	0.13
2025	0.3	0.5	0.8	5.09	4.2		4.2	0.69		0.17	0.12
2026	0.3	0.5	0.7	5.23	3.9		3.9	0.65		0.15	0.10
2027	0.3	0.4	0.7	5.38	3.7		3.7	0.61		0.14	0.09
2028	0.2	0.4	0.6	5.53	3.4		3.4	0.57		0.13	0.08
2029	0.2	0.3	0.6	5.68	3.2		3.2	0.54		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	3.35	3.47	11.54	4.01	3.85	3.57
Per unit	0.28	0.38	1.09	0.38	0.40	0.56	0.58	1.92	0.67	0.64	0.60
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 (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	5.20	5.02	4.48
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	5.20	5.22	4.68
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	31.44	28.99	30.70	30.09	29.25
CRT	16.34	20.21	14.89	24.20	26.86	28.12	29.44	27.11	28.70	28.09	27.25
Total (\$/mcf)	2.26	2.75	2.17	3.25	3.50	4.17	4.65	3.89	5.03	5.01	4.62
<b>Revenue (\$mm)</b>											
Natural Gas	1.89	2.33	7.26	2.17	2.22	2.92	3.43	10.74	3.93	3.82	3.43
Oil	1.30	1.91	5.19	2.14	2.18	2.38	2.45	9.15	2.34	2.19	2.31
Total	3.19	4.23	12.45	4.31	4.40	5.31	5.88	19.89	6.27	6.02	5.74
<b>Cost (\$mm)</b>											
Tax, transport & other	0.48	0.50	1.61	0.58	0.61	0.74	0.82	2.76	0.88	0.84	0.80
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	1.49	1.43	1.44
<b>Cash flow (\$mm)</b>											
Development	2.11	3.14	8.46	3.13	3.14	3.93	4.43	14.63	4.78	4.59	4.30
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 (\$mm)</b>	1.91	2.62	7.52	2.68	2.86	3.76	4.26	13.56	4.61	4.42	4.13
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	1.70	2.30	6.69	2.35	2.48	3.26	3.71	11.80	4.05	3.89	3.61
Administration	89%	88%	89%	88%	87%	87%	87%	87%	88%	88%	87%
	0.04	0.02	0.14	0.05	0.05	(0.09)	0.24	0.26	0.04	0.04	0.04
<b>Distributable income (\$mm)</b>	1.66	2.28	6.55	2.30	2.42	3.35	3.47	11.54	4.01	3.85	3.57
<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	4.22	493	74	74	29	316	29.09	0.55	15.90	
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	3.94	26.1	2.5	3.9	0.5	19.3	1.78	0.97	1.72	
2001	5.7	0.8	6.4	4.56	29.4	2.5	4.4	2.9	19.6	1.80	0.90	1.62	
2002	5.1	1.2	6.3	4.05	25.5	2.5	3.8	2.5	16.7	1.54	0.84	1.29	
2003	4.6	1.6	6.2	3.60	22.2	2.5	3.3	2.1	14.3	1.32	0.78	1.03	
2004	4.2	1.9	6.0	3.73	22.5	2.5	3.4	2.2	14.5	1.34	0.73	0.97	
2005	3.7	2.2	5.9	3.56	21.0	2.5	3.2	2.0	13.4	1.24	0.68	0.84	
2006	3.4	2.4	5.8	3.48	20.0	2.5	3.0	1.9	12.7	1.17	0.63	0.74	
2007	3.0	2.6	5.6	3.57	20.1	2.5	3.0	1.9	12.7	1.17	0.59	0.69	
2008	2.7	2.8	5.5	3.67	20.2	2.5	3.0	1.9	12.8	1.18	0.55	0.65	
2009	2.5	2.9	5.4	3.77	20.2	2.5	3.0	1.9	12.8	1.18	0.51	0.60	
2010	2.2	3.0	5.2	3.87	20.2	2.5	3.0	1.9	12.8	1.18	0.48	0.56	
2011	2.0	3.1	5.1	3.98	20.3	2.5	3.0	1.9	12.8	1.18	0.44	0.53	
2012	1.8	3.2	5.0	4.09	20.3	2.5	3.0	1.9	12.8	1.18	0.41	0.49	
2013	1.6	3.2	4.8	4.20	20.3	2.5	3.0	1.9	12.9	1.19	0.39	0.46	
2014	1.5	3.2	4.7	4.31	20.3	2.5	3.0	1.9	12.9	1.19	0.36	0.43	
2015	1.3	2.9	4.2	4.43	18.6	2.5	2.8		13.4	1.23	0.34	0.41	
2016	1.2	2.6	3.8	4.55	17.1	2.5	2.6		12.1	1.11	0.31	0.35	
2017	1.1	2.3	3.4	4.68	15.7	2.5	2.4		10.9	1.00	0.29	0.29	
2018	1.0	2.0	3.0	4.81	14.4	2.5	2.2		9.8	0.90	0.27	0.24	
2019	0.9	1.8	2.7	4.94	13.2	2.5	2.0		8.8	0.81	0.25	0.20	
2020	0.8	1.6	2.4	5.07	12.1	2.5	1.8		7.9	0.72	0.24	0.17	
2021	0.7	1.4	2.1	5.21	11.1	2.5	1.7		7.0	0.65	0.22	0.14	
2022	0.6	1.3	1.9	5.36	10.2	2.5	1.5		6.2	0.57	0.20	0.12	
2023	0.6	1.1	1.7	5.50	9.4	2.5	1.4		5.5	0.51	0.19	0.10	
2024	0.5	1.0	1.5	5.65	8.6	2.5	1.3		4.9	0.45	0.18	0.08	
2025	0.5	0.9	1.4	5.81	7.9	2.5	1.2		4.3	0.39	0.17	0.07	
2026	0.4	0.8	1.2	5.97	7.3	2.5	1.1		3.7	0.34	0.15	0.05	
2027	0.4	0.7	1.1	6.13	6.7	2.5	1.0		3.2	0.30	0.14	0.04	
2028	0.3	0.6	1.0	6.30	6.1	2.5	0.9		2.7	0.25	0.13	0.03	
2029	0.3	0.6	0.9	6.47	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**

	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	7.14	8.17	25.0	7.65	6.83	6.76
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.78	6.72	19.5	6.22	5.48	5.41
Per unit	0.30	0.30	1.01	0.28	0.36	0.53	0.62	1.79	0.57	0.50	0.50
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.32	6.26	17.6	5.78	5.03	4.97
Per unit	0.26	0.26	0.83	0.24	0.32	0.49	0.58	1.62	0.53	0.46	0.46
Distribution (\$mm)	1.93	1.93	7.7	3.01	1.93	2.36	5.51	12.8	5.09	4.43	4.37
Per unit	0.18	0.18	0.72	0.28	0.18	0.22	0.51	1.19	0.47	0.41	0.41
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)											
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	5.20	3.98	5.02	4.48	4.42
Oklahoma (\$/mcf)	2.60	2.60	2.28	2.53	3.50	4.49	5.20	3.93	5.02	4.48	4.42
Kansas (\$/mcf)	2.68	2.70	2.36	2.72	3.58	4.56	5.27	4.00	5.09	4.55	4.49
Total (\$/mcf)	2.62	2.62	2.30	2.57	3.51	4.50	5.21	3.94	5.03	4.49	4.43
<b>Revenue (\$mm)</b>											
Natural Gas											
Oklahoma	3.63	3.73	12.7	3.53	4.81	6.20	7.13	21.7	6.70	6.00	5.96
Kansas	0.88	0.83	3.1	0.79	1.01	1.26	1.41	4.5	1.30	1.13	1.10
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)	(0.43)	(1.3)	(0.40)	(0.36)	(0.35)
Total	4.34	4.39	15.3	4.16	5.57	7.14	8.17	25.0	7.65	6.83	6.76
<b>Cost (\$mm)</b>											
Operating											
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	0.16	0.16
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	1.45	5.6	1.42	1.35	1.34
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.78	6.72	19.5	6.22	5.48	5.41
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
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.32	6.26	17.6	5.78	5.03	4.97
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	0.71	0.64	0.73	0.69	0.69
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

October 2, 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	316	595	3.92	2333	398	327	262	1346	33.64	0.06	0.49	16.60
1999	29.2		29.2	2.16	63.1	12.1	8.8	9.1	33.1	0.83	0.02		
2000	29.2	1.9	31.1	3.33	103.5	13.3	14.5	13.5	62.2	1.56	0.02	0.97	1.52
2001	26.0	4.5	30.5	4.49	136.8	13.3	19.2	25.1	79.3	1.98	0.02	0.90	1.80
2002	23.4	6.7	30.1	3.97	119.8	13.3	16.8	21.5	68.2	1.70	0.02	0.84	1.45
2003	21.1	8.7	29.8	3.54	105.4	13.3	14.8	18.6	58.8	1.47		0.78	1.15
2004	19.0	10.4	29.4	3.43	101.0	13.3	14.1	17.6	55.9	1.40		0.73	1.02
2005	17.1	11.9	29.0	3.28	95.1	13.3	13.3	16.5	52.1	1.30		0.68	0.88
2006	15.4	13.2	28.6	3.20	91.5	13.3	12.8	15.7	49.7	1.24		0.63	0.79
2007	13.9	14.3	28.2	3.28	92.7	13.3	13.0	15.9	50.5	1.26		0.59	0.74
2008	12.5	15.3	27.8	3.37	93.9	13.3	13.1	16.2	51.3	1.28		0.55	0.70
2009	11.3	16.1	27.4	3.47	95.0	13.3	13.3	16.4	52.0	1.30		0.51	0.67
2010	10.2	16.8	27.0	3.56	96.1	13.3	13.4	16.6	52.7	1.32		0.48	0.63
2011	9.2	17.4	26.6	3.66	97.1	13.3	13.6	16.9	53.4	1.33		0.44	0.59
2012	8.2	17.9	26.1	3.76	98.2	13.3	13.7	17.1	54.1	1.35		0.41	0.56
2013	7.4	18.3	25.7	3.86	99.2	13.3	13.9	17.3	54.7	1.37		0.39	0.53
2014	6.7	18.6	25.3	3.97	100.2	13.3	14.0	17.5	55.4	1.38		0.36	0.50
2015	6.0	16.5	22.5	4.08	91.9	13.3	12.9		65.8	1.64		0.34	0.55
2016	5.4	14.7	20.1	4.19	84.3	13.3	11.8		59.2	1.48		0.31	0.46
2017	4.9	13.1	18.0	4.30	77.3	13.3	10.8		53.2	1.33		0.29	0.39
2018	4.4	11.6	16.1	4.42	71.0	13.3	9.9		47.8	1.19		0.27	0.32
2019	4.0	10.4	14.3	4.54	65.1	13.3	9.1		42.7	1.07		0.25	0.27
2020	3.6	9.2	12.8	4.67	59.7	13.3	8.4		38.1	0.95		0.24	0.22
2021	3.2	8.2	11.4	4.79	54.8	13.3	7.7		33.9	0.85		0.22	0.19
2022	2.9	7.3	10.2	4.92	50.3	13.3	7.0		30.0	0.75		0.20	0.15
2023	2.6	6.5	9.1	5.06	46.1	13.3	6.5		26.4	0.66		0.19	0.13
2024	2.4	5.8	8.1	5.20	42.3	13.3	5.9		23.1	0.58		0.18	0.10
2025	2.1	5.2	7.3	5.34	38.9	13.3	5.4		20.1	0.50		0.17	0.08
2026	1.9	4.6	6.5	5.49	35.7	13.3	5.0		17.4	0.43		0.15	0.07
2027	1.7	4.1	5.8	5.64	32.7	13.3	4.6		14.9	0.37		0.14	0.05
2028	1.6	3.6	5.2	5.79	30.0	13.3	4.2		12.5	0.31		0.13	0.04
2029	1.4	3.2	4.6	5.95	27.6	13.3	3.9		10.4	0.26		0.13	0.03

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**Meter Reader**  
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	28.3	35.4	103.5	37.5	32.7	31.1
Cash flow (\$mm) (80%)	11.5	14.4	42.2	14.1	13.9	20.9	27.1	75.9	29.0	25.0	23.5
Per unit	0.29	0.36	1.06	0.35	0.35	0.52	0.68	1.90	0.73	0.63	0.59
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	16.2	23.8	62.2	25.7	21.8	20.3
Per unit	0.21	0.30	0.83	0.27	0.28	0.40	0.60	1.56	0.64	0.54	0.51
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	9.1	9.0	36.4	8.9	8.5	8.7
Natural Gas (mmcf)	103.4	104.2	102.1	105.5	96.0	98.4	97.4	99.6	96.4	95.4	94.5
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 (mmbd)	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	9.7	9.6	38.8	9.5	9.1	9.3
<b>Price</b>											
Natural Gas (HH lagged two months)											
Henry Hub (\$/mmbtu)	2.27	2.66	2.18	2.35	2.82	3.94	4.88	3.50	5.24	4.78	4.44
HGT (\$/mcf)	2.01	2.42	2.12	2.32	2.54	3.57	4.58	3.24	4.94	4.48	4.14
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.39	26.07	28.33	30.12	31.35	28.96	30.70	30.09	29.25
HGT	18.18	21.72	16.53	25.19	27.63	29.12	30.35	28.11	29.70	29.09	28.25
Total (\$/mcf)	2.07	2.49	2.16	2.43	2.68	3.65	4.61	3.33	4.94	4.50	4.18
<b>Revenue (\$mm)</b>											
Natural Gas	19.1	23.2	72.5	22.5	21.9	32.3	41.0	117.7	43.8	38.0	36.0
Oil	1.9	2.2	6.4	2.5	2.9	3.1	3.2	11.7	3.1	2.9	2.9
Total	21.0	25.4	78.9	25.0	24.8	35.4	44.2	129.4	46.9	40.9	38.9
<b>Cost (\$mm)</b>											
Tax, transport & other	2.1	2.6	8.3	2.4	2.4	3.5	4.4	12.8	4.7	4.1	3.9
Production	2.8	3.0	11.0	3.3	3.2	3.9	4.1	14.4	4.2	3.8	3.8
Overhead	1.8	1.7	6.9	1.7	1.8	1.9	1.8	7.2	1.8	1.7	1.8
Total	6.6	7.4	26.2	7.4	7.4	9.3	10.3	34.5	10.6	9.6	9.4
<b>Cash flow (\$mm)</b>											
Development	3.7	2.8	11.3	3.9	3.3	5.8	4.0	16.9	4.0	4.0	4.0
<b>Net proceeds (\$mm)</b>	10.7	15.2	41.4	13.7	14.1	20.3	29.9	78.0	32.3	27.3	25.4
<b>Royalty income (\$mm)</b>											
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	0.0	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	16.2	23.8	62.2	25.7	21.8	20.3
<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	0.40	0.42	0.37	0.44	0.42	0.41
Overhead cost (\$/mcf)	0.17	0.17	0.19	0.17	0.19	0.20	0.19	0.19	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

October 2, 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 (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	309	287	596	3.76	2238	255	269	258	1459	31.30	0.48	0.47 <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	4.5	32.3	3.04	98.1	8.5	11.8	14.5	65.8	1.41	0.16	0.97
2001	25.3	4.3	29.6	4.09	121.1	8.5	14.5	23.5	74.5	1.60	0.16	0.90
2002	23.2	6.0	29.2	3.62	105.7	8.5	12.7	20.3	64.2	1.38	0.16	0.84
2003	21.3	7.5	28.8	3.22	92.7	8.5	11.1	17.5	55.6	1.19		0.78
2004	19.5	8.8	28.3	3.28	93.0	8.5	11.2	17.6	55.8	1.20		0.73
2005	17.9	10.0	27.9	3.13	87.5	8.5	10.5	16.4	52.1	1.12		0.68
2006	16.4	11.1	27.5	3.06	84.0	8.5	10.1	15.7	49.7	1.07		0.63
2007	15.1	12.0	27.1	3.14	85.0	8.5	10.2	15.9	50.4	1.08		0.59
2008	13.8	12.8	26.6	3.23	85.9	8.5	10.3	16.1	51.0	1.09		0.55
2009	12.7	13.5	26.2	3.31	86.9	8.5	10.4	16.3	51.6	1.11		0.51
2010	11.6	14.1	25.8	3.40	87.8	8.5	10.5	16.5	52.3	1.12		0.48
2011	10.7	14.7	25.4	3.50	88.7	8.5	10.6	16.7	52.9	1.13		0.44
2012	9.8	15.1	24.9	3.59	89.6	8.5	10.8	16.9	53.5	1.15		0.41
2013	9.0	15.5	24.5	3.69	90.5	8.5	10.9	17.1	54.0	1.16		0.39
2014	8.2	15.8	24.1	3.79	91.3	8.5	11.0	17.3	54.6	1.17		0.36
2015	7.6	14.4	22.0	3.90	85.6	8.5	10.3		66.9	1.43		0.34
2016	6.9	13.1	20.1	4.00	80.3	8.5	9.6		62.2	1.33		0.31
2017	6.4	11.9	18.3	4.11	75.3	8.5	9.0		57.7	1.24		0.29
2018	5.8	10.9	16.7	4.23	70.6	8.5	8.5		53.6	1.15		0.27
2019	5.4	9.9	15.2	4.34	66.2	8.5	7.9		49.7	1.07		0.25
2020	4.9	9.0	13.9	4.46	62.0	8.5	7.4		46.1	0.99		0.24
2021	4.5	8.2	12.7	4.58	58.2	8.5	7.0		42.7	0.92		0.22
2022	4.1	7.4	11.6	4.71	54.6	8.5	6.5		39.5	0.85		0.20
2023	3.8	6.8	10.6	4.84	51.2	8.5	6.1		36.5	0.78		0.19
2024	3.5	6.2	9.6	4.97	48.0	8.5	5.8		33.7	0.72		0.18
2025	3.2	5.6	8.8	5.11	45.0	8.5	5.4		31.1	0.67		0.17
2026	2.9	5.1	8.0	5.25	42.2	8.5	5.1		28.6	0.61		0.15
2027	2.7	4.6	7.3	5.39	39.5	8.5	4.7		26.3	0.56		0.14
2028	2.5	4.2	6.7	5.54	37.1	8.5	4.4		24.1	0.52		0.13
2029	2.3	3.8	6.1	5.69	34.8	8.5	4.2		22.1	0.47		0.13

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# Meter Reader

A Weekly Analysis

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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	28.8	32.8	98.1	37.8	34.6	32.3
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	23.9	27.0	77.8	31.6	28.7	26.6
Per unit	0.21	0.29	0.85	0.28	0.29	0.51	0.58	1.67	0.68	0.62	0.57
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	19.7	23.0	65.8	27.6	24.5	23.0
Per unit	0.17	0.24	0.68	0.21	0.28	0.42	0.49	1.41	0.59	0.53	0.49
<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	8.4	7.2	29.6	7.1	6.9	7.0
Coal Seam	3.3	3.5	14.4	3.6	3.9	4.0	3.9	15.3	3.8	3.7	3.7
Total	8.8	10.3	41.3	10.6	11.0	12.4	11.0	45.0	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	1,177	1,142	1,142	1,142
Coal Seam	881	881	881	881	881	878	881	880	881	881	881
Natural gas (bcf)											
Conventional	5.5	5.8	23.5	5.9	6.3	6.7	6.3	25.2	6.2	6.0	6.1
Coal Seam	3.8	4.0	16.4	4.1	4.4	4.5	4.4	17.4	4.3	4.2	4.2
Total	9.3	9.8	39.9	10.1	10.7	11.2	10.7	42.6	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	11.3	10.8	43.1	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	4.88	3.50	5.24	4.78	4.44
Differential (\$/mmbtu)	0.04	0.38	0.35	0.19	0.47	0.80	0.90	0.57	0.60	0.40	0.40
SJT Conventional	2.09	2.27	1.75	2.17	2.36	3.14	3.98	2.93	4.64	4.38	4.04
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.92	3.78	2.74	4.44	4.18	3.84
Total	1.93	2.22	1.69	2.12	2.30	3.07	3.91	2.86	4.57	4.31	3.97
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.95	4.54	3.45	5.30	5.00	4.62
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.56	3.33	2.41	3.91	3.68	3.38
Total	1.84	2.32	1.75	2.23	2.37	3.39	4.04	3.02	4.73	4.46	4.11
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	31.44	28.99	28.79	30.09	29.25
SJT	15.71	20.66	14.25	22.48	21.66	26.12	27.44	24.20	24.79	26.09	25.25
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.40	4.05	3.04	4.72	4.46	4.11
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional											
	11.5	15.2	47.1	15.1	16.8	26.3	28.6	86.8	33.0	30.2	28.2
Coal Seam											
	5.5	7.6	22.8	7.4	8.5	11.6	14.6	42.0	16.9	15.4	14.4
Total	17.0	22.8	69.9	22.5	25.2	37.9	43.2	128.8	50.0	45.6	42.6
Oil											
Total	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	38.4	43.7	130.8	50.4	46.1	43.0
<b>Cost (\$mm)</b>											
Severance tax											
	1.8	2.4	7.3	2.2	2.3	3.5	4.5	12.5	5.2	4.7	4.4
Operating											
	2.2	2.9	10.8	3.1	5.2	3.1	3.2	14.5	3.2	3.1	3.1
Total	4.0	5.3	18.1	5.4	7.5	6.5	7.7	27.0	8.4	7.8	7.5
<b>Cash flow (\$mm)</b>											
	13.3	17.9	52.8	17.7	18.2	31.9	36.0	103.8	42.1	38.3	35.5
Development											
	2.7	2.6	10.6	4.6	4.8	5.0	5.0	19.4	5.0	5.3	4.6
<b>Net proceeds (\$mm)</b>											
	10.5	15.3	42.3	13.1	13.5	26.9	31.0	84.4	37.1	33.0	30.9
<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	0.5	0.2	1.3	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	19.7	23.0	65.8	27.6	24.5	23.0
<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	0.27	0.30	0.34	0.30	0.30	0.30

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