

## Promising Returns in Natural Gas Royalty Trusts

As income producing investments, natural gas royalty trusts appear to offer attractive potential at least for the next decade. That was true during the 1990's when royalty trusts delivered more total return to investors, by a wide margin, than independent companies concentrated on U.S. oil and gas production. Four stocks with reasonably sustainable volumes offer a distribution yield in 2000 of 8.1% for **San Juan Basin Royalty Trust**, 8.1% for **Dorchester Hugoton, Ltd.**, 12.7% for **Hugoton Royalty Trust** and 13.8% for **Cross Timbers Royalty Trust** (see Table RT-1). The estimates are derived from distributable income models, available on request, that incorporate prices tied to futures quotes as of January 14, 2000 and operating ratios recently experienced.

**Table RT-1**  
**Oil and Gas Royalty Trusts**  
**Distributions**

	Symbol	Price	Shares	Market	Distribution (\$/unit)			Distribution Yield (%)	
		(\$/unit)		Cap	1998	1999	2000E	1999	2000E
		14-Jan	(mm)	(\$mm)					
San Juan Basin Royalty Trust	SJT	9.81	46.6	457	0.64	0.68	0.80	7.0	8.1
Dorchester Hugoton, Ltd.	DHULZ	8.88	10.7	95	0.72	0.72	0.72	8.1	8.1
Hugoton RT (42.5%)	HGT	7.88	17.0	134		0.83	1.00	10.5	12.7
Cross Timbers Royalty Trust	CRT	9.75	6.0	59	1.15	1.09	1.35	11.2	13.8

Information is taken from sources believed to be reliable, but there is no assurance as to accuracy or completeness. The analyst, Kurt H. Wulff, may own, buy or sell units of the securities mentioned.

*N.B. This analysis was originally posted on <http://royaltytrusts.intranets.com>; registration code "sanjuan".*