

## **SJT Successor Trustee Nominated**

### **Summary and Recommendation**

We took the unusual step of nominating an independent bank, TexasBank of Fort Worth, as the successor to Bank One as the trustee of San Juan Basin Royalty Trust before knowing that the current trustee has nominated a successor. Because owners of at least 15% of the units of the trust concurred with our nomination as apparently required by the bylaws of the trust, we expect our nominee to be on the proxy statement to be mailed to unitholders by the current trustee. Ours may be the only nomination if Bank One concurs. We encourage those unitholders who support our nomination to express their opinion to [sjbtr@bankone.com](mailto:sjbtr@bankone.com) as soon as possible. Meanwhile a diversion between six-year futures and stock price has developed that, in our mind, implies strengthening investment appeal for the three natural gas royalty trusts that we analyze in detail regularly.

### **Potential Conflict of Interest Drives Our Nomination**

The precipitating factor for our unusual initiative was the concern that the current trustee might nominate a major bank/investment bank as successor. We worry about the potential conflict of interest we have highlighted in our research. Disputes inevitably arise among producers, processors, transporters and marketers. We fear that if the new trustee is underwriter, dealmaker or lender for potentially adversarial parties, the trust could be disadvantaged in the resolution of a conflict of interest.

### **Continuity of Management is Desirable**

We nominated TexasBank because future conflicts appear less likely. We also expect the current representative of the trustee, Ms. Lee Ann Anderson, to join that bank. If TexasBank becomes trustee, Ms. Anderson is expected to be their representative. We have previously expressed our confidence in Ms. Anderson.

There are few independent banks left in an industry in consolidation after difficult times a decade ago. We have made checks that confirm the suitability of TexasBank and we expect to investigate further. Officers at the bank have oil and gas and royalty trust experience. Yet we do not represent that we will complete as much due diligence as a paid advisor might be obligated to do. We would appreciate hearing from any investors who have knowledge about our nominee that we may not have.

Kurt H. Wulff, CFA

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## Natural Gas Royalty Trusts

A Weekly Analysis

July 8, 2002

### Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating	Price (\$/sh) 3-Jul 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Cross Timbers Royalty Trust	CRT	15.50	6.0	93	20.10	-	0.77
Hugoton RoyaltyTrust (46%)	HGT	10.45	18.4	190	15.80	-	0.66
San Juan Basin Royalty Trust	SJT	10.75	46.6	500	16.20	-	0.66

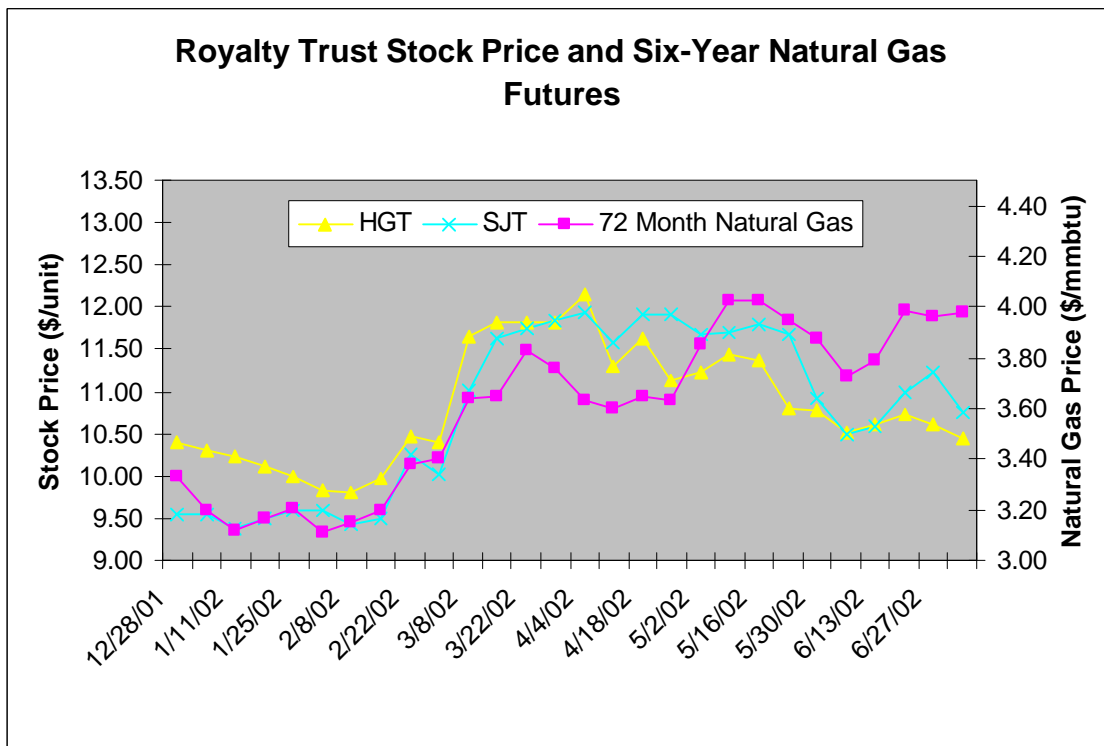
Buy/Sell rating after symbol: 1 - Strong Buy, 2 - Buy, 3 - Neutral, 4 - Sell, 5 - Strong Sell

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

### Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 3-Jul 2002	EV/ Sales NTM	EV/ Ebitda NTM	Dividend or Distribution P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Cross Timbers Royalty Trust	CRT	15.50	5.7	8.2	9	11.2	10.7
San Juan Basin Royalty Trust	SJT	10.75	5.4	6.9	10	10.2	10.4
Hugoton RoyaltyTrust (46%)	HGT	10.45	4.5	6.8	10	10.3	10.2

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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### A Weekly Analysis

July 8, 2002

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

Volume Decline (%/yr):	10	Price Escalation post 2007 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount Rate (%/yr):	6.1
		U.S. TIPS Inflation (%/yr):	1.7
		U.S. 10 Year Yield (%/yr):	4.7

PV/Volume (\$/mcf):	2.58	PV/EBITDA 2002:	13.1
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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 2003 through 2032; years ending on 6/30											
	26	20	47	4.47	209	3	212	35.33	0.10	0.57	<b>20.10</b>
2003	2.7	0.0	2.7	2.85	7.8	0.8	8.6	1.43	0.10	0.97	1.49
2004	2.5	0.3	2.7	3.76	10.3	0.8	11.1	1.86		0.91	1.70
2005	2.2	0.5	2.7	3.81	10.5	0.6	11.0	1.84		0.86	1.58
2006	2.0	0.7	2.7	3.82	10.5	0.4	10.9	1.82		0.81	1.48
2007	1.8	0.9	2.7	3.86	10.6	0.3	10.9	1.82		0.77	1.39
2008	1.6	1.1	2.7	3.96	10.9	0.2	11.1	1.84		0.72	1.33
2009	1.5	1.3	2.7	4.06	11.1	0.2	11.3	1.88		0.68	1.28
2010	1.3	1.4	2.7	4.16	11.4	0.1	11.5	1.92		0.64	1.23
2011	1.2	1.6	2.7	4.27	11.7		11.7	1.95		0.60	1.18
2012	1.1	1.4	2.5	4.37	10.8		10.8	1.80		0.57	1.02
2013	1.0	1.3	2.2	4.48	10.0		10.0	1.66		0.54	0.89
2014	0.9	1.1	2.0	4.60	9.2		9.2	1.53		0.50	0.77
2015	0.8	1.0	1.8	4.71	8.5		8.5	1.41		0.48	0.67
2016	0.7	0.9	1.6	4.83	7.8		7.8	1.30		0.45	0.58
2017	0.6	0.8	1.5	4.95	7.2		7.2	1.20		0.42	0.51
2018	0.6	0.7	1.3	5.08	6.7		6.7	1.11		0.40	0.44
2019	0.5	0.7	1.2	5.20	6.1		6.1	1.02		0.37	0.38
2020	0.5	0.6	1.1	5.34	5.7		5.7	0.94		0.35	0.33
2021	0.4	0.5	1.0	5.47	5.2		5.2	0.87		0.33	0.29
2022	0.4	0.5	0.9	5.61	4.8		4.8	0.80		0.31	0.25
2023	0.3	0.4	0.8	5.75	4.5		4.5	0.74		0.30	0.22
2024	0.3	0.4	0.7	5.89	4.1		4.1	0.68		0.28	0.19
2025	0.3	0.4	0.6	6.04	3.8		3.8	0.63		0.26	0.17
2026	0.2	0.3	0.6	6.20	3.5		3.5	0.58		0.25	0.14
2027	0.2	0.3	0.5	6.35	3.2		3.2	0.54		0.23	0.13
2028	0.2	0.3	0.5	6.51	3.0		3.0	0.50		0.22	0.11
2029	0.2	0.2	0.4	6.68	2.7		2.7	0.46		0.21	0.09
2030	0.2	0.2	0.4	6.84	2.5		2.5	0.42		0.19	0.08
2031	0.1	0.2	0.3	7.02	2.3		2.3	0.39		0.18	0.07
2032	0.1	0.2	0.3	7.19	2.2		2.2	0.36		0.17	0.06

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# Natural Gas Royalty Trusts

A Weekly Analysis

July 8, 2002

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

	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next</i>
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>Twelve</i>
								<i>Months</i>
								<i>6/30/03</i>
<b>Highlights</b>								
Tax credit (\$mm)								
Per unit	0.03	0.03	0.03	0.03	0.10			0.05
Distributable Income (\$mm)	1.80	1.72	2.58	2.48	8.59	2.66	2.71	10.43
Per unit	0.30	0.29	0.43	0.41	1.43	0.44	0.45	1.74
<b>Units (millions)</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Volume</b>								
Natural Gas (bcf)	0.78	0.75	0.76	0.76	3.05	0.76	0.75	3.03
Natural Gas (mmcf)	8.5	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Days	92	90	91	92	365	92	90	365
Oil (mb)	83	80	83	83	330	83	80	330
Oil (mbd)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	3.61
Days	92	89	92	92	365	92	89	365
Total (bcf)	1.28	1.23	1.25	1.26	5.02	1.26	1.23	5.01
<b>Price</b>								
Natural Gas (HH lagged three months)								
Henry Hub (\$/mmbtu)	2.41	2.53	3.38	3.14	2.86	3.53	3.87	3.48
Differential (\$/mmbtu)	(0.13)	0.05	0.07	0.06	0.01	0.07	0.08	0.07
CRT (\$/mcf)	2.54	2.48	3.31	3.08	2.85	3.46	3.79	3.41
Oil (\$/bbl) (WTI lagged two months)								
WTI Cushing	19.56	23.80	26.46	26.63	24.11	25.98	25.33	26.10
CRT	17.28	21.80	24.46	24.63	22.04	23.98	23.33	24.11
Total (\$/mcf)	2.67	2.93	3.62	3.48	3.17	3.67	3.83	3.65
<b>Revenue (\$mm)</b>								
Natural Gas	1.98	1.85	2.50	2.35	8.69	2.64	2.83	10.32
Oil	1.44	1.75	2.03	2.05	7.27	1.99	1.88	7.95
Total	3.42	3.60	4.53	4.40	15.95	4.63	4.71	18.27
<b>Cost (\$mm)</b>								
Tax, transport & other	0.34	0.50	0.63	0.62	2.09	0.65	0.66	2.56
Production	0.75	0.75	0.75	0.75	3.00	0.75	0.75	3.00
Total	1.09	1.26	1.39	1.37	5.10	1.40	1.41	5.56
<b>Cash flow (\$mm)</b>								
Development	2.33	2.35	3.15	3.03	10.85	3.23	3.30	12.70
Excess	(0.07)	0.20	0.20	0.20	0.88	0.20	0.20	0.80
<b>Net proceeds (\$mm)</b>	2.11	2.15	2.95	2.83	10.04	3.03	3.10	11.90
<b>Royalty income (\$mm)</b>								
Royalty/Net proceeds	89%	89%	89%	89%	89%	89%	89%	89%
Administration	0.08	0.19	0.04	0.04	0.34	0.04	0.04	0.16
<b>Distributable income (\$mm)</b>	1.80	1.72	2.58	2.48	8.59	2.66	2.71	10.43
<i>Modeling ratios</i>								
Tax and other/revenue	0.10	0.14	0.14	0.14	0.13	0.14	0.14	0.14

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# Natural Gas Royalty Trusts

## A Weekly Analysis

July 8, 2002

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

Volume Decline (%/yr):	10	Price Escalation Post 2007 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.7
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	4.7
PV/Volume (\$/mcf):	1.24	PV/EBITDA 2002:	12.7

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 2003 through 2032; years ending on 6/30													
	287	223	509	4.37	2226	448	378	214	1185	29.63	0.02	0.53	<b>15.80</b>
2003	29.9	0.0	29.9	2.61	78.1	14.9	13.3	18.4	31.5	0.79	0.02	0.97	0.78
2004	26.9	3.0	29.9	3.69	110.4	14.9	18.8	23.0	53.7	1.34		0.91	1.22
2005	24.2	5.7	29.9	3.74	111.9	14.9	19.0	23.4	54.6	1.36		0.85	1.16
2006	21.8	8.1	29.9	3.75	112.1	14.9	19.1	23.4	54.7	1.37		0.80	1.09
2007	19.6	10.3	29.9	3.78	113.3	14.9	19.3	23.7	55.4	1.38		0.75	1.03
2008	17.7	12.3	29.9	3.88	116.1	14.9	19.7	24.4	57.0	1.43		0.70	1.00
2009	15.9	14.0	29.9	3.98	119.0	14.9	20.2	25.2	58.7	1.47		0.65	0.96
2010	14.3	15.6	29.9	4.08	122.0	14.9	20.7	25.9	60.5	1.51		0.61	0.93
2011	12.9	17.1	29.9	4.18	125.1	14.9	21.3	26.7	62.2	1.56		0.57	0.89
2012	11.6	15.3	26.9	4.28	115.4	14.9	19.6		80.9	2.02		0.54	1.09
2013	10.4	13.8	24.2	4.39	106.5	14.9	18.1		73.5	1.84		0.50	0.93
2014	9.4	12.4	21.8	4.50	98.3	14.9	16.7		66.6	1.67		0.47	0.79
2015	8.5	11.2	19.6	4.62	90.7	14.9	15.4		60.3	1.51		0.44	0.67
2016	7.6	10.1	17.7	4.73	83.7	14.9	14.2		54.5	1.36		0.42	0.57
2017	6.8	9.1	15.9	4.85	77.2	14.9	13.1		49.1	1.23		0.39	0.48
2018	6.2	8.2	14.3	4.98	71.2	14.9	12.1		44.2	1.10		0.36	0.40
2019	5.5	7.3	12.9	5.10	65.7	14.9	11.2		39.6	0.99		0.34	0.34
2020	5.0	6.6	11.6	5.23	60.6	14.9	10.3		35.4	0.88		0.32	0.28
2021	4.5	5.9	10.4	5.36	56.0	14.9	9.5		31.5	0.79		0.30	0.24
2022	4.0	5.4	9.4	5.50	51.6	14.9	8.8		27.9	0.70		0.28	0.20
2023	3.6	4.8	8.5	5.63	47.6	14.9	8.1		24.6	0.61		0.26	0.16
2024	3.3	4.3	7.6	5.78	44.0	14.9	7.5		21.5	0.54		0.25	0.13
2025	2.9	3.9	6.8	5.92	40.6	14.9	6.9		18.7	0.47		0.23	0.11
2026	2.7	3.5	6.2	6.07	37.4	14.9	6.4		16.1	0.40		0.22	0.09
2027	2.4	3.2	5.5	6.22	34.5	14.9	5.9		13.7	0.34		0.20	0.07
2028	2.1	2.8	5.0	6.38	31.9	14.9	5.4		11.5	0.29		0.19	0.05
2029	1.9	2.6	4.5	6.54	29.4	14.9	5.0		9.5	0.24		0.18	0.04
2030	1.7	2.3	4.0	6.71	27.1	14.9	4.6		7.6	0.19		0.17	0.03
2031	1.6	2.1	3.6	6.88	25.0	14.9	4.3		5.8	0.15		0.16	0.02
2032	1.4	1.9	3.3	7.05	23.1	14.9	3.9		4.2	0.11		0.15	0.02

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## A Weekly Analysis

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

	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	3/31/02	6/30/02	9/30/02	12/31/02	2002E	3/31/03	6/30/03	6/30/03
<b>Highlights</b>								
Revenue (\$mm) (80%)	18.5	16.5	21.8	21.3	78.1	24.8	24.2	92.1
Cash flow (\$mm) (80%)	12.0	10.0	14.3	13.8	50.2	17.0	16.6	61.7
Per unit	0.30	0.25	0.36	0.34	1.26	0.42	0.41	1.54
Tax credit (\$mm)	0.2	0.2	0.2	0.2	0.7			0.3
Per unit	0.00	0.00	0.00	0.00	0.02			0.01
Distributable Income (\$mm)	7.4	5.3	9.7	9.2	31.5	12.4	11.9	43.1
Per unit	0.18	0.13	0.24	0.23	0.79	0.31	0.30	1.08
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>Volume</b>								
Natural Gas (bcf)	9.0	8.3	9.0	9.0	35.3	9.0	8.7	35.7
Natural Gas (mmcf)	98.1	93.1	97.8	97.8	96.7	97.8	97.8	97.8
Days	92	89	92	92	365	92	89	365
Oil (mb)	90	86	88	87	352	87	83	345
Oil (mbd)	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9
Days	92	89	92	92	365	92	89	365
Total (bcf)	9.6	8.8	9.5	9.5	37.4	9.5	9.2	37.8
<b>Price</b>								
Natural Gas (HH lagged two months)								
Henry Hub (\$/mmbtu)	2.34	2.92	3.27	3.17	2.93	3.77	3.80	3.50
Differential (\$/mmbtu)	(0.03)	0.67	0.49	0.48	0.40	0.56	0.57	0.53
HGT (\$/mcf)	2.38	2.25	2.78	2.70	2.53	3.20	3.23	2.98
Oil (\$/bbl) (WTI Cushing lagged two months)								
WTI Cushing	19.56	23.80	26.46	26.63	24.11	25.98	25.33	26.10
HGT	18.80	23.30	25.96	26.13	23.52	25.48	24.83	25.61
Total (\$/mcf)	2.42	2.34	2.87	2.79	2.61	3.26	3.28	3.05
<b>Revenue (\$mm)</b>								
Natural Gas	21.5	18.6	25.0	24.3	89.4	28.8	28.1	106.2
Oil	1.7	2.0	2.3	2.3	8.3	2.2	2.1	8.8
Total	23.2	20.6	27.3	26.6	97.7	31.0	30.2	115.1
<b>Cost (\$mm)</b>								
Tax, transport & other	1.7	2.1	2.7	2.7	9.1	3.1	3.0	11.5
Production	4.4	4.0	4.8	4.8	17.9	4.8	4.6	18.9
Overhead	2.0	2.0	1.9	1.9	7.8	1.9	1.8	7.6
Total	8.1	8.1	9.4	9.3	34.9	9.8	9.5	37.9
<b>Cash flow (\$mm)</b>	15.1	12.5	17.9	17.2	62.8	21.2	20.7	77.1
Development	5.8	5.8	5.7	5.7	23.0	5.7	5.7	22.8
<b>Net proceeds (\$mm)</b>	9.3	6.8	12.2	11.5	39.8	15.5	15.0	54.3
<b>Royalty income (\$mm)</b>	7.4	5.4	9.8	9.2	31.8	12.4	12.0	43.5
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.3
<b>Distributable income (\$mm)</b>	7.4	5.3	9.7	9.2	31.5	12.4	11.9	43.1
<i>Cost ratios</i>								
Tax and other/revenue	7%	10%	10%	10%	9%	10%	10%	10%
Production cost (\$/mcf)	0.46	0.46	0.50	0.50	0.48	0.50	0.50	0.50
Overhead cost (\$/mcf)	0.21	0.23	0.20	0.20	0.21	0.20	0.20	0.20
Development/Cash flow	0.38	0.46	0.32	0.33	0.37	0.27	0.27	0.30

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# Natural Gas Royalty Trusts

## A Weekly Analysis

July 8, 2002

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

Volume Decline (%/yr):	10	Price Escalation Post 2007 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.7
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	4.7

PV/Volume (\$/mcf):	1.31	PV/EBITDA 2002:	14.4
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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 2003 through 2032; years ending on 6/30													
	325	253	578	3.99	2308	395	277	205	1431	30.72	0.04	0.53	16.20
2003	34.0	0.0	34.0	2.34	79.5	17.6	9.5	18.6	33.8	0.72	0.04	0.97	0.74
2004	30.6	3.4	34.0	3.37	114.5	13.0	13.7	22.0	65.9	1.41		0.91	1.28
2005	27.5	6.5	34.0	3.42	116.1	13.0	13.9	22.3	66.9	1.44		0.85	1.22
2006	24.8	9.2	34.0	3.42	116.4	13.0	14.0	22.3	67.0	1.44		0.80	1.15
2007	22.3	11.7	34.0	3.46	117.5	13.0	14.1	22.6	67.8	1.46		0.75	1.09
2008	20.1	13.9	34.0	3.55	120.5	13.0	14.5	23.3	69.8	1.50		0.70	1.05
2009	18.1	15.9	34.0	3.63	123.5	13.0	14.8	23.9	71.8	1.54		0.65	1.01
2010	16.3	17.7	34.0	3.73	126.6	13.0	15.2	24.6	73.8	1.58		0.61	0.97
2011	14.6	19.4	34.0	3.82	129.8	13.0	15.6	25.3	75.9	1.63		0.57	0.94
2012	13.2	17.4	30.6	3.92	119.8	13.0	14.4		92.4	1.98		0.54	1.07
2013	11.8	15.7	27.5	4.02	110.5	13.0	13.3		84.3	1.81		0.50	0.91
2014	10.7	14.1	24.8	4.12	102.0	13.0	12.2		76.7	1.65		0.47	0.78
2015	9.6	12.7	22.3	4.22	94.1	13.0	11.3		69.8	1.50		0.44	0.66
2016	8.6	11.4	20.1	4.33	86.8	13.0	10.4		63.4	1.36		0.42	0.56
2017	7.8	10.3	18.1	4.44	80.1	13.0	9.6		57.5	1.23		0.39	0.48
2018	7.0	9.3	16.3	4.55	73.9	13.0	8.9		52.0	1.12		0.36	0.41
2019	6.3	8.3	14.6	4.66	68.2	13.0	8.2		47.0	1.01		0.34	0.34
2020	5.7	7.5	13.2	4.78	62.9	13.0	7.6		42.4	0.91		0.32	0.29
2021	5.1	6.7	11.8	4.90	58.1	13.0	7.0		38.1	0.82		0.30	0.24
2022	4.6	6.1	10.7	5.02	53.6	13.0	6.4		34.1	0.73		0.28	0.21
2023	4.1	5.5	9.6	5.15	49.4	13.0	5.9		30.5	0.65		0.26	0.17
2024	3.7	4.9	8.6	5.28	45.6	13.0	5.5		27.1	0.58		0.25	0.14
2025	3.3	4.4	7.8	5.41	42.1	13.0	5.0		24.0	0.52		0.23	0.12
2026	3.0	4.0	7.0	5.55	38.8	13.0	4.7		21.2	0.45		0.22	0.10
2027	2.7	3.6	6.3	5.69	35.8	13.0	4.3		18.5	0.40		0.20	0.08
2028	2.4	3.2	5.7	5.83	33.1	13.0	4.0		16.1	0.35		0.19	0.07
2029	2.2	2.9	5.1	5.98	30.5	13.0	3.7		13.8	0.30		0.18	0.05
2030	2.0	2.6	4.6	6.13	28.1	13.0	3.4		11.8	0.25		0.17	0.04
2031	1.8	2.4	4.1	6.28	26.0	13.0	3.1		9.8	0.21		0.16	0.03
2032	1.6	2.1	3.7	6.44	24.0	13.0	2.9		8.1	0.17		0.15	0.03

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# Natural Gas Royalty Trusts

## A Weekly Analysis

July 8, 2002

**Table SJT-2**  
**San Juan Basin Royalty Trust**  
**Distributable Income**

	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next</i>
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>Twelve</i>
								<i>Months</i>
								<i>6/30/03</i>
<b>Highlights</b>								
Revenue (\$mm) (75%)	19.2	18.5	19.9	21.9	79.5	25.9	25.2	92.9
Cash flow (\$mm) (75%)	14.1	14.0	15.0	16.9	60.0	20.4	20.0	72.3
Per unit	0.30	0.30	0.32	0.36	1.29	0.44	0.43	1.55
Tax credit (\$mm)	0.5	0.5	0.5	0.5	1.9			0.9
Per unit	0.01	0.01	0.01	0.01	0.04			0.02
Distributable Income (\$mm)	3.5	9.0	8.8	12.4	33.8	15.1	14.8	51.1
Per unit	0.08	0.19	0.19	0.27	0.72	0.32	0.32	1.10
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Volume</b>								
Natural gas (mmbtu)	12.5	12.0	12.0	12.0	48.6	12.0	11.6	47.7
Heat Content(btu/cf)	1,092	1,077	1,086	1,086	1,085	1,086	1,086	1,086
Natural gas (bcf)	11.5	11.1	11.1	11.1	44.8	11.1	10.7	43.9
Natural Gas (mmcf/d)	124.7	125.1	120.4	120.4	122.6	120.4	120.4	120.4
Days	92	89	92	92	365	92	89	365
Oil (mb)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Oil (mbd)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total gas & oil (bcf)	11.6	11.3	11.2	11.2	45.3	11.2	10.9	44.5
<b>Price</b>								
Natural gas (\$/mmbtu) (Henry Hub lagged two months)								
Henry Hub (\$/mmbtu)	2.34	2.92	3.27	3.17	2.93	3.77	3.80	3.50
Differential (%)	14	31	32	25	27	25	25	27
Total	2.01	2.02	2.16	2.38	2.14	2.82	2.85	2.55
Natural gas (\$/mcf)								
	2.20	2.18	2.35	2.58	2.33	3.07	3.10	2.77
Oil (\$/bbl) (WTI Cushing lagged two months)								
WTI Cushing	19.56	23.80	26.46	26.63	24.11	25.98	25.33	26.10
SJT	15.78	19.80	22.46	22.63	20.17	21.98	21.33	22.11
Total gas & oil (\$/mcf)	2.20	2.19	2.37	2.60	2.34	3.07	3.10	2.78
<b>Revenue (\$mm)</b>								
Natural Gas	25.2	24.2	26.0	28.6	104.1	34.0	33.2	121.8
Oil	0.4	0.4	0.5	0.5	1.9	0.5	0.5	2.1
Total	25.6	24.7	26.6	29.2	106.0	34.5	33.7	123.8
<b>Cost (\$mm)</b>								
Severance tax	2.6	2.4	2.7	2.9	10.6	3.4	3.4	12.5
Operating	4.1	3.7	3.8	3.8	15.4	3.8	3.6	15.0
Total	6.7	6.0	6.5	6.7	26.0	7.2	7.0	27.4
<b>Cash flow (\$mm)</b>								
	18.8	18.7	20.0	22.5	80.0	27.3	26.6	96.4
Development	11.3	3.4	4.5	5.6	24.8	6.8	6.7	23.6
<b>Net proceeds (\$mm)</b>								
	7.5	15.3	15.5	16.9	55.2	20.4	20.0	72.8
<b>Royalty income (\$mm)</b>								
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	3.0
Administration	0.4	0.5	0.9	0.2	1.9	0.2	0.2	1.5
One-time	1.7	2.0	2.0		5.7			2.0
<b>Distributable income (\$mm)</b>								
	3.5	9.0	8.8	12.4	33.8	15.1	14.8	51.1
<i>Modeling ratios</i>								
Severance tax/revenue	10.2%	9.6%	10.3%	10.0%	10.0%	10.0%	10.0%	10.1%
Operating cost (\$/mcf)	0.36	0.33	0.34	0.34	0.34	0.34	0.34	0.34

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## Natural Gas Royalty Trusts

A Weekly Analysis

July 8, 2002

**Table SJT-3**  
**San Juan Basin Royalty Trust**  
**Monthly Declarations**

	<i>Apr-02</i>	<i>May-02</i>	<i>Jun-02</i>	<i>Jul-02</i>	<i>Aug-02</i>	<i>Sep-02</i>
<b>Distribution</b> (\$/unit)						
Declared	0.01	0.10	0.08			
Projected				0.06	0.05	0.07
<b>Volume</b>						
Natural gas (mmbtu)	3.82	4.29	3.88	4.05	3.92	4.05
Heat Content(btu/cf)	1,057	1,108	1,064	1,086	1,086	1,086
Natural gas (bcf)	3.62	3.87	3.65	3.73	3.61	3.73
Natural Gas (mmcf)	129	125	122	120	120	120
Days	28	31	30	31	30	31
<b>Price</b>						
Natural gas industry quotes lagged two months (\$/mmbtu)						
Henry Hub Daily/Futures	2.31	3.03	3.42	3.49	3.22	3.10
San Juan Monthly Index	1.81	2.14	3.04	2.39	2.24	2.62
SJT/Henry Hub	0.62	0.64	0.78	0.62	0.63	0.73
SJT/San Juan Index	0.80	0.91	0.88	0.91	0.91	0.87
SJT (\$/mmbtu)	1.44	1.95	2.68	2.17	2.04	2.28
SJT (\$/mcf)	1.52	2.16	2.85	2.36	2.21	2.47
<b>Revenue</b> (\$mm)						
Natural Gas	5.5	8.4	10.4	8.8	8.0	9.2
Other	(0.1)	(1.1)	(1.7)	(1.1)	(1.1)	(1.1)
<b>Cost</b> (\$mm)						
Severance tax	0.5	0.8	1.1	0.9	0.8	1.0
Operating	1.4	1.2	1.1	1.3	1.2	1.3
Total	1.8	2.1	2.1	2.2	2.0	2.3
<b>Cash flow</b> (\$mm)	3.6	5.2	6.5	5.5	4.9	5.9
Development	3.0	(0.9)	1.3	1.5	1.5	1.5
<b>Net proceeds</b> (\$mm)	0.6	6.1	5.3	4.0	3.4	4.4
<b>Royalty income</b> (\$mm)	0.5	4.6	4.0	3.0	2.5	3.3
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%
<b>Distributable income</b> (\$mm)	0.5	4.6	4.0	3.0	2.5	3.3
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6
<i>Latest Twelve Month Average</i>						
Heat Content(btu/cf)	1,088	1,092	1,086			
Natural Gas (mmcf)	120	120	120			
SJT/Henry Hub	0.76	0.75	0.75			
SJT/San Juan Index	0.84	0.85	0.85			
Other revenue	0.0	(0.1)	(0.2)			
Operating	1.3	1.3	1.3			
Development	3.3	2.9	2.9			
Severance tax/revenue	10.4%	10.4%	10.5%			

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