

Natural Gas Royalty Trusts

A Weekly Analysis

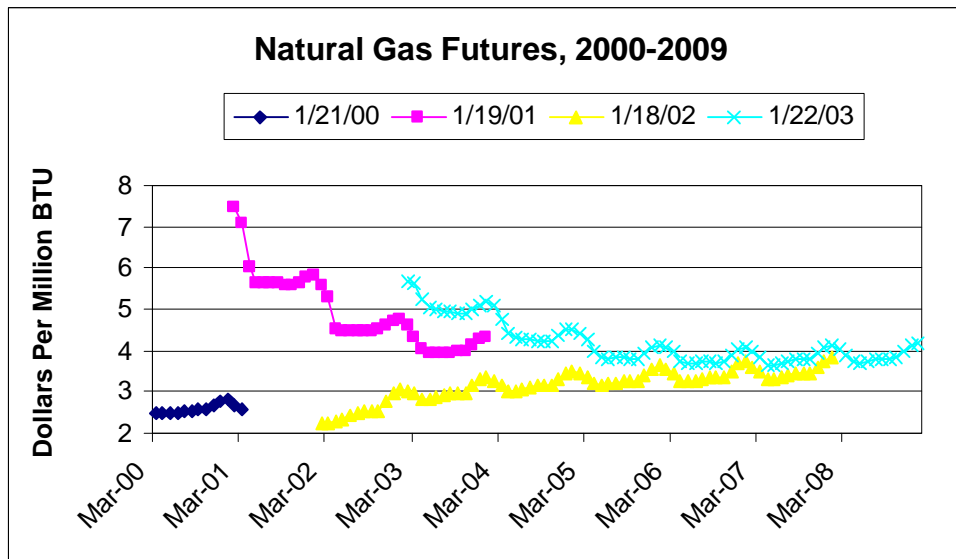
January 23, 2003

Commodity Winners

Summary and Recommendation

New 52-week highs in stock price and estimated Next Twelve Months distributions for natural gas royalty trusts are a bright spot in a challenging industry. Expected NTM distributions are a median 13% at current unit price (see Table MEII-1). We attach tables for each of the three trusts this week that detail our estimates that we typically keep most-up-to-date of all the stocks for which we estimate a McDep Ratio. On January 21, recommended **San Juan Basin Royalty Trust (SJT)** announced a distribution of \$0.10 a unit that was \$0.01 less than our projection (see Table SJT-3, last page). The difference is explained entirely by development cost. While the amount billed each month fluctuates unpredictably, the outlays should generate a high return. **Hugoton Royalty Trust (HGT)** announced a distribution of \$0.11 a unit that was expected. **Cross Timbers Royalty Trust (CRT)** announced a low \$0.11 for which we have little explanation. Finally we print below a commodity chart that illustrates a steady pattern for longer-term natural gas futures despite wider movement during the current months for the past three years. In other words the stocks of the three natural gas producers ought to be good long-term income generators whether or not they go much higher in stock price sooner.

Kurt H. Wulff, CFA



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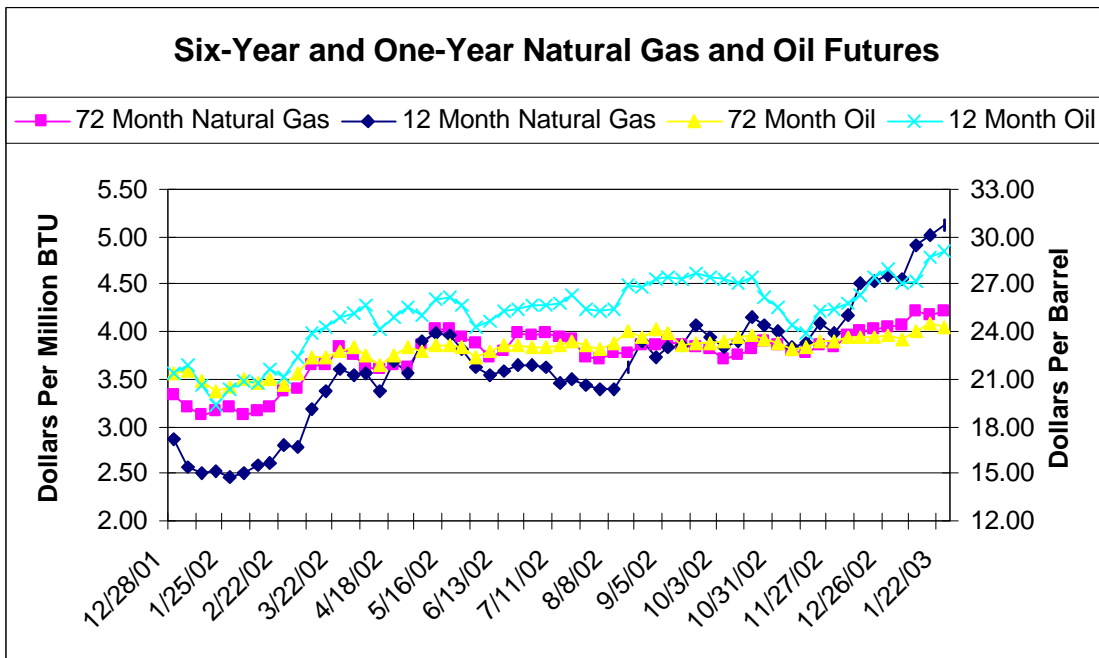
January 23, 2003

Natural Gas and Oil Futures

January 22, 2003

	2004	2005	2006	2007	2008	2009	Six Year
Natural Gas (\$/mmbtu)							
Year ending January	5.12	4.43	4.00	3.87	3.93	3.98	4.22
Light Sweet Crude Oil (\$/bbl)							
Year ending January	29.03	24.30	23.36	23.18	23.03	22.93	24.30
Natural Gas/Oil (6:1 = 1.0)							
Year ending January	1.06	1.09	1.03	1.00	1.02	1.04	1.04

Source: Nymex, FutureSource, wsj.com, McDep Associates



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Table MEII-1
McDep Energy Income Ideas
Dividends, Debt and McDep Ratio

	Symbol/ Rating		Price (\$/sh) 22-Jan 2003	Shares (mm)	Market Cap (\$mm)	Div or Distrib. NTM (%)	Debt/ Present Value	McDep Ratio
High Greed Partnerships								
El Paso Energy Partners	EPN	S	32.07	57.0	1,830	8.4	0.64	2.70
Kinder Morgan Energy Partners, L.P.	KMP	S	36.75	141	5,190	6.8	0.47	1.85
Kinder Morgan Management, LLC	KMR	S	33.95	39.5	1,340	7.4	0.47	1.75
Enbridge Energy Partners, L.P.	EEP	S	42.35	35.0	1,480	8.5	0.64	1.67
Plains All Amer. Pipeline	PAA		25.16	50.0	1,260	8.5	0.49	1.60
Enbridge Energy Management, L.L.C	EEQ	S	37.70	9.0	340	9.5	0.64	1.56
Northern Border Partners	NBP		38.24	44.0	1,680	8.4	0.62	1.33
TEPPCO Partners, L.P.	TPP		28.75	50.0	1,440	8.3	0.56	1.27
Penn Virginia Res. Part, L.P.	PVR		22.70	15.3	350	8.8	-	1.26
AmeriGas Partners, L.P.	APU		24.05	49.4	1,190	9.1	0.51	1.15
Alliance Res. Part, L.P.	ARLP		24.66	15.9	390	8.1	0.45	1.13
<i>Total or Median</i>					<i>16,500</i>	<i>8.4</i>	<i>0.51</i>	<i>1.56</i>
U.S. Master Limiter Partnerships								
Enterprise Products Part (16%)	EPD		18.62	29	530	7.4	0.63	1.65
Dorchester Hugoton, Ltd.	DHULZ		15.13	10.7	163	10.2	(0.17)	1.36
Canadian Royalty Trusts								
Provident Energy Trust	PVX		7.15	63.5	450	20.1	0.24	1.33
Enerplus Resources Fund	ERF		18.68	75.0	1,400	12.5	0.16	1.03
Pengrowth Energy Trust	PGH		9.71	110.0	1,070	15.6	0.19	1.02
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	24.51	57.3	1,400	5.2	0.13	0.66
<i>Total or Median</i>					<i>4,300</i>	<i>14.0</i>	<i>0.17</i>	<i>1.02</i>
U.S. Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		20.80	6.0	125	11.2	-	0.98
San Juan Basin Royalty Trust	SJT	B	14.03	46.6	650	13.5	-	0.81
Hugoton RoyaltyTrust (46%)	HGT		13.01	18.4	240	13.2	-	0.77
<i>Total or Median</i>					<i>1,020</i>	<i>13.2</i>	<i>-</i>	<i>0.81</i>
Additional McDep Recommendations								
Royal Dutch/Shell	RD	B	41.21	3,481	143,400	4.1	0.15	0.73
PetroChina Company Ltd (10%)	PTR	B	20.20	176	3,600	6.3	0.17	0.73
ChevronTexaco Corporation	CVX	B	65.70	1,062	69,800	4.3	0.17	0.71
Marathon Oil Corporation	MRO	B	20.94	310	6,500	4.4	0.37	0.70
<i>Total or Median</i>					<i>223,000</i>	<i>4.3</i>	<i>0.17</i>	<i>0.72</i>

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

NTM = Next Twelve Months Ended December 31, 2003

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Table MEII-2
McDep Energy Income Ideas
Distribution Validity, Fees and Cash flow Multiples

	<i>Symbol/</i>		<i>Price</i>	<i>Dist/</i>	<i>Mgt</i>	<i>Fin</i>	<i>EV/</i>	<i>PV/</i>
	<i>Rating</i>		<i>22-Jan</i>	<i>Equity</i>	<i>Fee</i>	<i>Fee</i>	<i>Ebitda</i>	<i>Ebitda</i>
			<i>2003</i>	<i>Ebitda</i>	<i>(%)</i>	<i>(%)</i>	<i>NTM</i>	<i>NTM</i>
High Greed Partnerships								
El Paso Energy Partners	EPN	S	32.07	4.3	71	6	24.3	9.0
Kinder Morgan Energy Partners, L.P.	KMP	S	36.75	1.5	46	6	16.1	8.7
Enbridge Energy Partners, L.P.	EEP	S	42.35	2.2	21	6	15.0	9.0
Plains All Amer. Pipeline	PAA		25.16	1.7	9	6	14.4	9.0
Kinder Morgan Management, LLC	KMR	S	33.95	1.5	46	6	15.2	8.7
Enbridge Energy Management, L.L.C	EEQ	S	37.70	2.2	21	6	14.0	9.0
Northern Border Partners	NBP		38.24	1.4	8	6	11.9	9.0
TEPPCO Partners, L.P.	TPP		28.75	1.2	25	6	11.5	9.0
Penn Virginia Res. Part, L.P.	PVR		22.70	1.0	2	8	10.8	8.6
AmeriGas Partners, L.P.	APU		24.05	1.1	1	6	10.4	9.0
Alliance Res. Part, L.P.	ARLP		24.66	0.7	2	8	7.9	7.0
		<i>Median</i>					<i>14.0</i>	<i>9.0</i>
U.S. Master Limiter Partnerships								
Enterprise Products Part (16%)	EPD		18.62	1.8	10	6	14.8	9.0
Dorchester Hugoton, Ltd.	DHULZ		15.13	0.8	3		8.7	6.4
Canadian Royalty Trusts								
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	24.51	0.4			7.4	11.2
Enerplus Resources Fund	ERF		18.68	0.8	10	6	6.7	6.5
Provident Energy Trust	PVX		7.15	1.3	20	8	5.9	4.5
Pengrowth Energy Trust	PGH		9.71	0.9	9	6	6.0	5.9
		<i>Median</i>					<i>6.3</i>	<i>6.2</i>
U.S. Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		20.80	0.9			8.4	8.5
San Juan Basin Royalty Trust	SJT	B	14.03	0.8			5.8	7.2
Hugoton RoyaltyTrust (46%)	HGT		13.01	0.8			5.8	7.5
Additional McDep Recommendations								
Royal Dutch/Shell	RD	B	41.21	0.2			6.3	8.6
ChevronTexaco Corporation	CVX	B	65.70	0.2			5.8	8.2
Marathon Oil Corporation	MRO	B	20.94	0.2			4.6	6.6
PetroChina Company Ltd (10%)	PTR	B	20.20	0.2			3.7	5.1
		<i>Median</i>					<i>5.2</i>	<i>7.4</i>

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Table CRT-1
Cross Timbers Royalty Trust
Present Value

Volume Decline (%/yr):	10	Price Escalation post 2008 (%/yr):	2.6
Volume Enhancement (%/yr):	10	Discount Rate (%/yr):	5.4
		U.S. TIPS Inflation (%/yr):	1.8
		U.S. 10 Year Yield (%/yr):	4.0

PV/Volume (\$/mcf):	2.78	PV/EBITDA 2003:	8.7
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Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Oil Net (\$mm)	Distribution (\$mm)	(\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)
	Basic (bcf)	Enhanced (bcf)	Total (bcf)								
Total 2003 through 2032; years ending on 12/31											
	26	20	46	4.46	205	3	207	34.52	0.00	0.61	21.20
2003	2.7	0.0	2.7	4.76	12.8	1.2	14.0	2.34	0.00	0.97	2.28
2004	2.4	0.3	2.7	4.36	11.7	0.6	12.3	2.05		0.92	1.90
2005	2.2	0.5	2.7	3.88	10.5	0.3	10.8	1.80		0.88	1.58
2006	2.0	0.7	2.7	3.69	9.9	0.2	10.2	1.70		0.83	1.41
2007	1.8	0.9	2.7	3.70	10.0	0.2	10.1	1.69		0.79	1.33
2008	1.6	1.1	2.7	3.78	10.2	0.1	10.2	1.71		0.75	1.28
2009	1.4	1.3	2.7	3.87	10.4	0.0	10.5	1.74		0.71	1.24
2010	1.3	1.4	2.7	3.97	10.7	0.0	10.7	1.78		0.68	1.20
2011	1.2	1.5	2.7	4.07	11.0		11.0	1.83		0.64	1.17
2012	1.0	1.4	2.4	4.18	10.1		10.1	1.69		0.61	1.03
2013	0.9	1.2	2.2	4.29	9.4		9.4	1.56		0.58	0.90
2014	0.8	1.1	2.0	4.40	8.6		8.6	1.44		0.55	0.79
2015	0.8	1.0	1.8	4.51	8.0		8.0	1.33		0.52	0.69
2016	0.7	0.9	1.6	4.63	7.4		7.4	1.23		0.49	0.60
2017	0.6	0.8	1.4	4.75	6.8		6.8	1.13		0.47	0.53
2018	0.6	0.7	1.3	4.87	6.3		6.3	1.05		0.44	0.46
2019	0.5	0.7	1.2	5.00	5.8		5.8	0.97		0.42	0.41
2020	0.4	0.6	1.0	5.12	5.3		5.3	0.89		0.40	0.36
2021	0.4	0.5	0.9	5.26	4.9		4.9	0.82		0.38	0.31
2022	0.4	0.5	0.8	5.39	4.6		4.6	0.76		0.36	0.27
2023	0.3	0.4	0.8	5.53	4.2		4.2	0.70		0.34	0.24
2024	0.3	0.4	0.7	5.67	3.9		3.9	0.65		0.32	0.21
2025	0.3	0.4	0.6	5.82	3.6		3.6	0.60		0.31	0.18
2026	0.2	0.3	0.6	5.97	3.3		3.3	0.55		0.29	0.16
2027	0.2	0.3	0.5	6.13	3.1		3.1	0.51		0.28	0.14
2028	0.2	0.3	0.4	6.28	2.8		2.8	0.47		0.26	0.12
2029	0.2	0.2	0.4	6.45	2.6		2.6	0.43		0.25	0.11
2030	0.2	0.2	0.4	6.61	2.4		2.4	0.40		0.24	0.09
2031	0.1	0.2	0.3	6.78	2.2		2.2	0.37		0.22	0.08
2032	0.1	0.2	0.3	6.96	2.1		2.1	0.34		0.21	0.07

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Table CRT-2
Cross Timbers Royalty Trust
Distributable Income

	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</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>9/30/03</i>	<i>12/31/03</i>	<i>Twelve</i>
										<i>Months</i>
										<i>12/31/03</i>
Highlights										
Tax credit (\$mm)										
Per unit	0.03	0.02	0.03	0.03	0.10					
Distributable Income (\$mm)	1.80	1.72	2.49	2.80	8.82	3.11	3.82	3.47	3.62	14.02
Per unit	0.30	0.29	0.42	0.47	1.47	0.52	0.64	0.58	0.60	2.34
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Volume										
Natural Gas (bcf)	0.78	0.71	0.77	0.75	3.01	0.75	0.74	0.75	0.75	2.99
Natural Gas (mmcf)	8.5	7.8	8.4	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Days	92	90	91	92	365	92	90	91	92	365
Oil (mb)	83	82	82	82	330	81	78	80	79	318
Oil (mbd)	0.90	0.93	0.89	0.89	0.90	0.88	0.87	0.87	0.86	0.87
Days	92	89	92	92	365	92	89	92	92	365
Total (bcf)	1.28	1.20	1.26	1.25	4.98	1.24	1.20	1.22	1.23	4.90
Price										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	2.41	2.53	3.38	3.21	2.88	4.30	5.54	5.07	4.95	4.97
Differential (\$/mmbtu)	(0.13)	(0.04)	0.33	0.13	0.07	0.17	0.22	0.20	0.20	0.20
CRT (\$/mcf)	2.54	2.57	3.05	3.08	2.81	4.13	5.32	4.87	4.76	4.76
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	19.56	23.80	26.49	28.96	24.70	29.67	32.66	29.77	33.20	31.32
CRT	17.28	20.50	24.79	26.96	22.37	27.67	30.66	27.77	31.20	29.30
Total (\$/mcf)	2.67	2.92	3.47	3.64	3.18	4.32	5.24	4.77	4.93	4.81
Revenue (\$mm)										
Natural Gas	1.98	1.82	2.33	2.32	8.46	3.12	3.93	3.63	3.59	14.26
Oil	1.44	1.69	2.03	2.21	7.37	2.25	2.39	2.21	2.46	9.30
Total	3.42	3.50	4.37	4.54	15.83	5.36	6.31	5.84	6.05	23.57
Cost (\$mm)										
Tax, transport & other	0.34	0.51	0.60	0.64	2.09	0.75	0.88	0.82	0.85	3.30
Production	0.75	0.72	0.79	0.79	3.05	0.79	0.79	0.79	0.79	3.16
Total	1.09	1.23	1.40	1.43	5.14	1.54	1.67	1.61	1.64	6.46
Cash flow (\$mm)										
Development	0.28	0.14	0.08	0.20	0.71	0.20	0.20	0.20	0.20	0.80
Excess or other	(0.07)	0.07		(0.48)	(0.48)					
Net proceeds (\$mm)	2.11	2.06	2.89	3.39	10.46	3.62	4.44	4.03	4.21	16.30
Royalty income (\$mm)										
Royalty/Net proceeds	89%	88%	87%	87%	88%	87%	87%	87%	87%	87%
Administration	0.08	0.09	0.04	0.15	0.35	0.04	0.04	0.04	0.04	0.16
Distributable income (\$mm)	1.80	1.72	2.49	2.80	8.82	3.11	3.82	3.47	3.62	14.02
<i>Modeling ratios</i>										
Tax and other/revenue	0.10	0.15	0.14	0.14	0.13	0.14	0.14	0.14	0.14	0.14

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

Volume Decline (%/yr):	10	Price Escalation Post 2008 (%/yr):	2.6
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.0
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.8
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	4.0
PV/Volume (\$/mcf):	1.43	PV/EBITDA 2003:	7.6

Year	Basic (bcf)	Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	Distribution (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2003 through 2032; years ending on 12/31												
	265	206	471	4.34	2045	327	348	206	1164	29.09	0.58	16.80
2003	27.9	0.0	27.9	4.31	120.4	10.9	20.5	20.1	68.9	1.72	0.97	1.67
2004	25.1	2.8	27.9	4.27	119.2	10.9	20.3	26.4	61.6	1.54	0.92	1.41
2005	22.6	5.3	27.9	3.80	106.0	10.9	18.0	23.1	54.0	1.35	0.86	1.17
2006	20.3	7.6	27.9	3.62	100.7	10.9	17.1	21.8	50.9	1.27	0.82	1.04
2007	18.3	9.6	27.8	3.62	100.8	10.9	17.1	21.8	51.0	1.27	0.77	0.98
2008	16.4	11.4	27.8	3.70	102.7	10.9	17.5	22.3	52.1	1.30	0.73	0.95
2009	14.8	13.0	27.8	3.79	105.3	10.9	17.9	22.9	53.5	1.34	0.69	0.92
2010	13.3	14.5	27.7	3.89	107.9	10.9	18.3	23.6	55.1	1.38	0.65	0.89
2011	11.9	15.8	27.7	3.99	110.6	10.9	18.8	24.3	56.6	1.42	0.61	0.86
2012	10.7	14.2	24.9	4.09	102.0	10.9	17.3		73.7	1.84	0.58	1.06
2013	9.6	12.8	22.4	4.20	94.0	10.9	16.0		67.1	1.68	0.54	0.91
2014	8.7	11.5	20.1	4.31	86.7	10.9	14.7		61.1	1.53	0.51	0.78
2015	7.8	10.3	18.1	4.42	80.0	10.9	13.6		55.5	1.39	0.48	0.67
2016	7.0	9.3	16.3	4.53	73.8	10.9	12.5		50.3	1.26	0.46	0.57
2017	6.3	8.3	14.6	4.65	68.0	10.9	11.6		45.5	1.14	0.43	0.49
2018	5.7	7.5	13.2	4.77	62.7	10.9	10.7		41.1	1.03	0.41	0.42
2019	5.1	6.7	11.8	4.89	57.8	10.9	9.8		37.1	0.93	0.38	0.36
2020	4.6	6.1	10.6	5.02	53.3	10.9	9.1		33.4	0.83	0.36	0.30
2021	4.1	5.4	9.6	5.15	49.2	10.9	8.4		29.9	0.75	0.34	0.26
2022	3.7	4.9	8.6	5.28	45.4	10.9	7.7		26.7	0.67	0.32	0.22
2023	3.3	4.4	7.7	5.42	41.8	10.9	7.1		23.8	0.60	0.30	0.18
2024	3.0	4.0	6.9	5.56	38.6	10.9	6.6		21.1	0.53	0.29	0.15
2025	2.7	3.6	6.2	5.70	35.6	10.9	6.0		18.6	0.47	0.27	0.13
2026	2.4	3.2	5.6	5.85	32.8	10.9	5.6		16.3	0.41	0.26	0.10
2027	2.2	2.9	5.0	6.00	30.3	10.9	5.1		14.2	0.36	0.24	0.09
2028	2.0	2.6	4.5	6.15	27.9	10.9	4.7		12.2	0.31	0.23	0.07
2029	1.8	2.3	4.1	6.31	25.7	10.9	4.4		10.4	0.26	0.21	0.06
2030	1.6	2.1	3.7	6.47	23.7	10.9	4.0		8.8	0.22	0.20	0.04
2031	1.4	1.9	3.3	6.64	21.9	10.9	3.7		7.3	0.18	0.19	0.03
2032	1.3	1.7	3.0	6.81	20.2	10.9	3.4		5.8	0.15	0.18	0.03

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Natural Gas Royalty Trusts

A Weekly Analysis

January 23, 2003

Table HGT-2
Hugoton Royalty Trust
Distributable Income

	Q1	Q2	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	3/31/02	6/30/02	9/30/02	12/31/02	2002E	3/31/03	6/30/03	9/30/03	12/31/03	12/31/03
Highlights										
Revenue (\$mm) (80%)	18.5	16.5	19.7	19.0	73.7	28.6	32.1	30.0	29.5	120.4
Cash flow (\$mm) (80%)	12.0	10.1	13.2	12.8	48.3	21.0	24.3	22.3	21.8	89.3
Per unit	0.30	0.25	0.33	0.32	1.21	0.52	0.61	0.56	0.55	2.23
Tax credit (\$mm)	0.2	0.2	0.2	0.2	0.7					
Per unit	0.00	0.00	0.00	0.00	0.02					
Distributable Income (\$mm)	7.4	5.3	8.6	8.3	29.6	17.9	18.1	16.6	16.3	68.9
Per unit	0.18	0.13	0.22	0.21	0.74	0.45	0.45	0.42	0.41	1.72
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume										
Natural Gas (bcf)	9.0	8.3	8.6	8.4	34.3	8.3	8.0	8.3	8.3	32.9
Natural Gas (mmcf)	98.1	93.1	93.4	91.4	94.0	90.0	90.0	90.0	90.0	90.0
Days	92	89	92	92	365	92	89	92	92	365
Oil (mb)	90	88	90	90	358	89	85	87	86	346
Oil (mbd)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9
Days	92	89	92	92	365	92	89	92	92	365
Total (bcf)	9.6	8.8	9.1	8.9	36.5	8.8	8.5	8.8	8.8	34.9
Price										
Natural Gas (HH lagged two months)										
Henry Hub (\$/mmbtu)	2.34	2.92	3.23	3.59	3.02	4.72	5.50	4.98	4.92	5.03
Differential (\$/mmbtu)	(0.03)	0.67	0.64	1.06	0.58	0.71	0.83	0.75	0.74	0.76
HGT (\$/mcf)	2.38	2.25	2.60	2.52	2.44	4.01	4.68	4.23	4.18	4.27
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	19.56	23.80	26.49	28.96	24.70	29.67	32.66	29.77	27.44	29.88
HGT	18.80	22.27	25.84	28.46	23.85	29.17	32.16	29.27	26.94	29.37
Total (\$/mcf)	2.42	2.33	2.70	2.66	2.53	4.06	4.72	4.27	4.20	4.31
Revenue (\$mm)										
Natural Gas	21.5	18.6	22.3	21.2	83.6	33.2	37.5	35.0	34.6	140.3
Oil	1.7	2.0	2.3	2.5	8.5	2.6	2.7	2.5	2.3	10.2
Total	23.2	20.6	24.6	23.8	92.2	35.8	40.2	37.6	36.9	150.4
Cost (\$mm)										
Tax, transport & other	1.7	1.9	2.2	2.4	8.2	3.6	4.0	3.8	3.7	15.0
Production	4.4	4.0	3.8	3.9	16.1	3.9	3.7	3.9	3.9	15.4
Overhead	2.0	2.0	2.1	1.5	7.6	2.1	2.1	2.1	2.1	8.4
Total	8.1	7.9	8.1	7.7	31.8	9.6	9.9	9.7	9.7	38.8
Cash flow (\$mm)										
Development	5.8	5.8	5.8	5.4	22.7	3.7	7.6	7.0	6.8	25.1
Net proceeds (\$mm)										
Royalty income (\$mm)	9.3	6.9	10.7	10.7	37.6	22.5	22.7	20.9	20.4	86.6
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.1	0.2	(0.0)	0.3	0.5	0.1	0.1	0.1	0.1	0.3
Distributable income (\$mm)										
	7.4	5.3	8.6	8.3	29.6	17.9	18.1	16.6	16.3	68.9
<i>Cost ratios</i>										
Tax and other/revenue	7%	9%	9%	10%	9%	10%	10%	10%	10%	10%
Production cost (\$/mcf)	0.46	0.46	0.42	0.43	0.44	0.44	0.44	0.44	0.44	0.44
Overhead cost (\$/mcf)	0.21	0.23	0.23	0.17	0.21	0.24	0.25	0.24	0.24	0.24
Development/Cash flow	0.38	0.46	0.35	0.34	0.38	0.14	0.25	0.25	0.25	0.22

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Natural Gas Royalty Trusts

A Weekly Analysis

January 23, 2003

Table SJT-1
San Juan Basin Royalty Trust
Present Value

Volume Decline (%/yr):	11	Price Escalation Post 2008 (%/yr):	2.6
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.0
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.8
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	4.0
PV/Volume (\$/mcf):	1.44	PV/EBITDA 2003:	7.3

Year	Basic (bcf)	Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2003 through 2032; years ending on 12/31												
	318	243	561	3.95	2215	388	266	206	1356	29.10	0.59	17.30
2003	34.9	0.0	34.9	3.94	137.5	10.9	16.5	22.1	88.0	1.89	0.97	1.83
2004	31.2	3.5	34.7	3.90	135.5	13.0	16.3	26.6	79.7	1.71	0.92	1.57
2005	27.9	6.6	34.5	3.47	119.9	13.0	14.4	23.1	69.4	1.49	0.86	1.29
2006	25.0	9.3	34.3	3.30	113.4	13.0	13.6	21.7	65.1	1.40	0.82	1.14
2007	22.3	11.8	34.1	3.31	113.0	13.0	13.6	21.6	64.8	1.39	0.77	1.07
2008	20.0	14.0	33.9	3.38	114.5	13.0	13.7	21.9	65.8	1.41	0.73	1.03
2009	17.8	15.9	33.7	3.46	116.8	13.0	14.0	22.4	67.3	1.44	0.69	0.99
2010	15.9	17.6	33.5	3.55	119.1	13.0	14.3	22.9	68.8	1.48	0.65	0.96
2011	14.3	19.0	33.3	3.65	121.4	13.0	14.6	23.5	70.4	1.51	0.61	0.92
2012	12.7	17.0	29.8	3.74	111.3	13.0	13.4		85.0	1.82	0.58	1.05
2013	11.4	15.2	26.6	3.84	102.1	13.0	12.3		76.8	1.65	0.54	0.90
2014	10.2	13.6	23.8	3.94	93.6	13.0	11.2		69.4	1.49	0.51	0.76
2015	9.1	12.2	21.3	4.04	85.9	13.0	10.3		62.6	1.34	0.48	0.65
2016	8.1	10.9	19.0	4.14	78.7	13.0	9.4		56.3	1.21	0.46	0.55
2017	7.3	9.7	17.0	4.25	72.2	13.0	8.7		50.5	1.08	0.43	0.47
2018	6.5	8.7	15.2	4.36	66.2	13.0	7.9		45.3	0.97	0.41	0.39
2019	5.8	7.8	13.6	4.47	60.7	13.0	7.3		40.4	0.87	0.38	0.33
2020	5.2	6.9	12.1	4.59	55.7	13.0	6.7		36.0	0.77	0.36	0.28
2021	4.6	6.2	10.9	4.70	51.1	13.0	6.1		31.9	0.69	0.34	0.23
2022	4.2	5.6	9.7	4.82	46.8	13.0	5.6		28.2	0.61	0.32	0.20
2023	3.7	5.0	8.7	4.95	43.0	13.0	5.2		24.8	0.53	0.30	0.16
2024	3.3	4.4	7.8	5.08	39.4	13.0	4.7		21.7	0.46	0.29	0.13
2025	3.0	4.0	6.9	5.21	36.1	13.0	4.3		18.8	0.40	0.27	0.11
2026	2.7	3.5	6.2	5.34	33.1	13.0	4.0		16.2	0.35	0.26	0.09
2027	2.4	3.2	5.5	5.48	30.4	13.0	3.6		13.7	0.29	0.24	0.07
2028	2.1	2.8	5.0	5.62	27.9	13.0	3.3		11.5	0.25	0.23	0.06
2029	1.9	2.5	4.4	5.77	25.6	13.0	3.1		9.5	0.20	0.21	0.04
2030	1.7	2.3	4.0	5.92	23.4	13.0	2.8		7.6	0.16	0.20	0.03
2031	1.5	2.0	3.5	6.07	21.5	13.0	2.6		5.9	0.13	0.19	0.02
2032	1.4	1.8	3.2	6.22	19.7	13.0	2.4		4.3	0.09	0.18	0.02

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Natural Gas Royalty Trusts

A Weekly Analysis

January 23, 2003

Table SJT-2
San Juan Basin Royalty Trust
Distributable Income

	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</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>9/30/03</i>	<i>12/31/03</i>	<i>Twelve</i>
										<i>Months</i>
										<i>12/31/03</i>
Highlights										
Revenue (\$mm) (75%)	19.2	18.6	20.7	20.4	78.9	30.6	37.4	35.0	34.5	137.5
Cash flow (\$mm) (75%)	14.1	14.1	16.0	15.5	59.7	24.5	30.9	28.6	28.2	112.1
Per unit	0.30	0.30	0.34	0.33	1.28	0.53	0.66	0.61	0.60	2.41
Tax credit (\$mm)	0.5	1.4	1.9	1.9	5.6					
Per unit	0.01	0.03	0.04	0.04	0.12					
Distributable Income (\$mm)	3.5	9.0	12.2	11.6	36.3	19.4	24.2	22.4	22.0	88.0
Per unit	0.08	0.19	0.26	0.25	0.78	0.42	0.52	0.48	0.47	1.89
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Volume										
Natural gas (mmbtu)	12.5	12.0	11.6	12.4	48.5	12.4	11.9	12.4	12.4	49.0
Heat Content(btu/cf)	1,092	1,077	970	1,064	1,050	1,064	1,064	1,064	1,064	1,064
Natural gas (bcf)	11.5	11.1	12.0	11.6	46.2	11.6	11.2	11.6	11.6	46.1
Natural Gas (mmcf)	124.7	125.1	130.4	126.2	126.6	126.2	126.2	126.2	126.2	126.2
Days	92	89	92	92	365	92	89	92	92	365
Oil (mb)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Oil (mbd)	0.3	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Total gas & oil (bcf)	11.6	11.3	12.1	11.7	46.8	11.7	11.4	11.7	11.7	46.6
Price										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	2.34	2.92	3.23	3.59	3.02	4.72	5.50	4.98	4.92	5.03
Differential (%)	14	31	28	40	30	31	25	25	25	26
Total	2.01	2.02	2.33	2.16	2.13	3.26	4.13	3.73	3.69	3.70
Natural gas (\$/mcf)	2.20	2.18	2.26	2.30	2.24	3.47	4.39	3.97	3.92	3.93
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	19.56	23.80	26.49	28.96	24.70	29.67	32.66	29.77	27.44	29.88
SJT	15.78	19.14	21.95	24.00	20.10	24.58	27.06	24.66	22.74	24.74
Total gas & oil (\$/mcf)	2.20	2.19	2.28	2.32	2.25	3.48	4.39	3.97	3.92	3.94
Revenue (\$mm)										
Natural Gas	25.2	24.2	27.1	26.7	103.3	40.3	49.3	46.1	45.6	181.2
Oil	0.4	0.5	0.5	0.5	1.9	0.5	0.6	0.6	0.5	2.2
Total	25.6	24.8	27.6	27.2	105.2	40.8	49.9	46.6	46.1	183.4
Cost (\$mm)										
Severance tax	2.6	2.4	2.3	3.1	10.5	4.1	4.8	4.5	4.4	17.8
Operating	4.1	3.7	4.0	3.4	15.2	4.0	3.9	4.1	4.1	16.1
Total	6.7	6.0	6.3	6.5	25.6	8.1	8.7	8.5	8.5	33.9
Cash flow (\$mm)	18.8	18.8	21.3	20.7	79.6	32.7	41.2	38.1	37.6	149.5
Development	11.3	3.4	2.1	4.7	21.5	6.1	8.2	7.6	7.5	29.4
Net proceeds (\$mm)	7.5	15.4	19.2	16.1	58.2	26.6	32.9	30.5	30.1	120.1
Royalty income (\$mm)	5.6	11.5	14.4	12.1	43.6	20.0	24.7	22.9	22.5	90.1
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.4	0.5	0.6	0.5	2.0	0.5	0.5	0.5	0.5	2.0
One-time	1.7	2.0	1.6		5.3					-
Distributable income (\$mm)	3.5	9.0	12.2	11.6	36.3	19.4	24.2	22.4	22.0	88.0
<i>Modeling ratios</i>										
Severance tax/revenue	10.2%	9.5%	8.5%	11.5%	9.9%	10.1%	9.6%	9.6%	9.6%	9.7%
Operating cost (\$/mcf)	0.36	0.32	0.33	0.29	0.32	0.34	0.35	0.35	0.35	0.35

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Natural Gas Royalty Trusts

A Weekly Analysis

January 23, 2003

Table SJT-3
San Juan Basin Royalty Trust
Monthly Declarations

	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03
Distribution (\$/unit)								
Declared	0.08	0.10	0.12	0.04	0.09	0.10		
Projected							0.14	0.17
Volume								
Natural gas (mmbtu)	3.77	3.95	4.49	3.77	4.08	4.07	4.14	4.14
Heat Content(btu/cf)	807	1,068	1,084	1,064	1,043	1,092	1,050	1,050
Natural gas (bcf)	4.67	3.70	4.15	3.55	3.91	3.73	3.94	3.94
Natural Gas (mmcf)	156	119	134	118	126	124	127	127
Days	30	31	31	30	31	30	31	31
Price								
Natural gas industry quotes lagged two months (\$/mmbtu)								
Henry Hub Daily/Futures	3.22	2.99	3.09	3.55	4.12	4.03	4.76	5.36
San Juan Monthly Index	2.24	2.62	2.50	2.42	2.52	3.25	3.45	4.14
SJT/Henry Hub	0.75	0.78	0.74	0.55	0.54	0.71	0.67	0.69
SJT/San Juan Index	1.08	0.89	0.91	0.81	0.89	0.88	0.93	0.90
SJT (\$/mmbtu)	2.41	2.32	2.28	1.95	2.24	2.85	3.20	3.72
SJT (\$/mcf)	1.95	2.47	2.47	2.07	2.33	3.12	3.36	3.90
Revenue (\$mm)								
Natural Gas	9.1	9.1	10.2	7.3	9.1	11.6	13.2	15.4
Other	(0.2)	0.0	(0.1)	(0.0)	0.0	0.1	(0.1)	(0.1)
Cost (\$mm)								
Severance tax	0.8	0.9	0.9	0.7	1.5	1.2	1.3	1.6
Operating	1.6	1.3	1.1	1.8	0.5	1.5	1.3	1.3
Total	2.4	2.2	2.0	2.5	2.0	2.7	2.6	2.8
Cash flow (\$mm)	6.5	6.9	8.2	4.8	7.1	9.0	10.5	12.5
Development	1.0	0.5	1.0	2.1	1.6	2.7	1.7	1.7
Net proceeds (\$mm)	5.5	6.5	7.2	2.7	5.5	6.3	8.9	10.8
Royalty income (\$mm)	4.1	4.9	5.4	2.0	4.2	4.7	6.7	8.1
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%
One time	0.6							
Distributable income (\$mm)	3.5	4.9	5.4	2.0	4.2	4.7	6.7	8.1
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Distribution (\$/unit)	0.08	0.10	0.12	0.04	0.09	0.10	0.14	0.17
<i>Latest Twelve Month Average</i>								
Heat Content(btu/cf)	1,059	1,059	1,057	1,054	1,050	1,050		
Natural Gas (mmcf)	124	123	125	125	127	127		
SJT/Henry Hub	0.73	0.73	0.74	0.71	0.72	0.70		
SJT/San Juan Index	0.87	0.87	0.87	0.86	0.88	0.89		
Other revenue	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.1)		
Operating	1.3	1.3	1.3	1.3	1.3	1.3		
Development	2.5	2.4	2.2	2.0	1.8	1.7		
Severance tax/revenue	10.0%	9.8%	9.7%	9.6%	10.1%	10.1%		

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