

Natural Gas Royalty Trusts

A Weekly Analysis

June 26, 2003

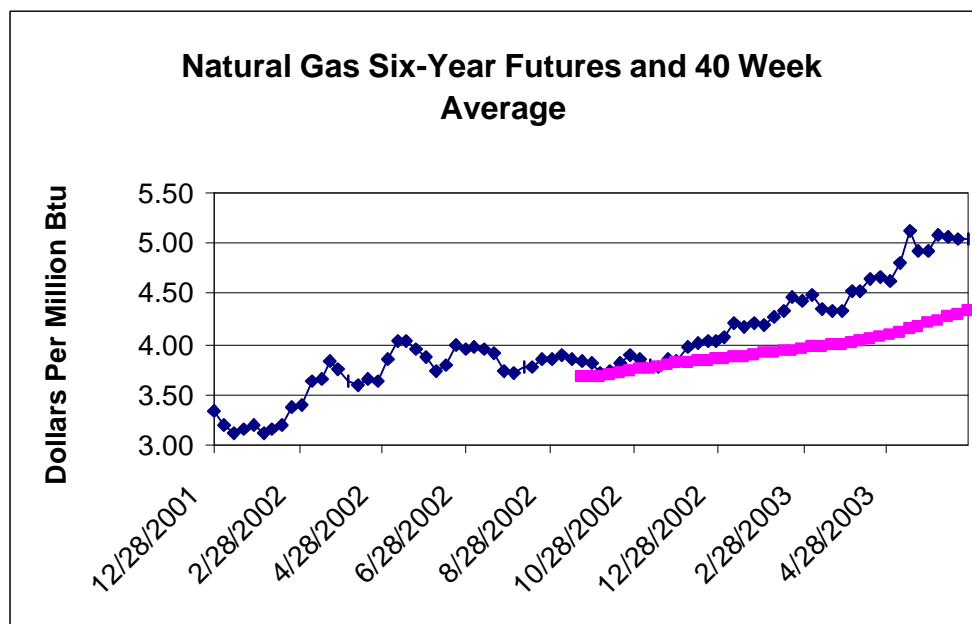
Price Sensitivity

Summary and Recommendation

The most important bet investors are making with recommended **San Juan Basin Royalty Trust (SJT)** is on the future price of natural gas. For example, our current projected next twelve months distribution for SJT is 12.2% of unit price at a Louisiana natural gas price of \$5.90 a million btus. The distribution yield might range from 8.6% to 16.1% if expected gas price ranged from \$4.00 to \$8.00. Yet one year does not represent full value of the units. Estimated present value would range from \$20 to \$30 if expected six-year futures ranged from \$5.00 to \$7.00. Meanwhile estimates of present value and next twelve months distribution are stable for the week.

Declarations made on June 20 of monthly distributions were \$0.21, \$0.17 and \$0.13 per unit respectively for **Cross Timbers Royalty Trust (CRT)**, **Hugoton Royalty Trust (HGT)**, and SJT compared to our projections of \$0.25, \$0.15 and \$0.15. Relating the detailed results to our published expectations, a shortfall in volume at CRT is most noticeable. While the difference bears watching, it is unlikely there has been any fundamental deterioration in underlying production as the trust owns an overriding royalty interest in a wide spread of wells operated by **Burlington Resources (BR)**, **BP plc (BP)** and other operators in the San Juan Basin.

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Natural Gas and Oil Futures

June 25, 2003

	2004	2005	2006	2007	2008	2009	Six Year
Natural Gas (\$/mmbtu)							
Year ending June	5.76	5.08	4.84	4.84	4.88	4.86	5.04
Light Sweet Crude Oil (\$/bbl)							
Year ending June	28.01	24.93	24.12	24.00	23.93	23.88	24.81
Natural Gas/Oil (6:1 = 1.0)							
Year ending June	1.23	1.22	1.20	1.21	1.22	1.22	1.22

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

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

	Symbol/ Rating	Price (\$/sh) 25-Jun 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Hugoton RoyaltyTrust (46%)	HGT	18.53	18.4	340	17.30	-	1.07	
Cross Timbers Royalty Trust	CRT	23.60	6.0	142	23.00	-	1.03	
San Juan Basin Royalty Trust	SJT	B	18.45	46.6	860	20.20	-	0.91

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - 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) 25-Jun 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
Cross Timbers Royalty Trust	CRT	23.60	6.9	9.6	10	10.0	9.3	
Hugoton RoyaltyTrust (46%)	HGT	18.53	5.6	7.4	8	12.2	6.9	
San Juan Basin Royalty Trust	SJT	B	18.45	6.0	7.3	8	12.2	8.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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