A Weekly Analysis

Meter Reader: More Cash to Distribute

Summary and Conclusion

Favorable monthly volume disclosures and increases in commodity price trigger an increase of 6 to 14% in estimates of cash distributions during the next year. The good news also triggers an increase in estimates of natural gas asset values. Current rankings place **Hugoton Royalty Trust** and **Cross Timbers Royalty Trust** as most undervalued followed by **Dorchester Hugoton, Ltd**. and **San Juan Basin Royalty Trust** (see table below taken from file Rank0218.xls).

		Price ($/unit) 18-Feb 2000	Units (mm)	Market Cap ($mm)	Debt ($mm)	Net Asset Value ($/unit)	McDep Ratio
	Symbol						
San Juan Basin Royalty Trust	SJT	9.94	46.6	460	-	10.80	0.92
Dorchester Hugoton, Ltd.	DHULZ	9.50	10.7	102	-	11.80	0.81
Cross Timbers Royalty Trust	CRT	11.75	6.0	71	-	16.80	0.70
Hugoton RT (42.5%)	HGT	8.38	17.0	142	-	13.30	0.63

Dynamic Distribution Yields are 8-14% for the year ahead in cash and higher on a taxable equivalent basis (see table). The taxable equivalent comparison may be overstated for investors who pay less than the highest rate.

		Price	Distribution		Distribution Yield	
		($/unit)	($/unit)		(Percent)	
		18-Feb		Taxable		Taxable
	Symbol	2000	Cash	Equivalent	Cash	Equivalent
Dorchester Hugoton, Ltd.	DHULZ	9.50	0.82	1.44	8.6	15.2
San Juan Basin Royalty Trust	SJT	9.94	0.87	1.80	8.8	18.1
Hugoton RT (42.5%)	HGT	8.38	1.19	1.75	14.1	20.9
Cross Timbers Royalty Trust	CRT	11.75	1.68	2.71	14.2	23.0

Each of the four entities on this site disclosed new financial information during the past week. Moreover our calculations are revised for an increase in futures prices for both natural gas and oil since the previous edition of the weekly *Meter Reader*. Furthermore we extend the use of future prices for our projections of natural gas price though 2002 and of oil through 2006 before we apply steady escalation. Finally we take account of the 0.1% drop in the nominal yield of the U.S. ten-year note and in the implied inflation rate compared to the real yield of the ten-year Treasury Inflation Protected Security (TIPS). Below we comment briefly on the implication of latest disclosures for each of four stocks.

Dorchester Hugoton Arrests Volume Decline

The first to file its annual report on Form 10-K with the Securities and Exchange Commission, Dorchester Hugoton, Ltd. reported fourth quarter volume and commodity price in line and cash flow higher than estimated (see file Dhulz0218.xls, worksheet Quarterly Income). Buoyed by the improved outlook, the partnership declared a special added distribution of $0.10 a unit to be paid in the first quarter. As a result we raise our estimate of distributions for the next twelve months by 14%.

Volume has remained flat for the past three quarters as the enhancement from fracture treatments has offset normal decline. In addition two horizontal strata remain prospective for new reserves. One, a zone in the currently producing Chase Formation, has yielded mixed results for Dorchester so far. The other, the deeper Council Grove Formation, is productive in Kansas, but nearly untapped in Oklahoma.

Ironically, our estimate of present value of future cash flow remains unchanged. We plug in a better volume trend, but also adjust projected operating costs higher.

Cross Timbers Royalty Trust Distribution Raised 12%

A distribution of $0.13 a unit declared for February following $0.14 paid in January was too strong for our estimate of just $0.34 for the three months of the first quarter. With the annual report not due until March 31, we will not know operating details for as far back as October for more than another month. In any event the implications are that either volume or price, or both, are better than we had projected. As a result we raise our estimate of cash distribution for the next 12 months.

Noting that the New York Mercantile Exchange offers quotes on oil for delivery as far away as December 2006, we take the public numbers as our indicator for future oil price. Previously we took public quotes for 2000 and escalated the level thereafter. The Merc quotes a declining rather than a rising trend. Some of the decline may reflect the mechanics of commodity futures that at times attributes a cost of money for storage. That would result in quoted price automatically below expected price. Nonetheless we take the quotes at face value and put them into our calculation of present value. While we think the resulting price projections may be artificially low, it matters only slightly for Cross Timbers Royalty Trust as the new present value for oil is $1.00 a unit lower than before. With present value for gas up slightly, overall asset value for the trust is down less than $1.00 a unit to $16.80 (see file Crt0218.xls).

San Juan Basin Royalty Trust Asset Value Raised 4%

The February distribution at a declared $0.063 a unit was not particularly strong compared to January at $0.089. The whole difference was price, which temporarily dipped in December, the month of actual operations that generate the cash distributed in February. A somewhat better than anticipated volume trend prompts an upward revision in future distribution and value (see file Sjt0218.xls). Price picks up too. The benchmark for 2000 increases $0.04 per mcf during the past week and we narrow the San Juan differential $0.01 per mcf.

Meanwhile a Wall Street brokerage house has a target price on the trust of just $5.50 a unit. We have invited the analyst to post his calculations on this website, but have not had a response yet. The main difference probably lies in volume expectations. That can be tough to gauge, particularly with little help from the trust's independent engineer. Here we are twenty years after the trust was formed and it is producing far more than originally projected.

Hugoton Royalty Trust Holds Volume

Cross Timbers Oil Company, the creator of the trust and operator of the trust's properties, aims to hold volume flat as it drills more wells. The February disclosure supports that expectation even though gas price was temporarily low as it was for San Juan Basin Royalty Trust. While we boost our estimate of volume and value, we still allow for erosion in production. That leaves room for upward revision if management meets its goals (see file Hgt0218.xls).

The oil company is doing innovative work that may also benefit others. In closely watched action, the operator is probing both the Towanda (Krider) zone of the Chase Formation and the deeper Council Grove Formation. About a third of Hugoton Royalty Trust's value is in the Oklahoma Hugoton field in close proximity to that of the master limited partnership, Dorchester Hugoton.

Kurt H. Wulff
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781-237-3401

Table CRT-1
Cross Timbers Royalty Trust
Present Value

Volume Decline (%/yr):	9	Price Escalation post 2002 (%/yr):	2.9
Volume Enhancement (%/yr):	7	Discount Rate (%/yr):	7.9
		U.S. TIPS Inflation (%/yr):	2.1
		U.S. 10 Year Yield (%/yr):	6.5

	Natural Gas Volume					Oil			Tax		Present
	Basic	Enhanced	Total	Price	Revenue	Net	Distribution		Credit	Disc	Value
Year	(bcf)	(bcf)	(bcf)	($/mcf)	($mm)	($mm)	($mm)	($/unit)	($/unit)	Factor	($/unit)
Total 2000 through 2029											
	33	31	64	3.27	209	10	219	36.50	0.51	0.45	16.80
1999	3.3		3.3	2.04	6.7	-0.1	6.6	1.09	0.17		
2000	3.0	0.3	3.2	2.41	7.8	2.2	10.0	1.66	0.17	0.96	1.76
2001	2.7	0.5	3.2	2.51	8.0	1.6	9.5	1.59	0.17	0.89	1.57
2002	2.5	0.7	3.1	2.46	7.7	1.1	8.8	1.47	0.17	0.83	1.36
2003	2.3	0.8	3.1	2.53	7.8	0.8	8.7	1.44		0.77	1.11
2004	2.1	1.0	3.0	2.61	7.9	0.7	8.7	1.45		0.71	1.03
2005	1.9	1.1	3.0	2.68	8.1	0.6	8.7	1.45		0.66	0.95
2006	1.8	1.2	3.0	2.76	8.2	0.5	8.7	1.45		0.61	0.89
2007	1.6	1.3	2.9	2.84	8.3	0.5	8.8	1.46		0.57	0.83
2008	1.5	1.4	2.9	2.92	8.4	0.4	8.8	1.47		0.52	0.77
2009	1.4	1.5	2.8	3.01	8.5	0.4	8.9	1.48		0.49	0.72
2010	1.2	1.5	2.8	3.09	8.6	0.3	8.9	1.48		0.45	0.67
2011	1.1	1.6	2.7	3.18	8.7	0.3	9.0	1.49		0.42	0.62
2012	1.1	1.6	2.7	3.28	8.8	0.2	9.0	1.50		0.39	0.58
2013	1.0	1.7	2.6	3.37	8.9	0.2	9.1	1.51		0.36	0.54
2014	0.9	1.7	2.6	3.47	9.0	0.1	9.1	1.52		0.33	0.51
2015	0.8	1.6	2.4	3.57	8.4		8.4	1.40		0.31	0.43
2016	0.7	1.4	2.2	3.67	7.9		7.9	1.32		0.29	0.38
2017	0.7	1.3	2.0	3.78	7.4		7.4	1.24		0.27	0.33
2018	0.6	1.2	1.8	3.89	7.0		7.0	1.16		0.25	0.29
2019	0.6	1.1	1.6	4.00	6.6		6.6	1.09		0.23	0.25
2020	0.5	1.0	1.5	4.12	6.2		6.2	1.03		0.21	0.22
2021	0.5	0.9	1.4	4.24	5.8		5.8	0.96		0.20	0.19
2022	0.4	0.8	1.2	4.36	5.4		5.4	0.90		0.18	0.16
2023	0.4	0.7	1.1	4.49	5.1		5.1	0.85		0.17	0.14
2024	0.4	0.7	1.0	4.62	4.8		4.8	0.80		0.16	0.12
2025	0.3	0.6	0.9	4.75	4.5		4.5	0.75		0.14	0.11
2026	0.3	0.5	0.9	4.89	4.2		4.2	0.70		0.13	0.09
2027	0.3	0.5	0.8	5.03	4.0		4.0	0.66		0.12	0.08
2028	0.3	0.5	0.7	5.18	3.7		3.7	0.62		0.12	0.07
2029	0.2	0.4	0.7	5.33	3.5		3.5	0.58		0.11	0.06

Table CRT-2
Cross Timbers Royalty Trust
Distributable Income Model

	Year 1998	*Q1 3/31/99*	*Q2 6/30/99*	*Q3 9/30/99*	*Q4E 12/31/99*	*Year 1999E*	*Q1E 3/31/00*	*Q2E 6/30/00*	*Q3E 9/30/00*	*Q4E 12/31/00*	*Year 2000E*
Highlights											
Tax credit ($mm)											
Per unit	0.20	0.04	0.04	0.04	0.04	0.17	0.04	0.04	0.04	0.04	0.17
Distributable Income ($mm)	6.93	1.44	1.17	1.66	2.28	6.55	2.40	2.54	2.55	2.49	9.98
Per unit	1.15	0.24	0.20	0.28	0.38	1.09	0.40	0.42	0.43	0.42	1.66
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Volume											
Natural Gas (bcf)	3.50	0.92	0.82	0.94	0.97	3.64	0.96	0.88	0.88	0.88	3.60
Natural Gas (mmcfd)	9.6	10.0	9.1	10.3	10.5	10.0	10.4	9.8	9.7	9.6	9.9
Days	365	92	90	91	92	365	92	90	91	92	365
Oil (mb)	392	88	87	79	92	346	91	87	87	86	351
Oil (mbd)	1.08	0.96	0.98	0.86	1.00	0.95	1.0	1.0	1.0	0.9	0.96
Days	365	92	89	92	92	365	92	90	91	92	365
Total (bcf)	5.86	1.45	1.34	1.41	1.52	5.71	1.50	1.41	1.40	1.40	5.71
Price											
Natural Gas											
Henry Hub ($/mmbtu)		1.87	1.89	2.27	2.66	2.17	2.35	2.65	2.66	2.69	2.59
CRT ($/mcf)	2.03	1.73	1.79	2.02	2.56	2.04	2.25	2.45	2.46	2.49	2.41
Oil ($/bbl)											
WTI Cushing		12.25	14.67	18.57	22.59	17.02	26.07	29.05	26.71	24.86	26.67
CRT	13.40	10.44	12.28	20.34	21.59	16.13	25.07	28.05	25.71	23.86	25.67
Total ($/mcf)	2.11	1.73	1.89	2.48	2.94	2.28	2.95	3.28	3.14	3.04	3.10
Revenue ($mm)											
Natural Gas	7.11	1.59	1.46	1.89	2.47	7.41	2.16	2.16	2.17	2.20	8.70
Oil	5.26	0.92	1.07	1.61	1.99	5.59	2.28	2.45	2.22	2.05	9.00
Total	12.37	2.51	2.53	3.50	4.46	13.00	4.44	4.61	4.40	4.25	17.70
Cost ($mm)											
Tax, transport & other	1.19	0.23	0.40	0.48	0.60	1.70	0.68	0.73	0.67	0.61	2.70
Production	2.58	0.57	0.63	0.60	0.69	2.49	0.64	0.61	0.61	0.60	2.45
Total	3.78	0.80	1.02	1.08	1.29	4.19	1.32	1.35	1.27	1.21	5.16
Cash flow ($mm)	8.59	1.71	1.50	2.43	3.17	8.81	3.12	3.27	3.12	3.04	12.54
Development	1.14	0.36	0.08	0.18	0.18	0.80	0.08	0.10	0.10	0.10	0.38
Excess	(0.52)	(0.30)	(0.06)	(0.07)		(0.43)					-
Recovery of excess	0.02	0.01	0.14	0.10	0.39	0.63	0.22	0.16			0.38
Net proceeds ($mm)	7.94	1.64	1.35	2.22	2.60	7.82	2.82	3.01	3.02	2.94	11.78
Royalty income ($mm)	7.08	1.48	1.21	1.70	2.32	6.71	2.44	2.58	2.59	2.53	10.14
Royalty/Net proceeds	89%	90%	90%	76%	89%	86%	86%	86%	86%	86%	86%
Administration	0.15	0.04	0.04	0.04	0.04	0.16	0.04	0.04	0.04	0.04	0.16
Distributable income ($mm)	6.93	1.44	1.17	1.66	2.28	6.55	2.40	2.54	2.55	2.49	9.98
Modeling ratios											
Tax and other/oil revenue	0.10	0.09	0.16	0.14	0.13	0.13	0.15	0.16	0.15	0.14	0.15
Production exp ($/bbl)	6.58	6.48	7.20	7.56	7.50	7.18	7.00	7.00	7.00	7.00	7.00
Accounting items											
Interest on excess costs	0.01	0.02	0.02	0.01	0.01	0.06					
Cumulative excess costs	0.51	0.83	0.77	0.76	0.38	0.38					

Table DHULZ-1
Dorchester Hugoton, Ltd.
Present Value

Volume Decline (%/yr):	11	Price Escalation Post 2002 (%/yr):	2.9
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	7.9
Capex/Cash Flow (%):	13	U.S. TIPS Inflation (%/yr):	2.1
Variable Cost (%):	15	U.S. 10 Year Yield (%/yr):	6.5

Year	Volume Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price ($/mcf)	Revenue ($mm)	Fixed Cost ($mm)	Var Cost ($mm)	Cap Ex ($mm)	Free Cash Flow ($mm)	Free Cash Flow ($/unit)	Disc Factor	Present Value ($/unit)
Total 2000 through 2029												
	61	58	119	3.45	409	74	61	23	251	23.13	0.51	11.80
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	0.4	6.7	2.70	18.2	2.5	2.7	0.6	12.4	1.15	0.96	1.10
2001	5.7	0.9	6.5	2.69	17.6	2.5	2.6	1.6	10.9	1.00	0.89	0.89
2002	5.1	1.3	6.4	2.65	17.0	2.5	2.5	1.6	10.4	0.96	0.83	0.80
2003	4.6	1.7	6.3	2.73	17.1	2.5	2.6	1.6	10.5	0.97	0.77	0.74
2004	4.2	2.0	6.1	2.81	17.2	2.5	2.6	1.6	10.6	0.98	0.71	0.69
2005	3.7	2.2	6.0	2.89	17.3	2.5	2.6	1.6	10.7	0.98	0.66	0.65
2006	3.4	2.5	5.9	2.97	17.4	2.5	2.6	1.6	10.7	0.99	0.61	0.60
2007	3.0	2.7	5.7	3.06	17.5	2.5	2.6	1.6	10.8	1.00	0.57	0.56
2008	2.7	2.8	5.6	3.15	17.6	2.5	2.6	1.6	10.9	1.00	0.52	0.52
2009	2.5	3.0	5.4	3.24	17.6	2.5	2.6	1.6	10.9	1.00	0.49	0.49
2010	2.2	3.1	5.3	3.33	17.7	2.5	2.7	1.6	10.9	1.01	0.45	0.45
2011	2.0	3.2	5.2	3.43	17.7	2.5	2.7	1.6	11.0	1.01	0.42	0.42
2012	1.8	3.2	5.0	3.53	17.8	2.5	2.7	1.6	11.0	1.01	0.39	0.39
2013	1.6	3.3	4.9	3.63	17.8	2.5	2.7	1.6	11.0	1.02	0.36	0.37
2014	1.5	3.3	4.8	3.74	17.8	2.5	2.7	1.7	11.1	1.02	0.33	0.34
2015	1.3	2.9	4.3	3.85	16.4	2.5	2.5		11.5	1.06	0.31	0.33
2016	1.2	2.6	3.8	3.96	15.1	2.5	2.3		10.4	0.96	0.29	0.27
2017	1.1	2.3	3.4	4.07	13.9	2.5	2.1		9.3	0.86	0.27	0.23
2018	1.0	2.1	3.0	4.19	12.7	2.5	1.9		8.4	0.77	0.25	0.19
2019	0.9	1.8	2.7	4.31	11.7	2.5	1.8		7.5	0.69	0.23	0.16
2020	0.8	1.6	2.4	4.44	10.8	2.5	1.6		6.7	0.62	0.21	0.13
2021	0.7	1.5	2.2	4.57	9.9	2.5	1.5		6.0	0.55	0.20	0.11
2022	0.6	1.3	1.9	4.70	9.1	2.5	1.4		5.3	0.49	0.18	0.09
2023	0.6	1.2	1.7	4.83	8.4	2.5	1.3		4.7	0.43	0.17	0.07
2024	0.5	1.0	1.5	4.97	7.7	2.5	1.2		4.1	0.38	0.16	0.06
2025	0.5	0.9	1.4	5.12	7.1	2.5	1.1		3.6	0.33	0.14	0.05
2026	0.4	0.8	1.2	5.27	6.5	2.5	1.0		3.1	0.28	0.13	0.04
2027	0.4	0.7	1.1	5.42	6.0	2.5	0.9		2.6	0.24	0.12	0.03
2028	0.3	0.6	1.0	5.58	5.5	2.5	0.8		2.2	0.21	0.12	0.02
2029	0.3	0.6	0.9	5.74	5.1	2.5	0.8		1.9	0.17	0.11	0.02

Table DHULZ-2
Dorchester Hugoton, Ltd.
Income Model

	Year 1998	*Q1 3/31/99*	*Q2 6/30/99*	*Q3 9/30/99*	*Q4E 12/31/99*	*Year 1999E*	*Q1E 3/31/00*	*Q2E 6/30/00*	*Q3E 9/30/00*	*Q4E 12/31/00*	*Year 2000E*
Highlights											
Revenue ($mm)	15.37	3.06	3.51	4.34	4.39	15.3	4.21	4.33	4.37	4.60	17.5
Cash flow ($mm)	11.02	2.09	2.35	3.25	3.25	10.9	3.09	3.21	3.25	3.48	13.0
Per unit	1.02	0.19	0.22	0.30	0.30	1.01	0.28	0.30	0.30	0.32	1.20
Earnings ($mm)	9.01	1.60	1.89	2.77	2.78	9.0	2.61	2.74	2.78	3.01	11.1
Per unit	0.83	0.15	0.17	0.26	0.26	0.83	0.24	0.25	0.26	0.28	1.03
Distribution ($mm)	7.74	1.93	1.93	1.93	1.93	7.7	3.01	1.93	1.93	1.93	8.8
Per unit	0.72	0.18	0.18	0.18	0.18	0.72	0.28	0.18	0.18	0.18	0.82
Units (millions)	10.74	10.74	10.74	10.74	10.74	10.7	10.74	10.74	10.74	10.74	10.7
Volume											
Natural gas (bcf)											
Oklahoma	5.74	1.42	1.33	1.40	1.43	5.6	1.39	1.39	1.39	1.38	5.5
Kansas	1.70	0.35	0.34	0.33	0.31	1.3	0.30	0.30	0.30	0.30	1.2
Total	7.44	1.76	1.67	1.72	1.74	6.9	1.69	1.69	1.69	1.67	6.7
Natural Gas (mmcfd)	20.4	19.6	18.4	18.7	18.9	18.9	18.8	18.6	18.4	18.2	18.5
Days	365	90	91	92	92	365	90	91	92	92	365
Price											
Natural gas											
Henry Hub ($/mmbtu)		1.79	2.22	2.52	2.45	2.24	2.58	2.65	2.68	2.85	2.69
Oklahoma ($/mcf)	2.11	1.77	2.15	2.60	2.60	2.28	2.58	2.65	2.68	2.85	2.69
Kansas ($/mcf)	2.22	1.85	2.26	2.68	2.70	2.36	2.65	2.72	2.75	2.92	2.76
Total ($/mcf)	2.14	1.79	2.17	2.62	2.62	2.30	2.59	2.67	2.69	2.86	2.70
Revenue ($mm)											
Natural Gas											
Oklahoma	12.11	2.50	2.87	3.63	3.73	12.7	3.58	3.69	3.72	3.91	14.9
Kansas	3.77	0.64	0.76	0.88	0.83	3.1	0.80	0.82	0.83	0.87	3.3
Other	0.23	0.05	0.05	0.05	0.05	0.2	0.05	0.05	0.05	0.05	0.2
Production payment (ORRI)	(0.73)	(0.14)	(0.17)	(0.22)	(0.23)	(0.8)	(0.22)	(0.23)	(0.23)	(0.24)	(0.9)
Total	15.37	3.06	3.51	4.34	4.39	15.3	4.21	4.33	4.37	4.60	17.5
Cost ($mm)											
Operating	3.54	0.79	0.96	0.90	0.95	3.6	0.91	0.91	0.91	0.91	3.6
General and administrative	0.53	0.14	0.13	0.14	0.16	0.6	0.16	0.16	0.16	0.16	0.6
Management	0.49	0.12	0.12	0.13	0.13	0.5	0.13	0.13	0.13	0.13	0.5
Other	(0.22)	(0.06)	(0.05)	(0.08)	(0.10)	(0.3)	(0.08)	(0.08)	(0.08)	(0.08)	(0.3)
Total	4.35	0.98	1.16	1.09	1.13	4.4	1.12	1.12	1.12	1.12	4.5
Cash flow ($mm)	11.02	2.09	2.35	3.25	3.25	10.9	3.09	3.21	3.25	3.48	13.0
Depletion, deprec. & amort.	2.02	0.49	0.46	0.48	0.48	1.9	0.47	0.47	0.47	0.47	1.9
Earnings ($mm)	9.01	1.60	1.89	2.77	2.78	9.0	2.61	2.74	2.78	3.01	11.1
Capital expenditures ($mm)	1.14	0.04	0.05	0.21	0.10	0.4	0.15	0.15	0.15	0.15	0.6
Modeling ratios											
Prod pay/revenue	4.6%	4.3%	4.5%	4.9%	5.0%	4.7%	5.0%	5.0%	5.0%	5.0%	5.0%
Operating cost ($/mcf)	0.48	0.45	0.57	0.52	0.54	0.52	0.54	0.54	0.54	0.54	0.54
Depletion ($/mcf)	0.27	0.28	0.28	0.28	0.27	0.28	0.28	0.28	0.28	0.28	0.28

Table HGT-1
Hugoton Royalty Trust
Present Value

Volume Decline (%/yr):	11	Price Escalation (%/yr):	2.9
Volume Enhancement (%/yr):	9	Discount rate (%/yr):	7.9
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	2.1
Variable Cost (%):	14	U.S. 10 Year Yield (%/yr):	6.5

Year	Volume Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price ($/mcf)	Revenue ($mm)	Fixed Cost ($mm)	Var Cost ($mm)	Cap Ex ($mm)	Distribution ($mm)	Distribution ($/unit)	Tax Credit ($/unit)	Disc Factor	Present Value ($/unit)
Total 2000 through 2029													
	279	331	610	3.41	2080	362	291	223	1204	30.10	0.06	0.44	13.30
1999	29.2		29.2	2.16	63.1	12.0	8.8	9.1	33.1	0.83	0.02		
2000	29.2	2.7	31.9	2.55	81.4	12.1	11.4	10.4	47.2	1.18	0.02	0.96	1.16
2001	26.0	5.3	31.3	2.65	82.9	12.1	11.6	14.2	45.0	1.13	0.02	0.89	1.02
2002	23.4	7.5	30.9	2.60	80.5	12.1	11.3	13.7	43.4	1.09	0.02	0.83	0.91
2003	21.1	9.5	30.6	2.68	81.8	12.1	11.5	14.0	44.3	1.11		0.77	0.85
2004	19.0	11.2	30.2	2.76	83.2	12.1	11.6	14.3	45.2	1.13		0.71	0.80
2005	17.1	12.7	29.8	2.84	84.4	12.1	11.8	14.5	46.0	1.15		0.66	0.76
2006	15.4	13.9	29.4	2.92	85.7	12.1	12.0	14.8	46.9	1.17		0.61	0.72
2007	13.9	15.1	29.0	3.00	86.9	12.1	12.2	15.0	47.7	1.19		0.57	0.67
2008	12.5	16.0	28.5	3.09	88.1	12.1	12.3	15.3	48.4	1.21		0.52	0.64
2009	11.3	16.8	28.1	3.18	89.3	12.1	12.5	15.5	49.2	1.23		0.49	0.60
2010	10.2	17.5	27.7	3.27	90.5	12.1	12.7	15.8	50.0	1.25		0.45	0.56
2011	9.2	18.1	27.2	3.37	91.6	12.1	12.8	16.0	50.7	1.27		0.42	0.53
2012	8.3	18.5	26.8	3.46	92.7	12.1	13.0	16.2	51.4	1.29		0.39	0.50
2013	7.4	18.9	26.3	3.56	93.8	12.1	13.1	16.5	52.2	1.30		0.36	0.47
2014	6.7	19.2	25.9	3.67	94.9	12.1	13.3	16.7	52.9	1.32		0.33	0.44
2015	6.0	17.1	23.1	3.77	87.2	12.1	12.2		62.9	1.57		0.31	0.49
2016	5.4	15.2	20.6	3.88	80.1	12.1	11.2		56.8	1.42		0.29	0.41
2017	4.9	13.5	18.4	4.00	73.6	12.1	10.3		51.2	1.28		0.27	0.34
2018	4.4	12.0	16.4	4.11	67.6	12.1	9.5		46.1	1.15		0.25	0.28
2019	4.0	10.7	14.7	4.23	62.1	12.1	8.7		41.4	1.03		0.23	0.24
2020	3.6	9.5	13.1	4.35	57.1	12.1	8.0		37.0	0.93		0.21	0.20
2021	3.2	8.5	11.7	4.48	52.5	12.1	7.3		33.1	0.83		0.20	0.16
2022	2.9	7.6	10.5	4.61	48.2	12.1	6.7		29.4	0.73		0.18	0.13
2023	2.6	6.7	9.3	4.74	44.3	12.1	6.2		26.0	0.65		0.17	0.11
2024	2.4	6.0	8.3	4.88	40.7	12.1	5.7		22.9	0.57		0.16	0.09
2025	2.1	5.3	7.4	5.02	37.4	12.1	5.2		20.1	0.50		0.14	0.07
2026	1.9	4.7	6.7	5.17	34.4	12.1	4.8		17.5	0.44		0.13	0.06
2027	1.7	4.2	5.9	5.32	31.6	12.1	4.4		15.1	0.38		0.12	0.05
2028	1.6	3.8	5.3	5.47	29.0	12.1	4.1		12.9	0.32		0.12	0.04
2029	1.4	3.3	4.7	5.63	26.7	12.1	3.7		10.9	0.27		0.11	0.03

Table HGT-2
Hugoton Royalty Trust
Distributable Income Model

	Q1	*Q2*	*Q3*	*Q4E*	*Year*	*Q1E*	*Q2E*	*Q3E*	*Q4E*	*Year*
	3/31/99	*6/30/99*	*9/30/99*	*12/31/99*	*1999E*	*3/31/00*	*6/30/00*	*9/30/00*	*12/31/00*	*2000E*
Highlights										
Revenue ($mm) (80%)	9.4	16.6	16.8	20.4	63.1	20.4	20.4	20.0	20.6	81.4
Cash flow ($mm) (80%)	5.1	11.1	11.5	14.5	42.3	14.4	14.5	14.2	14.8	57.9
Per unit	0.13	0.28	0.29	0.36	1.06	0.36	0.36	0.36	0.37	1.45
Tax credit ($mm)	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8
Per unit	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.02
Distributable Income ($mm)	3.6	8.8	8.5	12.2	33.1	11.2	12.0	11.7	12.3	47.2
Per unit	0.09	0.22	0.21	0.30	0.83	0.28	0.30	0.29	0.31	1.18
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)	5.5	9.6	9.5	9.6	34.2	9.5	9.4	9.3	9.2	37.5
Natural Gas (mmcfd)	89.0	107.6	103.4	104.2	102.1	104.2	103.2	102.1	101.1	102.6
Days	62	89	92	92	335	91	91	91	91	365
Oil (mb)	66	115	104	104	389	101	101	101	100	403
Oil (mbd)	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Days	62	96	92	92	342	90	91	92	92	365
Total (bcf)	5.9	10.3	10.1	10.2	36.5	10.1	10.0	9.9	9.8	39.9
Price										
Natural Gas (HH lagged two months)										
Henry Hub ($/mmbtu)	1.78	1.89	2.27	2.66	2.18	2.35	2.65	2.66	2.79	2.61
HGT ($/mcf)	2.00	2.00	2.01	2.42	2.12	2.41	2.40	2.41	2.54	2.44
Oil ($/bbl) (WTI Cushing lagged two months)										
WTI Cushing	11.90	14.67	18.57	22.59	17.39	26.07	29.05	26.71	24.48	26.58
HGT	10.86	13.64	18.18	21.59	16.51	25.07	28.05	25.71	23.48	25.58
Total ($/mcf)	1.99	2.02	2.07	2.49	2.16	2.52	2.54	2.52	2.62	2.55
Revenue ($mm)										
Natural Gas	11.0	19.1	19.1	23.2	72.5	22.9	22.6	22.5	23.4	91.4
Oil	0.7	1.6	1.9	2.2	6.4	2.5	2.8	2.6	2.3	10.3
Total	11.7	20.7	21.0	25.5	78.9	25.4	25.5	25.1	25.7	101.7
Cost ($mm)										
Tax, transport & other	1.4	2.1	2.1	2.5	8.2	2.5	2.5	2.5	2.6	10.2
Production	2.3	2.9	2.8	3.0	11.0	3.1	3.1	3.1	3.0	12.4
Overhead	1.6	1.7	1.8	1.7	6.9	1.7	1.7	1.7	1.7	6.8
Total	5.3	6.8	6.6	7.3	26.1	7.4	7.4	7.3	7.3	29.3
Cash flow ($mm)	6.4	13.9	14.4	18.2	52.9	18.0	18.1	17.8	18.5	72.4
Development	2.0	2.8	3.7	2.8	11.3	4.0	3.0	3.0	3.0	13.0
Net proceeds ($mm)	4.5	11.1	10.7	15.3	41.6	14.0	15.1	14.8	15.5	59.4
Royalty income ($mm)	3.6	8.9	8.5	12.3	33.2	11.2	12.1	11.8	12.4	47.5
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.0	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.3
Distributable income ($mm)	3.6	8.8	8.5	12.2	33.1	11.2	12.0	11.7	12.3	47.2
Modeling ratios										
Tax and other/revenue	12%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Production cost ($/mcf)	0.39	0.29	0.28	0.29	0.30	0.31	0.31	0.31	0.31	0.31
Overhead cost ($/mcf)	0.28	0.17	0.17	0.17	0.19	0.17	0.17	0.17	0.17	0.17

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 quarter of operations includes only the two months of December 1998 and January 1999.

Table SJT-1
San Juan Basin Royalty Trust
Present Value

Volume Decline (%/yr):	9	Price Escalation Post 2002 (%/yr):	2.9
Volume Enhancement (%/yr):	7	Discount rate (%/yr):	7.9
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	2.1
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	6.5

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price ($/mcf)	Revenue ($mm)	Fixed Cost ($mm)	Var Cost ($mm)	Cap Ex ($mm)	Distribution ($mm)	Distribution ($/unit)	Tax Credit ($/unit)	Disc Factor	Present Value ($/unit)
Total 2000 through 2029													
	309	268	577	3.11	1796	227	216	196	1157	24.82	0.48	0.43	$\boxed{10.80}$
1999	30.3		30.3	1.76	53.2	7.2	6.4	7.9	31.8	0.68	0.16		
2000	27.8	1.5	29.3	2.29	67.2	7.6	8.1	9.8	41.0	0.88	0.16	0.96	1.00
2001	25.3	3.4	28.7	2.38	68.4	7.6	8.2	12.6	40.0	0.86	0.16	0.89	0.91
2002	23.2	5.1	28.3	2.34	66.3	7.6	8.0	12.2	38.6	0.83	0.16	0.83	0.82
2003	21.3	6.6	27.9	2.41	67.2	7.6	8.1	12.4	39.2	0.84		0.77	0.65
2004	19.5	8.0	27.5	2.48	68.2	7.6	8.2	12.6	39.9	0.86		0.71	0.61
2005	17.9	9.2	27.1	2.55	69.2	7.6	8.3	12.8	40.5	0.87		0.66	0.57
2006	16.4	10.3	26.7	2.62	70.1	7.6	8.4	13.0	41.1	0.88		0.61	0.54
2007	15.1	11.2	26.3	2.70	71.0	7.6	8.5	13.2	41.7	0.90		0.57	0.51
2008	13.8	12.0	25.9	2.78	71.9	7.6	8.6	13.4	42.3	0.91		0.52	0.48
2009	12.7	12.8	25.5	2.86	72.8	7.6	8.7	13.6	42.9	0.92		0.49	0.45
2010	11.6	13.4	25.1	2.94	73.7	7.6	8.8	13.7	43.5	0.93		0.45	0.42
2011	10.7	14.0	24.6	3.03	74.6	7.6	9.0	13.9	44.1	0.95		0.42	0.40
2012	9.8	14.4	24.2	3.12	75.5	7.6	9.1	14.1	44.7	0.96		0.39	0.37
2013	9.0	14.8	23.8	3.21	76.3	7.6	9.2	14.3	45.3	0.97		0.36	0.35
2014	8.2	15.2	23.4	3.30	77.2	7.6	9.3	14.5	45.9	0.98		0.33	0.33
2015	7.6	13.8	21.4	3.39	72.5	7.6	8.7		56.2	1.21		0.31	0.37
2016	6.9	12.5	19.5	3.49	68.1	7.6	8.2		52.3	1.12		0.29	0.32
2017	6.4	11.4	17.8	3.59	63.9	7.6	7.7		48.7	1.04		0.27	0.28
2018	5.8	10.4	16.2	3.70	60.0	7.6	7.2		45.3	0.97		0.25	0.24
2019	5.4	9.5	14.8	3.81	56.4	7.6	6.8		42.0	0.90		0.23	0.21
2020	4.9	8.6	13.5	3.92	53.0	7.6	6.4		39.0	0.84		0.21	0.18
2021	4.5	7.8	12.3	4.03	49.7	7.6	6.0		36.2	0.78		0.20	0.15
2022	4.1	7.1	11.3	4.15	46.7	7.6	5.6		33.5	0.72		0.18	0.13
2023	3.8	6.5	10.3	4.27	43.9	7.6	5.3		31.0	0.67		0.17	0.11
2024	3.5	5.9	9.4	4.39	41.2	7.6	4.9		28.7	0.62		0.16	0.10
2025	3.2	5.4	8.6	4.52	38.7	7.6	4.6		26.5	0.57		0.14	0.08
2026	2.9	4.9	7.8	4.65	36.3	7.6	4.4		24.4	0.52		0.13	0.07
2027	2.7	4.4	7.1	4.78	34.1	7.6	4.1		22.5	0.48		0.12	0.06
2028	2.5	4.0	6.5	4.92	32.1	7.6	3.8		20.6	0.44		0.12	0.05
2029	2.3	3.7	5.9	5.06	30.1	7.6	3.6		18.9	0.41		0.11	0.04

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

	Year 1998	*Q1 3/31/99*	*Q2 6/30/99*	*Q3 9/30/99*	*Q4E 12/31/99*	*Year 1999E*	*Q1E 3/31/00*	*Q2E 6/30/00*	*Q3E 9/30/00*	*Q4E 12/31/00*	*Year 2000E*
Highlights											
Revenue ($mm) (75%)	54.3	12.1	10.8	13.0	17.4	53.2	17.1	16.5	16.7	16.8	67.2
Cash flow ($mm) (75%)	39.9	8.8	7.5	9.9	13.4	39.6	13.1	12.7	12.8	12.9	51.5
Per unit	0.86	0.19	0.16	0.21	0.29	0.85	0.28	0.27	0.28	0.28	1.11
Tax credit ($mm)	7.8	1.9	1.4	1.9	2.3	7.5	1.9	1.4	1.9	2.3	7.5
Per unit	0.17	0.04	0.03	0.04	0.05	0.16	0.04	0.03	0.04	0.05	0.16
Distributable Income ($mm)	29.6	6.8	5.9	7.8	11.3	31.8	9.9	10.2	10.4	10.5	41.0
Per unit	0.64	0.15	0.13	0.17	0.24	0.68	0.21	0.22	0.22	0.22	0.88
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Volume											
Natural gas (mmbtu)											
Conventional		7.3	7.4	5.5	6.7	26.9	6.6	6.4	6.5	6.4	26.0
Coal Seam		3.7	3.8	3.3	3.5	14.4	3.6	3.4	3.5	3.5	13.9
Total		11.0	11.2	8.8	10.3	41.3	10.2	9.9	10.0	9.9	40.0
Conventional (btu/cf)		1,194	1,196	1,006	1,159	1,142	1,142	1,142	1,142	1,142	1,142
Coal Seam (btu/cf)		881	881	881	881	881	881	881	881	881	881
Natural gas (bcf)											
Conventional		6.1	6.2	5.5	5.8	23.5	5.8	5.6	5.7	5.6	22.8
Coal Seam		4.2	4.3	3.8	4.0	16.4	4.0	3.9	4.0	3.9	15.8
Total	41.5	10.3	10.5	9.3	9.8	39.9	9.9	9.5	9.7	9.6	38.6
Natural Gas (mmcfd)	113.7	112.4	118.4	100.6	106.7	109.4	107.1	106.0	105.0	103.9	105.5
Days	365	92	89	92	92	365	92	90	92	92	366
Oil (mb)	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Oil (mbd)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Days	366	92	89	92	92	364	92	90	92	92	366
Total gas & oil (bcf)	42.0	10.4	10.6	9.4	9.9	40.4	10.0	9.7	9.8	9.7	39.0
Price											
Natural gas ($/mmbtu) (Hubs lagged two months)											
Henry Hub ($/mmbtu)		1.87	1.89	2.27	2.66	2.17	2.35	2.65	2.66	2.69	2.59
Blanco Hub ($/mmbtu)		1.78	1.68	2.02	2.46	1.98					
SJT Conventional		1.48	1.29	2.09	2.27	1.75	2.25	2.25	2.26	2.29	2.26
SJT Coal Seam		1.38	1.20	1.65	2.13	1.58	2.11	2.05	2.06	2.09	2.08
Total		1.45	1.26	1.93	2.22	1.69	2.20	2.18	2.19	2.22	2.20
Natural gas ($/mcf)											
Conventional		1.77	1.54	2.11	2.63	2.00	2.57	2.57	2.58	2.62	2.59
Coal Seam		1.22	1.06	1.45	1.88	1.39	1.86	1.81	1.82	1.84	1.83
Total	1.72	1.54	1.34	1.84	2.32	1.75	2.28	2.26	2.27	2.30	2.28
Oil ($/bbl) (WTI Cushing lagged two months)											
WTI Cushing		12.25	14.67	18.57	22.59	17.02	26.07	29.05	26.71	24.86	26.67
SJT	13.29	9.65	12.72	15.71	17.50	13.99	22.07	25.05	22.71	20.86	22.66
Total gas & oil ($/mcf)		1.54	1.35	1.85	2.33	1.76	2.29	2.28	2.28	2.31	2.29
Revenue ($mm)											
Natural Gas - Conventional		10.8	9.6	11.5	15.2	47.1	14.9	14.5	14.7	14.8	58.9
Coal Seam		5.2	4.6	5.5	7.6	22.8	7.5	7.1	7.2	7.2	29.0
Total	71.2	16.0	14.1	17.0	22.8	69.9	22.4	21.6	21.9	22.0	87.9
Oil	1.1	0.2	0.2	0.3	0.4	1.1	0.4	0.5	0.4	0.4	1.7
Total	72.3	16.1	14.4	17.3	23.2	71.0	22.9	22.0	22.3	22.4	89.6
Cost ($mm)											
Severance tax	7.5	1.7	1.5	1.8	2.4	7.3	2.4	2.3	2.3	2.3	9.2
Operating	11.6	2.8	2.8	2.2	2.9	10.8	3.0	2.9	2.9	2.9	11.6
Total	19.1	4.5	4.3	4.0	5.3	18.1	5.4	5.1	5.2	5.2	20.9
Cash flow ($mm)	53.3	11.7	10.0	13.3	17.9	52.8	17.5	16.9	17.1	17.2	68.7
Development	12.8	2.3	3.0	2.7	2.6	10.6	4.0	3.0	3.0	3.0	13.0
Net proceeds ($mm)	40.4	9.4	7.1	10.5	15.3	42.3	13.5	13.9	14.1	14.2	55.7
Royalty income ($mm)	30.3	7.0	5.3	7.9	11.5	31.7	10.1	10.4	10.6	10.7	41.8
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.7	0.3	0.2	0.1	0.2	0.8	0.2	0.2	0.2	0.2	0.8
One-time			0.9			0.9					-
Distributable income ($mm)	29.6	6.8	5.9	7.8	11.3	31.8	9.9	10.2	10.4	10.5	41.0
Modeling ratios											
Severance tax/revenue	10.3%	10.3%	10.2%	10.4%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Operating cost ($/mcf)	0.28	0.27	0.27	0.24	0.29	0.27	0.30	0.30	0.30	0.30	0.30