

## Panic Threatens

Currently among investments concentrated on long-life natural gas with low financial and management risk, **Cross Timbers Royalty Trust** ranks most undervalued followed by **San Juan Basin Royalty Trust**, **Hugoton Royalty Trust** and **Dorchester Hugoton, Ltd.** (see table). Weighing the week's changes in prices of oil, natural gas and money, our calculated asset values increase 4% and our projected distributions for the next year increase 11%. Addressing the National Association of Petroleum Investment Analysts in San Antonio on Friday, October 13, investment banker Matt Simmons warned that the heating oil situation in the Northeast this coming winter will be the worst energy crisis we have ever faced. Whether or not Matt overstates the case, to be forewarned is to be forearmed.

		<i>Price</i> <i>(\$/unit)</i>		<i>Market</i>		<i>Net</i> <i>Present</i>	
		<i>13-Oct</i>	<i>Units</i>	<i>Cap</i>	<i>Debt</i>	<i>Value</i>	<i>McDep</i>
	<i>Symbol</i>	<i>2000</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>(\$mm)</i>	<i>(\$/unit)</i>	<i>Ratio</i>
Dorchester Hugoton, Ltd.	DHULZ	14.75	10.7	158	-	17.10	0.86
Hugoton RT (42.5%)	HGT	15.38	17.0	261	-	18.00	0.85
San Juan Basin Royalty Trust	SJT	12.50	46.6	583	-	16.10	0.78
Cross Timbers Royalty Trust	CRT	16.06	6.0	96	-	21.00	0.76

Our computations for the next four quarters point to Dynamic Distribution Yields approaching 18% in cash (see table). The latest weekly change is the highest in five months (see chart on next page).

		<i>Price</i> <i>(\$/unit)</i>	<i>Distribution</i> <i>(\$/unit)</i>	<i>Distribution Yield</i> <i>(Percent per year)</i>		
		<i>13-Oct</i>	<i>Taxable</i>	<i>Taxable</i>	<i>Cash</i>	<i>Equivalent</i>
	<i>Symbol</i>	<i>2000</i>	<i>Cash</i>	<i>Equivalent</i>	<i>Cash</i>	<i>Equivalent</i>
Dorchester Hugoton, Ltd.	DHULZ	14.75	1.95	2.52	13.2	17.1
Hugoton RT (42.5%)	HGT	15.38	2.47	2.91	16.1	18.9
Cross Timbers Royalty Trust	CRT	16.06	2.67	3.39	16.6	21.1
San Juan Basin Royalty Trust	SJT	12.50	2.28	3.06	18.2	24.5

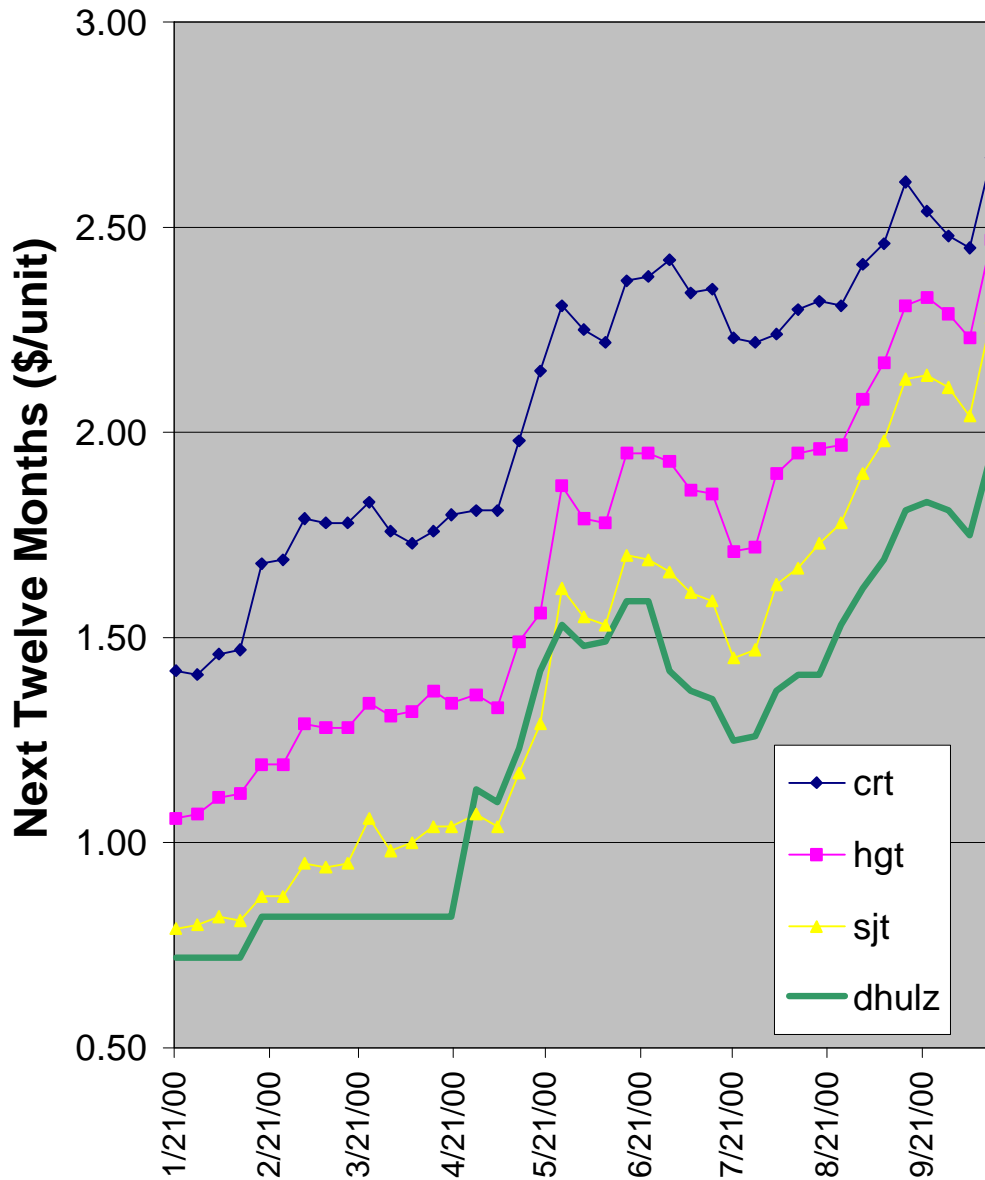
By analogy with 1973, 1979 and 1990 we can next expect military action in the Middle East followed by a recession in the rest of the world. Let's hope cooler heads prevail and that we make a soft landing to a sustained higher level of energy prices that rewards producers and supports economic growth.

The tables that follow present details of the latest present value and distribution estimates for each of the three royalty trusts and the one partnership.

Kurt H. Wulff, CFA

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## Trusts and Partnership Projected Distributions, 2000



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## Meter Reader

A Weekly Analysis

October 16, 2000

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

Volume Decline (%/yr):	9	Price Escalation post 2007 (%/yr):	2.7
Volume Enhancement (%/yr):	7	Discount Rate (%/yr):	7.2
		U.S. TIPS Inflation (%/yr):	1.9
		U.S. 10 Year Yield (%/yr):	5.8

Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Oil Net (\$mm)	Distribution (\$/unit)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)	
	Basic (bcf)	Enhanced (bcf)	Total (bcf)								
Total 2000 through 2029											
	31	24	55	4.21	231	13	245	40.77	0.37	0.51	21.00
1999	3.3		3.3	1.99	6.5	0.0	6.6	1.09	0.16		
2000	2.8	0.0	2.8	3.48	9.7	2.0	11.7	1.94	0.12	0.97	2.00
2001	2.5	0.2	2.7	5.36	14.6	2.5	17.2	2.86	0.12	0.90	2.69
2002	2.3	0.4	2.7	4.74	12.8	1.6	14.3	2.39	0.12	0.84	2.11
2003	2.1	0.5	2.7	4.28	11.4	1.2	12.5	2.09		0.78	1.64
2004	2.0	0.7	2.6	3.72	9.7	1.1	10.8	1.80		0.73	1.32
2005	1.8	0.8	2.6	3.59	9.3	0.9	10.1	1.69		0.68	1.15
2006	1.6	0.9	2.5	3.48	8.8	0.7	9.5	1.59		0.64	1.01
2007	1.5	1.0	2.5	3.39	8.5	0.6	9.1	1.52		0.59	0.90
2008	1.4	1.1	2.5	3.48	8.6	0.6	9.1	1.52		0.55	0.84
2009	1.3	1.2	2.4	3.57	8.7	0.5	9.2	1.53		0.52	0.79
2010	1.2	1.2	2.4	3.67	8.8	0.4	9.2	1.53		0.48	0.74
2011	1.1	1.3	2.3	3.77	8.9	0.4	9.2	1.54		0.45	0.69
2012	1.0	1.3	2.3	3.87	8.9	0.3	9.2	1.54		0.42	0.65
2013	0.9	1.4	2.3	3.97	9.0	0.3	9.3	1.55		0.39	0.60
2014	0.8	1.4	2.2	4.08	9.1	0.2	9.3	1.55		0.36	0.57
2015	0.8	1.3	2.0	4.19	8.5		8.5	1.42		0.34	0.48
2016	0.7	1.2	1.9	4.30	8.0		8.0	1.33		0.32	0.42
2017	0.6	1.1	1.7	4.42	7.5		7.5	1.25		0.30	0.37
2018	0.6	1.0	1.5	4.54	7.0		7.0	1.17		0.28	0.32
2019	0.5	0.9	1.4	4.66	6.6		6.6	1.10		0.26	0.28
2020	0.5	0.8	1.3	4.79	6.2		6.2	1.03		0.24	0.25
2021	0.5	0.7	1.2	4.92	5.8		5.8	0.97		0.22	0.22
2022	0.4	0.7	1.1	5.05	5.4		5.4	0.91		0.21	0.19
2023	0.4	0.6	1.0	5.19	5.1		5.1	0.85		0.20	0.17
2024	0.3	0.5	0.9	5.33	4.8		4.8	0.80		0.18	0.14
2025	0.3	0.5	0.8	5.47	4.5		4.5	0.75		0.17	0.13
2026	0.3	0.5	0.7	5.62	4.2		4.2	0.70		0.16	0.11
2027	0.3	0.4	0.7	5.77	3.9		3.9	0.66		0.15	0.10
2028	0.2	0.4	0.6	5.93	3.7		3.7	0.62		0.14	0.08
2029	0.2	0.3	0.6	6.09	3.5		3.5	0.58		0.13	0.07

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# Meter Reader

A Weekly Analysis

October 16, 2000

Table CRT-2  
Cross Timbers Royalty Trust  
Distributable Income Model

	Q3 9/30/99	Q4 12/31/99	Year 1999	Q1 3/31/00	Q2 6/30/00	Q3E 9/30/00	Q4E 12/31/00	Year 2000E	Q1E 3/31/01	Q2E 6/30/01	Q3E 9/30/01
<b>Highlights</b>											
Tax credit (\$mm)											
Per unit	0.04	0.03	0.16	0.03	0.03	0.03	0.03	0.12	0.03	0.03	0.03
Distributable Income (\$mm)	1.66	2.28	6.55	2.30	2.42	3.35	3.60	11.67	4.38	4.18	3.84
Per unit	0.28	0.38	1.09	0.38	0.40	0.56	0.60	1.94	0.73	0.70	0.64
<b>Units (millions)</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Volume</b>											
Natural Gas (bcf)	0.94	0.97	3.64	0.80	0.77	0.76	0.76	3.09	0.76	0.73	0.73
Natural Gas (mmcf)	10.3	10.6	10.0	8.7	8.5	8.4	8.3	8.5	8.2	8.1	8.1
Days	91	92	365	92	91	91	92	366	92	90	91
Oil (mb)	79	94	349	88	81	85	83	337	81	78	85
Oil (mbd)	0.86	1.03	0.96	0.96	0.90	0.92	0.90	0.92	0.88	0.87	0.92
Days	92	92	365	92	90	92	92	366	92	90	92
Total (bcf)	1.41	1.54	5.73	1.33	1.26	1.27	1.26	5.12	1.24	1.20	1.24
<b>Price</b>											
Natural Gas (HH lagged three months)											
Henry Hub (\$/mmbtu)	2.22	2.52	2.12	2.45	2.62	3.63	4.53	3.31	5.51	5.37	4.78
Differential (\$/mmbtu)	0.20	0.13	0.13	(0.27)	(0.26)	(0.20)	-	(0.17)	-	(0.20)	(0.20)
CRT (\$/mcf)	2.02	2.39	1.99	2.72	2.88	3.83	4.53	3.48	5.51	5.57	4.98
Oil (\$/bbl) (WTI lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	33.37	29.47	34.22	32.50	31.01
CRT	16.34	20.21	14.89	24.20	26.86	28.12	31.37	27.59	32.22	30.50	29.01
Total (\$/mcf)	2.26	2.75	2.17	3.25	3.50	4.17	4.80	3.92	5.45	5.38	4.92
<b>Revenue (\$mm)</b>											
Natural Gas	1.89	2.33	7.26	2.17	2.22	2.92	3.46	10.77	4.17	4.08	3.65
Oil	1.30	1.91	5.19	2.14	2.18	2.38	2.61	9.31	2.62	2.38	2.46
Total	3.19	4.23	12.45	4.31	4.40	5.31	6.06	20.07	6.79	6.46	6.11
<b>Cost (\$mm)</b>											
Tax, transport & other	0.48	0.50	1.61	0.58	0.61	0.74	0.85	2.78	0.95	0.90	0.86
Production	0.60	0.60	2.39	0.59	0.65	0.64	0.62	2.50	0.61	0.59	0.64
Total	1.08	1.09	4.00	1.17	1.26	1.38	1.47	5.28	1.56	1.49	1.49
<b>Cash flow (\$mm)</b>											
Development	0.18	0.12	0.74	0.21	0.13	0.17	0.17	0.69	0.17	0.17	0.17
Excess	(0.07)		(0.43)					-			
Recovery of excess	0.10	0.40	0.63	0.24	0.15			0.38			
<b>Net proceeds (\$mm)</b>	1.91	2.62	7.52	2.68	2.86	3.76	4.42	13.72	5.06	4.80	4.45
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	89%	88%	89%	88%	87%	87%	87%	87%	87%	88%	87%
Administration	0.04	0.02	0.14	0.05	0.05	(0.09)	0.24	0.26	0.04	0.04	0.04
<b>Distributable income (\$mm)</b>	1.66	2.28	6.55	2.30	2.42	3.35	3.60	11.67	4.38	4.18	3.84
<i>Modeling ratios</i>											
Tax and other/revenue	0.15	0.12	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Production exp (\$/bbl)	7.56	6.31	6.86	6.71	8.00	7.50	7.50	7.41	7.50	7.50	7.50
<i>Accounting items</i>											
Interest on excess costs	0.01	0.01	0.06								
Cumulative excess costs	0.76	0.37	0.37	0.15							

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**Table DHULZ-1**  
**Dorchester Hugoton, Ltd.**  
**Present Value**

Volume Decline (%/yr):	11	Price Escalation Post 2006 (%/yr):	2.7
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	7.2
Capex/Cash Flow (%):	13	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	15	U.S. 10 Year Yield (%/yr):	5.8

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Free Cash Flow (\$mm)	Cash Flow (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2000 through 2029												
	61	56	117	4.47	522	74	78	32	339	31.22	0.55	17.10
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	0.2	6.6	4.03	26.7	2.5	4.0	0.5	19.8	1.82	0.97	1.76
2001	5.7	0.8	6.4	4.87	31.4	2.5	4.7	3.1	21.1	1.94	0.90	1.75
2002	5.1	1.2	6.3	4.33	27.3	2.5	4.1	2.7	18.0	1.66	0.84	1.40
2003	4.6	1.6	6.2	3.94	24.3	2.5	3.6	2.4	15.9	1.46	0.78	1.15
2004	4.2	1.9	6.0	3.92	23.7	2.5	3.5	2.3	15.4	1.42	0.73	1.04
2005	3.7	2.2	5.9	3.79	22.4	2.5	3.4	2.2	14.4	1.33	0.68	0.91
2006	3.4	2.4	5.8	3.69	21.3	2.5	3.2	2.0	13.6	1.25	0.64	0.80
2007	3.0	2.6	5.6	3.79	21.4	2.5	3.2	2.0	13.7	1.26	0.59	0.75
2008	2.7	2.8	5.5	3.90	21.4	2.5	3.2	2.0	13.7	1.26	0.55	0.70
2009	2.5	2.9	5.4	4.00	21.4	2.5	3.2	2.0	13.7	1.26	0.52	0.65
2010	2.2	3.0	5.2	4.11	21.5	2.5	3.2	2.1	13.7	1.27	0.48	0.61
2011	2.0	3.1	5.1	4.22	21.5	2.5	3.2	2.1	13.8	1.27	0.45	0.57
2012	1.8	3.2	5.0	4.33	21.5	2.5	3.2	2.1	13.8	1.27	0.42	0.53
2013	1.6	3.2	4.8	4.45	21.5	2.5	3.2	2.1	13.8	1.27	0.39	0.50
2014	1.5	3.2	4.7	4.57	21.5	2.5	3.2	2.1	13.8	1.27	0.36	0.46
2015	1.3	2.9	4.2	4.69	19.7	2.5	3.0		14.3	1.32	0.34	0.45
2016	1.2	2.6	3.8	4.82	18.1	2.5	2.7		12.9	1.19	0.32	0.38
2017	1.1	2.3	3.4	4.95	16.6	2.5	2.5		11.7	1.08	0.30	0.32
2018	1.0	2.0	3.0	5.08	15.2	2.5	2.3		10.5	0.97	0.28	0.27
2019	0.9	1.8	2.7	5.22	14.0	2.5	2.1		9.4	0.87	0.26	0.22
2020	0.8	1.6	2.4	5.36	12.8	2.5	1.9		8.5	0.78	0.24	0.19
2021	0.7	1.4	2.1	5.51	11.8	2.5	1.8		7.6	0.70	0.22	0.16
2022	0.6	1.3	1.9	5.66	10.8	2.5	1.6		6.7	0.62	0.21	0.13
2023	0.6	1.1	1.7	5.81	9.9	2.5	1.5		6.0	0.55	0.20	0.11
2024	0.5	1.0	1.5	5.97	9.1	2.5	1.4		5.3	0.49	0.18	0.09
2025	0.5	0.9	1.4	6.13	8.4	2.5	1.3		4.6	0.43	0.17	0.07
2026	0.4	0.8	1.2	6.29	7.7	2.5	1.2		4.1	0.37	0.16	0.06
2027	0.4	0.7	1.1	6.46	7.0	2.5	1.1		3.5	0.33	0.15	0.05
2028	0.3	0.6	1.0	6.64	6.5	2.5	1.0		3.0	0.28	0.14	0.04
2029	0.3	0.6	0.9	6.82	5.9	2.5	0.9		2.6	0.24	0.13	0.03

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**Table DHULZ-2**  
**Dorchester Hugoton, Ltd.**  
**Income Model**

	Q3	Q4	Year	Q1	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E
	9/30/99	12/31/99	1999	3/31/00	6/30/00	9/30/00	12/31/00	2000E	3/31/01	6/30/01	9/30/01
<b>Highlights</b>											
Revenue (\$mm)	4.34	4.39	15.3	4.16	5.57	7.20	8.65	25.6	8.18	7.29	7.20
Cash flow (\$mm)	3.25	3.25	10.9	3.09	3.87	5.83	7.16	20.0	6.71	5.90	5.82
Per unit	0.30	0.30	1.01	0.28	0.36	0.54	0.66	1.84	0.62	0.54	0.54
Earnings (\$mm)	2.77	2.78	9.0	2.64	3.40	5.37	6.70	18.1	6.27	5.46	5.37
Per unit	0.26	0.26	0.83	0.24	0.32	0.49	0.62	1.67	0.58	0.50	0.50
Distribution (\$mm)	1.93	1.93	7.7	3.01	1.93	2.36	5.90	13.2	5.52	4.80	4.73
Per unit	0.18	0.18	0.72	0.28	0.18	0.22	0.55	1.23	0.51	0.45	0.44
<b>Units (millions)</b>	10.74	10.74	10.7	10.74	10.74	10.74	10.74	10.7	10.74	10.74	10.74
<b>Volume</b>											
Natural gas (bcf)											
Oklahoma	1.40	1.43	5.6	1.39	1.37	1.38	1.37	5.5	1.33	1.34	1.35
Kansas	0.33	0.31	1.3	0.29	0.28	0.28	0.27	1.1	0.25	0.25	0.24
Total	1.72	1.74	6.9	1.68	1.66	1.66	1.64	6.6	1.59	1.59	1.59
Natural Gas (mmcf)	18.7	18.9	18.9	18.5	18.2	18.0	17.8	18.1	17.7	17.5	17.3
Days	92	92	365	91	91	92	92	366	90	91	92
<b>Price</b>											
Natural gas											
Henry Hub (\$/mmbtu)	2.52	2.45	2.24	2.62	3.63	4.53	5.51	4.07	5.37	4.78	4.72
Oklahoma (\$/mcf)	2.60	2.60	2.28	2.53	3.50	4.53	5.51	4.01	5.37	4.78	4.72
Kansas (\$/mcf)	2.68	2.70	2.36	2.72	3.58	4.60	5.58	4.09	5.44	4.85	4.79
Total (\$/mcf)	2.62	2.62	2.30	2.57	3.51	4.54	5.52	4.03	5.39	4.79	4.73
<b>Revenue (\$mm)</b>											
Natural Gas											
Oklahoma	3.63	3.73	12.7	3.53	4.81	6.25	7.56	22.1	7.17	6.41	6.35
Kansas	0.88	0.83	3.1	0.79	1.01	1.27	1.50	4.6	1.39	1.21	1.17
Other	0.05	0.05	0.2	0.05	0.05	0.05	0.05	0.2	0.05	0.05	0.05
Production payment (ORRI)	(0.22)	(0.23)	(0.8)	(0.21)	(0.30)	(0.38)	(0.45)	(1.3)	(0.43)	(0.38)	(0.38)
Total	4.34	4.39	15.3	4.16	5.57	7.20	8.65	25.6	8.18	7.29	7.20
<b>Cost (\$mm)</b>											
Operating	0.90	0.95	3.6	0.92	1.04	1.10	1.20	4.3	1.19	1.13	1.12
General and administrative	0.14	0.16	0.6	0.14	0.18	0.18	0.19	0.7	0.19	0.18	0.18
Management	0.13	0.13	0.5	0.13	0.14	0.16	0.17	0.6	0.17	0.16	0.16
Other	(0.08)	(0.10)	(0.3)	(0.11)	0.35	(0.08)	(0.08)	0.1	(0.08)	(0.08)	(0.08)
Total	1.09	1.13	4.4	1.07	1.70	1.36	1.49	5.6	1.47	1.39	1.38
<b>Cash flow (\$mm)</b>	3.25	3.25	10.9	3.09	3.87	5.83	7.16	20.0	6.71	5.90	5.82
Depletion, deprec. & amort.	0.48	0.48	1.9	0.45	0.46	0.46	0.46	1.8	0.44	0.45	0.45
<b>Earnings (\$mm)</b>	2.77	2.78	9.0	2.64	3.40	5.37	6.70	18.1	6.27	5.46	5.37
Capital expenditures (\$mm)	0.21	0.10	0.4	0.04	0.13	0.15	0.15	0.5	0.15	0.15	0.15
<b>Cost ratios</b>											
Prod pay/revenue	4.9%	5.0%	4.7%	4.8%	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Operating cost (\$/mcf)	0.52	0.54	0.52	0.54	0.63	0.67	0.73	0.64	0.75	0.71	0.71
Depletion (\$/mcf)	0.28	0.27	0.28	0.27	0.28	0.28	0.28	0.28	0.28	0.28	0.28

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## Meter Reader

A Weekly Analysis

October 16, 2000

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

Volume Decline (%/yr):	11	Price Escalation Post 2006 (%/yr):	2.7
Volume Enhancement (%/yr):	9	Discount rate (%/yr):	7.2
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	14	U.S. 10 Year Yield (%/yr):	5.8

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 2000 through 2029													
	279	316	595	4.17	2479	398	347	282	1452	36.30	0.06	0.50	18.00
1999	29.2		29.2	2.16	63.1	12.1	8.8	9.1	33.1	0.83	0.02		
2000	29.2	1.9	31.1	3.36	104.4	13.3	14.6	13.5	63.0	1.58	0.02	0.97	1.54
2001	26.0	4.5	30.5	4.80	146.3	13.3	20.5	27.0	85.6	2.14	0.02	0.90	1.95
2002	23.4	6.7	30.1	4.25	128.1	13.3	17.9	23.2	73.6	1.84	0.02	0.84	1.56
2003	21.1	8.7	29.8	3.85	114.8	13.3	16.1	20.5	64.9	1.62		0.78	1.27
2004	19.0	10.4	29.4	3.62	106.4	13.3	14.9	18.8	59.5	1.49		0.73	1.09
2005	17.1	11.9	29.0	3.50	101.7	13.3	14.2	17.8	56.4	1.41		0.68	0.96
2006	15.4	13.2	28.6	3.41	97.7	13.3	13.7	17.0	53.8	1.34		0.64	0.86
2007	13.9	14.3	28.2	3.50	98.9	13.3	13.8	17.2	54.6	1.36		0.59	0.81
2008	12.5	15.3	27.8	3.60	100.1	13.3	14.0	17.5	55.3	1.38		0.55	0.77
2009	11.3	16.1	27.4	3.69	101.2	13.3	14.2	17.7	56.1	1.40		0.52	0.72
2010	10.2	16.8	27.0	3.79	102.4	13.3	14.3	17.9	56.8	1.42		0.48	0.68
2011	9.2	17.4	26.6	3.90	103.5	13.3	14.5	18.2	57.5	1.44		0.45	0.65
2012	8.2	17.9	26.1	4.00	104.5	13.3	14.6	18.4	58.2	1.46		0.42	0.61
2013	7.4	18.3	25.7	4.11	105.6	13.3	14.8	18.6	58.9	1.47		0.39	0.58
2014	6.7	18.6	25.3	4.22	106.6	13.3	14.9	18.8	59.6	1.49		0.36	0.54
2015	6.0	16.5	22.5	4.33	97.7	13.3	13.7		70.8	1.77		0.34	0.60
2016	5.4	14.7	20.1	4.45	89.6	13.3	12.5		63.8	1.60		0.32	0.51
2017	4.9	13.1	18.0	4.57	82.2	13.3	11.5		57.4	1.44		0.30	0.43
2018	4.4	11.6	16.1	4.70	75.4	13.3	10.6		51.6	1.29		0.28	0.36
2019	4.0	10.4	14.3	4.82	69.1	13.3	9.7		46.2	1.15		0.26	0.30
2020	3.6	9.2	12.8	4.95	63.4	13.3	8.9		41.3	1.03		0.24	0.25
2021	3.2	8.2	11.4	5.09	58.2	13.3	8.1		36.7	0.92		0.22	0.21
2022	2.9	7.3	10.2	5.22	53.3	13.3	7.5		32.6	0.81		0.21	0.17
2023	2.6	6.5	9.1	5.36	48.9	13.3	6.8		28.8	0.72		0.20	0.14
2024	2.4	5.8	8.1	5.51	44.9	13.3	6.3		25.3	0.63		0.18	0.12
2025	2.1	5.2	7.3	5.66	41.2	13.3	5.8		22.1	0.55		0.17	0.09
2026	1.9	4.6	6.5	5.81	37.8	13.3	5.3		19.2	0.48		0.16	0.08
2027	1.7	4.1	5.8	5.97	34.6	13.3	4.8		16.5	0.41		0.15	0.06
2028	1.6	3.6	5.2	6.13	31.8	13.3	4.4		14.0	0.35		0.14	0.05
2029	1.4	3.2	4.6	6.29	29.1	13.3	4.1		11.8	0.29		0.13	0.04

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A Weekly Analysis  
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**Table HGT-2**  
**Hugoton Royalty Trust**  
**Distributable Income Model**

	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>
	<i>9/30/99</i>	<i>12/31/99</i>	<i>1999</i>	<i>3/31/00</i>	<i>6/30/00</i>	<i>9/30/00</i>	<i>12/31/00</i>	<i>2000E</i>	<i>3/31/01</i>	<i>6/30/01</i>	<i>9/30/01</i>
<b>Highlights</b>											
Revenue (\$mm) (80%)	16.8	20.4	63.1	20.0	19.8	28.3	36.3	104.4	40.4	35.3	33.3
Cash flow (\$mm) (80%)	11.5	14.4	42.2	14.1	13.9	20.9	27.9	76.7	31.5	27.2	25.4
Per unit	0.29	0.36	1.06	0.35	0.35	0.52	0.70	1.92	0.79	0.68	0.64
Tax credit (\$mm)	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2
Per unit	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01
Distributable Income (\$mm)	8.5	12.2	33.1	10.9	11.3	16.2	24.6	63.0	28.2	23.9	22.1
Per unit	0.21	0.30	0.83	0.27	0.28	0.40	0.62	1.58	0.70	0.60	0.55
<b>Units</b> (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>Volume</b>											
Natural Gas (bcf)	9.5	9.6	34.2	9.7	8.6	9.1	9.0	36.4	8.9	8.5	8.7
Natural Gas (mmcf)	103.4	104.2	102.1	105.5	96.0	98.4	97.4	99.6	96.4	95.4	94.5
Days	92	92	335	92	90	92	92	366	92	89	92
Oil (mb)	104	103	388	100	105	106	105	415	104	99	102
Oil (mbd)	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1
Days	92	92	342	92	90	92	92	366	92	89	92
Total (bcf)	10.1	10.2	36.5	10.3	9.3	9.7	9.6	38.8	9.5	9.1	9.3
<b>Price</b>											
Natural Gas (HH lagged two months)											
Henry Hub (\$/mmbtu)	2.27	2.66	2.18	2.35	2.82	3.94	4.99	3.53	5.60	5.12	4.73
HGT (\$/mcf)	2.01	2.42	2.12	2.32	2.54	3.57	4.69	3.26	5.30	4.82	4.43
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.39	26.07	28.33	30.12	32.89	29.35	34.22	32.50	31.01
HGT	18.18	21.72	16.53	25.19	27.63	29.12	31.89	28.49	33.22	31.50	30.01
Total (\$/mcf)	2.07	2.49	2.16	2.43	2.68	3.65	4.73	3.36	5.32	4.85	4.47
<b>Revenue</b> (\$mm)											
Natural Gas	19.1	23.2	72.5	22.5	21.9	32.3	42.0	118.7	47.0	40.9	38.5
Oil	1.9	2.2	6.4	2.5	2.9	3.1	3.3	11.8	3.4	3.1	3.0
Total	21.0	25.4	78.9	25.0	24.8	35.4	45.3	130.5	50.5	44.1	41.6
<b>Cost</b> (\$mm)											
Tax, transport & other	2.1	2.6	8.3	2.4	2.4	3.5	4.5	12.9	5.0	4.4	4.2
Production	2.8	3.0	11.0	3.3	3.2	3.9	4.1	14.5	4.3	3.9	3.9
Overhead	1.8	1.7	6.9	1.7	1.8	1.9	1.8	7.2	1.8	1.7	1.8
Total	6.6	7.4	26.2	7.4	7.4	9.3	10.5	34.6	11.1	10.1	9.8
<b>Cash flow</b> (\$mm)	14.4	18.1	52.8	17.6	17.4	26.1	34.9	95.9	39.3	34.0	31.8
Development	3.7	2.8	11.3	3.9	3.3	5.8	4.0	16.9	4.0	4.0	4.0
<b>Net proceeds</b> (\$mm)	10.7	15.2	41.4	13.7	14.1	20.3	30.9	79.0	35.3	30.0	27.8
<b>Royalty income</b> (\$mm)											
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.2	0.1	0.1	0.1
<b>Distributable income</b> (\$mm)	8.5	12.2	33.1	10.9	11.3	16.2	24.6	63.0	28.2	23.9	22.1
<b>Cost ratios</b>											
Tax and other/revenue	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Production cost (\$/mcf)	0.28	0.29	0.30	0.32	0.35	0.40	0.43	0.37	0.45	0.43	0.42
Overhead cost (\$/mcf)	0.17	0.17	0.19	0.17	0.19	0.20	0.19	0.19	0.19	0.19	0.19

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 year of operations includes only eleven months of actual production from December 1998 through October 1999.

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## Meter Reader

A Weekly Analysis

October 16, 2000

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

Volume Decline (%/yr):	9	Price Escalation Post 2006 (%/yr):	2.7
Volume Enhancement (%/yr):	7	Discount rate (%/yr):	7.2
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	5.8

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 2000 through 2029													
	309	287	596	4.00	2383	255	286	277	1567	33.64	0.48	0.47	16.10
1999	30.3		30.3	1.76	53.2	7.2	6.4	7.9	31.8	0.68	0.16		
2000	27.8	4.5	32.3	3.06	99.0	8.5	11.9	14.5	66.6	1.43	0.16	0.97	1.53
2001	25.3	4.3	29.6	4.38	129.6	8.5	15.6	25.3	80.2	1.72	0.16	0.90	1.70
2002	23.2	6.0	29.2	3.88	113.1	8.5	13.6	21.8	69.2	1.48	0.16	0.84	1.38
2003	21.3	7.5	28.8	3.51	101.1	8.5	12.1	19.3	61.1	1.31		0.78	1.03
2004	19.5	8.8	28.3	3.47	98.3	8.5	11.8	18.7	59.3	1.27		0.73	0.93
2005	17.9	10.0	27.9	3.36	93.8	8.5	11.3	17.8	56.3	1.21		0.68	0.82
2006	16.4	11.1	27.5	3.27	89.9	8.5	10.8	17.0	53.7	1.15		0.64	0.73
2007	15.1	12.0	27.1	3.36	90.9	8.5	10.9	17.2	54.3	1.17		0.59	0.69
2008	13.8	12.8	26.6	3.45	91.9	8.5	11.0	17.4	55.0	1.18		0.55	0.65
2009	12.7	13.5	26.2	3.54	92.8	8.5	11.1	17.6	55.6	1.19		0.52	0.62
2010	11.6	14.1	25.8	3.64	93.8	8.5	11.3	17.8	56.3	1.21		0.48	0.58
2011	10.7	14.7	25.4	3.73	94.7	8.5	11.4	18.0	56.9	1.22		0.45	0.55
2012	9.8	15.1	24.9	3.84	95.6	8.5	11.5	18.2	57.5	1.23		0.42	0.52
2013	9.0	15.5	24.5	3.94	96.5	8.5	11.6	18.3	58.1	1.25		0.39	0.49
2014	8.2	15.8	24.1	4.05	97.4	8.5	11.7	18.5	58.7	1.26		0.36	0.46
2015	7.6	14.4	22.0	4.16	91.3	8.5	11.0		71.8	1.54		0.34	0.52
2016	6.9	13.1	20.1	4.27	85.6	8.5	10.3		66.8	1.43		0.32	0.46
2017	6.4	11.9	18.3	4.38	80.2	8.5	9.6		62.1	1.33		0.30	0.39
2018	5.8	10.9	16.7	4.50	75.2	8.5	9.0		57.6	1.24		0.28	0.34
2019	5.4	9.9	15.2	4.62	70.4	8.5	8.5		53.5	1.15		0.26	0.30
2020	4.9	9.0	13.9	4.75	66.0	8.5	7.9		49.6	1.06		0.24	0.26
2021	4.5	8.2	12.7	4.88	61.9	8.5	7.4		46.0	0.99		0.22	0.22
2022	4.1	7.4	11.6	5.01	58.0	8.5	7.0		42.5	0.91		0.21	0.19
2023	3.8	6.8	10.6	5.14	54.4	8.5	6.5		39.3	0.84		0.20	0.16
2024	3.5	6.2	9.6	5.28	51.0	8.5	6.1		36.3	0.78		0.18	0.14
2025	3.2	5.6	8.8	5.42	47.8	8.5	5.7		33.5	0.72		0.17	0.12
2026	2.9	5.1	8.0	5.57	44.8	8.5	5.4		30.9	0.66		0.16	0.11
2027	2.7	4.6	7.3	5.72	42.0	8.5	5.0		28.4	0.61		0.15	0.09
2028	2.5	4.2	6.7	5.87	39.3	8.5	4.7		26.1	0.56		0.14	0.08
2029	2.3	3.8	6.1	6.03	36.9	8.5	4.4		24.0	0.51		0.13	0.07

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# Meter Reader

A Weekly Analysis

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

	Q3 9/30/99	Q4 12/31/99	Year 1999	Q1 3/31/00	Q2 6/30/00	Q3E 9/30/00	Q4E 12/31/00	Year 2000E	Q1E 3/31/01	Q2E 6/30/01	Q3E 9/30/01
<b>Highlights</b>											
Revenue (\$mm) (75%)	13.0	17.4	53.2	17.3	19.3	28.8	33.7	99.0	40.8	37.3	34.6
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	23.9	27.8	78.7	34.2	31.2	28.7
Per unit	0.21	0.29	0.85	0.28	0.29	0.51	0.60	1.69	0.73	0.67	0.62
Tax credit (\$mm)	1.9	2.5	7.6	1.9	1.9	1.9	1.9	7.5	1.9	1.9	1.9
Per unit	0.04	0.05	0.16	0.04	0.04	0.04	0.04	0.16	0.04	0.04	0.04
Distributable Income (\$mm)	7.8	11.3	31.8	9.9	13.2	19.7	23.9	66.6	30.3	27.0	25.1
Per unit	0.17	0.24	0.68	0.21	0.28	0.42	0.51	1.43	0.65	0.58	0.54
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Volume</b>											
Natural gas (mmbtu)											
Conventional	5.5	6.7	26.9	7.0	7.1	8.4	7.2	29.6	7.1	6.9	7.0
Coal Seam	3.3	3.5	14.4	3.6	3.9	4.0	3.9	15.3	3.8	3.7	3.7
Total	8.8	10.3	41.3	10.6	11.0	12.4	11.0	45.0	10.9	10.6	10.7
Conventional (btu/cf)	1,006	1,159	1,142	1,173	1,130	1,257	1,142	1,177	1,142	1,142	1,142
Coal Seam (btu/cf)	881	881	881	881	881	878	881	880	881	881	881
Natural gas (bcf)											
Conventional	5.5	5.8	23.5	5.9	6.3	6.7	6.3	25.2	6.2	6.0	6.1
Coal Seam	3.8	4.0	16.4	4.1	4.4	4.5	4.4	17.4	4.3	4.2	4.2
Total	9.3	9.8	39.9	10.1	10.7	11.2	10.7	42.6	10.6	10.2	10.4
Natural Gas (mmcf)	100.6	106.7	109.4	109.6	118.5	121.6	116.0	116.4	114.8	113.7	112.6
Days	92	92	365	92	90	92	92	366	92	90	92
Oil (mb)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Oil (mbd)	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Days	92	92	365	92	90	92	92	366	92	90	92
Total gas & oil (bcf)	9.4	9.9	40.4	10.2	10.8	11.3	10.8	43.1	10.7	10.3	10.5
<b>Price</b>											
Natural gas (\$/mmbtu) (Henry Hub lagged two months)											
Henry Hub (\$/mmbtu)	2.27	2.66	2.17	2.35	2.82	3.94	4.99	3.53	5.60	5.12	4.73
Differential (\$/mmbtu)	0.04	0.38	0.35	0.19	0.47	0.80	0.90	0.57	0.60	0.40	0.40
SJT Conventional	2.09	2.27	1.75	2.17	2.36	3.14	4.09	2.95	5.00	4.72	4.33
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.92	3.89	2.77	4.80	4.52	4.13
Total	1.93	2.22	1.69	2.12	2.30	3.07	4.02	2.89	4.93	4.65	4.26
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.95	4.67	3.48	5.71	5.39	4.95
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.56	3.42	2.44	4.23	3.98	3.64
Total	1.84	2.32	1.75	2.23	2.37	3.39	4.16	3.05	5.11	4.81	4.41
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	33.37	29.47	28.79	32.50	31.01
SJT	15.71	20.66	14.25	22.48	21.66	26.12	29.37	24.63	24.79	28.50	27.01
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.40	4.16	3.06	5.10	4.81	4.41
<b>Revenue (\$mm)</b>											
Natural Gas - Conventional	11.5	15.2	47.1	15.1	16.8	26.3	29.4	87.6	35.6	32.5	30.2
Coal Seam	5.5	7.6	22.8	7.4	8.5	11.6	15.0	42.4	18.3	16.7	15.5
Total	17.0	22.8	69.9	22.5	25.2	37.9	44.4	130.0	53.9	49.2	45.7
Oil	0.3	0.4	1.0	0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.5
Total	17.3	23.2	71.0	23.0	25.7	38.4	44.9	132.0	54.4	49.8	46.2
<b>Cost (\$mm)</b>											
Severance tax	1.8	2.4	7.3	2.2	2.3	3.5	4.6	12.6	5.6	5.1	4.8
Operating	2.2	2.9	10.8	3.1	5.2	3.1	3.2	14.5	3.2	3.1	3.1
Total	4.0	5.3	18.1	5.4	7.5	6.5	7.8	27.2	8.8	8.2	7.9
<b>Cash flow (\$mm)</b>											
Development	2.7	2.6	10.6	4.6	4.8	5.0	5.0	19.4	5.0	5.3	4.6
<b>Net proceeds (\$mm)</b>	10.5	15.3	42.3	13.1	13.5	26.9	32.1	85.5	40.6	36.3	33.8
<b>Royalty income (\$mm)</b>											
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.1	0.2	0.8	0.2	0.4	0.5	0.2	1.3	0.2	0.2	0.2
One-time			0.9	0.3	3.5			3.7			
<b>Distributable income (\$mm)</b>	7.8	11.3	31.8	9.9	13.2	19.7	23.9	66.6	30.3	27.0	25.1
<b>Modeling ratios</b>											
Severance tax/revenue	10.4%	10.3%	10.3%	9.8%	9.0%	9.0%	10.3%	9.6%	10.3%	10.3%	10.3%
Operating cost (\$/mcf)	0.24	0.29	0.27	0.30	0.48	0.27	0.30	0.34	0.30	0.30	0.30

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