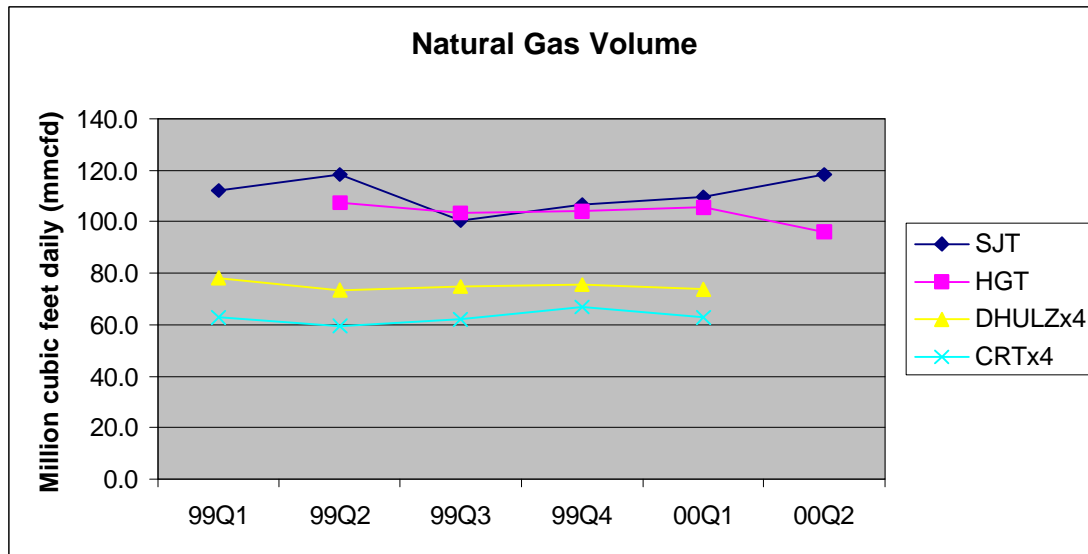


San Juan Basin Royalty Trust (SJT – 9.625) Three Quarters of Consecutive Volume Gains

A favorable volume trend adds to the good news of a special distribution to holders of SJT units. From the artificially low volume of the third quarter last year, volumes have been gaining to reach the high level of the second quarter last year (see graphic). We expect volume gains because the operator of the trust's properties is spending heavily on new producing capacity. Apparently future volumes will also be boosted by recovery of amounts understated in the past. A one-time payment next month is intended for restitution of the same shortfalls.



Investors who received monthly income last week of \$0.05 per unit will receive monthly proceeds in July of \$0.165 consisting of \$0.09 regular distribution and \$0.075 special. Meanwhile the regular distribution to be made in August and to be declared in July will be the first to reflect the steep ascent in natural gas price in May. About \$0.13 is in our projections that total \$1.70 for the next twelve months.

These are happy times for holders of San Juan Basin Royalty Trust. The income alone is enough to justify ownership. At current futures prices there also appears to be appreciation potential to \$12.50 (see Table SJT-1).

Kurt H. Wulff, CFA

McDep Associates

Research Note

June 20, 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):	7.4
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	6.0

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	286	594	3.22	1915	264	230	217	1207	25.89	0.48	0.47	12.50
1999	30.3		30.3	1.76	53.2	7.2	6.4	7.9	31.8	0.68	0.16		
2000	27.8	3.1	30.9	3.12	96.3	8.8	11.6	15.3	63.4	1.36	0.16	0.97	1.47
2001	25.3	4.3	29.6	3.56	105.4	8.8	12.6	20.1	63.8	1.37	0.16	0.90	1.37
2002	23.2	6.0	29.2	3.05	88.9	8.8	10.7	16.7	52.8	1.13	0.16	0.84	1.08
2003	21.3	7.5	28.8	2.75	79.2	8.8	9.5	14.6	46.3	0.99		0.78	0.77
2004	19.5	8.8	28.3	2.70	76.6	8.8	9.2	14.1	44.5	0.96		0.73	0.69
2005	17.9	10.0	27.9	2.64	73.8	8.8	8.9	13.5	42.7	0.92		0.68	0.62
2006	16.4	11.1	27.5	2.61	71.7	8.8	8.6	13.0	41.2	0.89		0.63	0.56
2007	15.1	12.0	27.1	2.68	72.5	8.8	8.7	13.2	41.8	0.90		0.59	0.53
2008	13.8	12.8	26.6	2.75	73.2	8.8	8.8	13.4	42.3	0.91		0.55	0.50
2009	12.7	13.5	26.2	2.82	74.0	8.8	8.9	13.5	42.8	0.92		0.51	0.47
2010	11.6	14.1	25.8	2.90	74.8	8.8	9.0	13.7	43.3	0.93		0.47	0.44
2011	10.7	14.7	25.4	2.98	75.5	8.8	9.1	13.8	43.8	0.94		0.44	0.42
2012	9.8	15.1	24.9	3.06	76.3	8.8	9.2	14.0	44.3	0.95		0.41	0.39
2013	9.0	15.5	24.5	3.14	77.0	8.8	9.2	14.1	44.8	0.96		0.38	0.37
2014	8.2	15.8	24.1	3.23	77.7	8.8	9.3	14.3	45.3	0.97		0.36	0.35
2015	7.6	14.4	22.0	3.31	72.8	8.8	8.7		55.3	1.19		0.33	0.39
2016	6.9	13.1	20.1	3.40	68.3	8.8	8.2		51.3	1.10		0.31	0.34
2017	6.4	11.9	18.3	3.50	64.0	8.8	7.7		47.5	1.02		0.29	0.29
2018	5.8	10.9	16.7	3.59	60.0	8.8	7.2		44.0	0.94		0.27	0.25
2019	5.4	9.9	15.2	3.69	56.2	8.8	6.7		40.7	0.87		0.25	0.22
2020	4.9	9.0	13.9	3.79	52.7	8.8	6.3		37.6	0.81		0.23	0.19
2021	4.5	8.2	12.7	3.89	49.4	8.8	5.9		34.7	0.74		0.22	0.16
2022	4.1	7.4	11.6	4.00	46.3	8.8	5.6		31.9	0.69		0.20	0.14
2023	3.8	6.8	10.6	4.11	43.4	8.8	5.2		29.4	0.63		0.19	0.12
2024	3.5	6.2	9.6	4.22	40.7	8.8	4.9		27.0	0.58		0.18	0.10
2025	3.2	5.6	8.8	4.33	38.1	8.8	4.6		24.8	0.53		0.16	0.09
2026	2.9	5.1	8.0	4.45	35.8	8.8	4.3		22.7	0.49		0.15	0.07
2027	2.7	4.6	7.3	4.57	33.5	8.8	4.0		20.7	0.44		0.14	0.06
2028	2.5	4.2	6.7	4.69	31.4	8.8	3.8		18.9	0.40		0.13	0.05
2029	2.3	3.8	6.1	4.82	29.5	8.8	3.5		17.1	0.37		0.12	0.05

Analyses are prepared from original sources and data believed to be reliable, but no representations are made as to their accuracy or completeness. This summary with supporting documentation is available free at <http://royaltytrusts.intranets.com>. Registration code: sanjuan

McDep Associates

Research Note

June 20, 2000

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

	Q2	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E
	6/30/99	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
Highlights											
Revenue (\$mm) (75%)	10.8	13.0	17.4	53.2	17.3	19.2	28.9	30.8	96.3	31.1	26.6
Cash flow (\$mm) (75%)	7.5	9.9	13.4	39.6	13.3	13.6	23.7	25.4	75.9	25.7	21.7
Per unit	0.16	0.21	0.29	0.85	0.28	0.29	0.51	0.55	1.63	0.55	0.47
Tax credit (\$mm)	1.4	1.9	2.5	7.6	1.9	1.9	1.9	1.9	7.5	1.9	1.9
Per unit	0.03	0.04	0.05	0.16	0.04	0.04	0.04	0.04	0.16	0.04	0.04
Distributable Income (\$mm)	5.9	7.8	11.3	31.8	9.9	13.2	19.3	21.1	63.4	21.3	17.5
Per unit	0.13	0.17	0.24	0.68	0.21	0.28	0.41	0.45	1.36	0.46	0.38
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	7.4	5.5	6.7	26.9	7.0	7.1	6.8	6.7	27.5	6.6	6.4
Coal Seam	3.8	3.3	3.5	14.4	3.6	3.9	3.6	3.6	14.7	3.5	3.4
Total	11.2	8.8	10.3	41.3	10.6	11.0	10.4	10.3	42.2	10.2	9.9
Conventional (btu/cf)											
	1,196	1,006	1,159	1,142	1,173	1,130	1,142	1,142	1,142	1,142	1,142
Coal Seam (btu/cf)											
	881	881	881	881	881	881	881	881	881	881	881
Natural gas (bcf)											
Conventional	6.2	5.5	5.8	23.5	5.9	6.3	5.9	5.9	24.0	5.8	5.6
Coal Seam	4.3	3.8	4.0	16.4	4.1	4.4	4.1	4.1	16.7	4.0	3.9
Total	10.5	9.3	9.8	39.9	10.1	10.7	10.0	9.9	40.7	9.8	9.5
Natural Gas (mmcf)											
Days	89	92	92	365	92	90	92	92	366	92	90
Oil (mb)											
	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Oil (mbd)											
Days	89	92	92	365	92	90	92	92	366	92	90
Total gas & oil (bcf)	10.6	9.4	9.9	40.4	10.2	10.8	10.1	10.0	41.2	9.9	9.6
Price											
Natural gas (\$/mmbtu) (Henry Hub lagged two months)											
Henry Hub (\$/mmbtu)	1.89	2.27	2.66	2.17	2.35	2.82	4.13	4.43	3.43	4.50	4.03
Differential (\$/mmbtu)	0.60	0.04	0.38	0.35	0.19	0.47	0.40	0.40	0.38	0.40	0.40
SJT Conventional	1.29	2.09	2.27	1.75	2.17	2.35	3.73	4.03	3.05	4.10	3.63
SJT Coal Seam	1.20	1.65	2.13	1.58	2.03	2.20	3.53	3.83	2.88	3.90	3.43
Total	1.26	1.93	2.22	1.69	2.12	2.30	3.66	3.96	2.99	4.03	3.56
Natural gas (\$/mcf)											
Conventional	1.54	2.11	2.63	2.00	2.54	2.67	4.26	4.60	3.50	4.68	4.14
Coal Seam	1.06	1.45	1.88	1.39	1.79	1.94	3.11	3.37	2.54	3.44	3.02
Total	1.34	1.84	2.32	1.75	2.23	2.37	3.79	4.10	3.11	4.17	3.68
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	14.67	18.57	22.59	17.02	26.07	28.33	30.91	29.12	28.60	28.71	25.99
SJT	12.72	15.71	20.66	14.25	22.48	24.33	26.91	25.12	24.57	24.71	21.99
Total gas & oil (\$/mcf)	1.35	1.85	2.33	1.76	2.25	2.38	3.80	4.10	3.12	4.17	3.68
Revenue (\$mm)											
Natural Gas - Conventional											
	9.6	11.5	15.2	47.1	15.1	16.8	25.2	26.9	84.0	27.1	23.3
Coal Seam											
	4.6	5.5	7.6	22.8	7.4	8.5	12.8	13.7	42.4	13.8	11.8
Total	14.1	17.0	22.8	69.9	22.5	25.2	38.0	40.7	126.4	41.0	35.0
Oil											
	0.2	0.3	0.4	1.0	0.5	0.4	0.5	0.5	1.9	0.5	0.4
Total	14.4	17.3	23.2	71.0	23.0	25.7	38.5	41.1	128.3	41.4	35.4
Cost (\$mm)											
Severance tax											
	1.5	1.8	2.4	7.3	2.2	2.6	4.0	4.2	13.1	4.3	3.6
Operating											
	2.8	2.2	2.9	10.8	3.1	4.9	3.0	3.0	14.0	2.9	2.9
Total	4.3	4.0	5.3	18.1	5.4	7.6	7.0	7.2	27.1	7.2	6.5
Cash flow (\$mm)											
Development	10.0	13.3	17.9	52.8	17.7	18.1	31.5	33.9	101.2	34.2	28.9
	3.0	2.7	2.6	10.6	4.6	4.8	5.6	5.6	20.5	5.6	5.3
Net proceeds (\$mm)											
	7.1	10.5	15.3	42.3	13.1	13.3	26.0	28.4	80.7	28.7	23.6
Royalty income (\$mm)											
	5.3	7.9	11.5	31.7	9.8	10.0	19.5	21.3	60.6	21.5	17.7
Royalty/Net proceeds											
	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration											
	0.2	0.1	0.2	0.8	0.2	0.3	0.2	0.2	0.9	0.2	0.2
One-time											
	0.9			0.9	0.3	3.5			3.7		
Distributable income (\$mm)											
	5.9	7.8	11.3	31.8	9.9	13.2	19.3	21.1	63.4	21.3	17.5
<i>Modeling ratios</i>											
Severance tax/revenue	10.2%	10.4%	10.3%	10.3%	9.8%	10.3%	10.3%	10.3%	10.2%	10.3%	10.3%
Operating cost (\$/mcf)	0.27	0.24	0.29	0.27	0.30	0.46	0.30	0.30	0.34	0.30	0.30

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