

San Juan Basin Royalty Trust (SJT - 11.88) October Distribution Low

Since one month does not a trend make, there is no change in our positive expectations for the investment performance of the San Juan Basin Royalty Trust. Compared to the trend of recent months, a declared distribution of \$0.10 a unit for October reflects low volume, low price and high deductions.

First, on volume there were warning signs. October was low last year (see volume chart). Moreover the operator of SJT's properties, Burlington Resources (BR), noted in its quarterly disclosures that high summer temperatures hindered operations:

"As previously reported, gas production was adversely impacted by processing and treating efficiency problems associated with summer heat in the San Juan Basin and continued mechanical downtime in the San Juan Basin....."

Second, on price we also noted earlier that the wellhead price in the San Juan Basin initially was not responding as fully as it should have to strengthening industry conditions. We noted in the Meter Reader dated September 11, 2000, that the price gap closed in September. Still August results were affected and the October distribution reflects operations in August. SJT's August price, reported in October, was actually down from July when the Henry Hub industry reference price was actually up (see price chart).

Third, deductions were also unusually high (see distributions and deductions chart). The main source of higher deductions is record development expenditures. Those outlays actually have a positive impact on future volume and present value. Here is what BR said in its third quarter earnings release about San Juan activity:

"BR is continuing to pursue production optimization projects on its Fruitland Coal properties. During the third quarter, the Company completed over 100 artificial lift and well bore recavitation projects. This ongoing program is designed to mitigate the decline of coal bed methane production now being experienced across the entire basin.

The Company's aggressive conventional gas exploitation initiative in the San Juan Basin continues to yield successful results. Over 100 Mesaverde, Dakota, Pictured Cliffs and Lewis shale formation projects were completed in the third quarter, bringing the total to approximately 325 completed year to date. There are a substantial number of similar projects remaining in the Company's exploitation inventory that will assist in the effort to offset Fruitland Coal production decline with new conventional gas production. BR hopes to emulate its Mesaverde exploitation

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success in the Dakota formation. Initial pilot results have been encouraging and two expanded pilot programs have been recommended for 2001. Successful results, along with regulatory approval, will provide significant inventory for future drilling."

Charts of volume, price, distributions and deductions follow the table below. After that we reprint our valuation calculations and distributions estimates for SJT detailed weekly in Meter Reader.

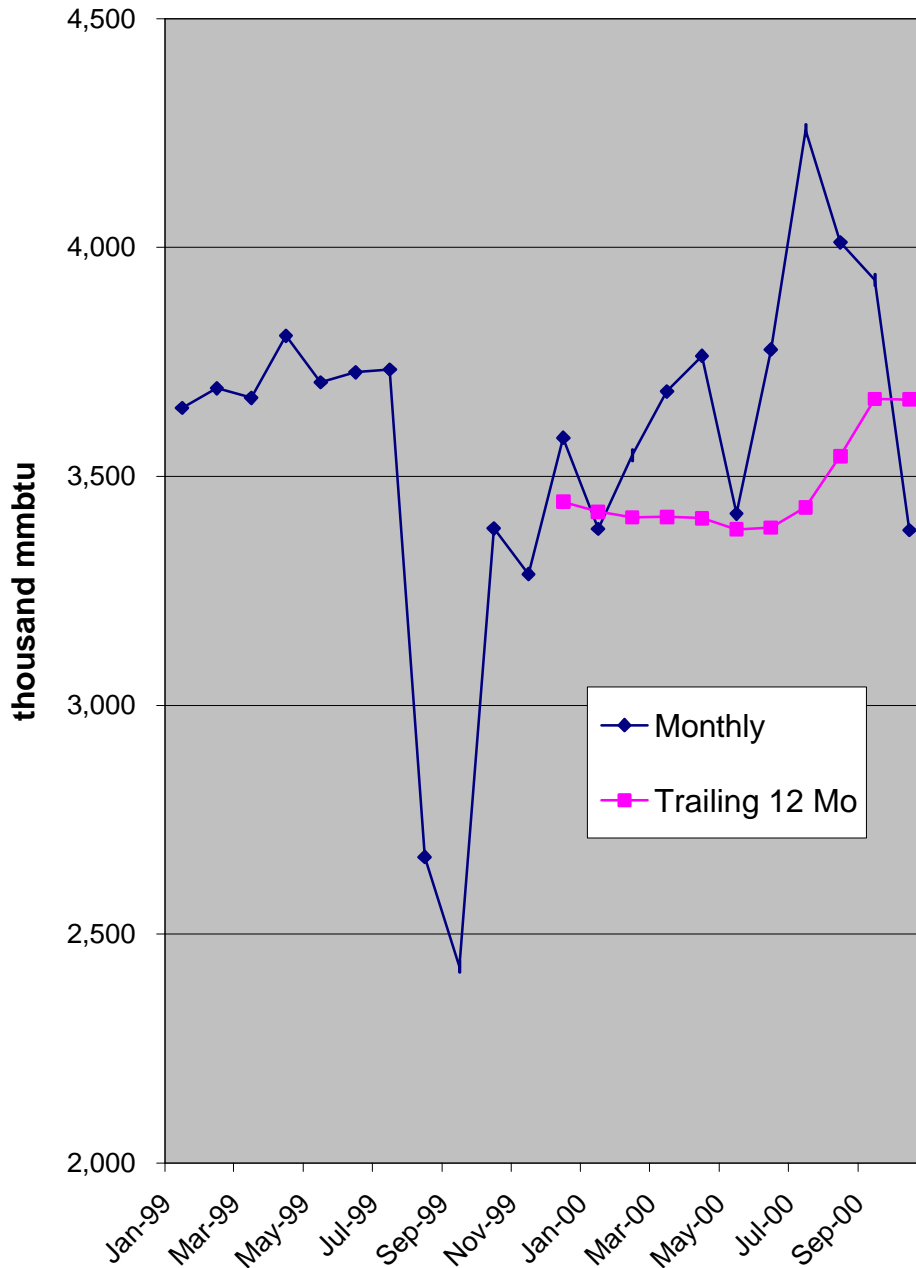
Kurt H. Wulff, CFA

San Juan Basin Royalty Trust Monthly Disclosures

	Volume (thousand mmbtu)		Price (\$/mmbtu)		Deductions (\$m)		Distributions	
	Monthly	12 Month	Henry Hub	SJT	Operating	Development	(\$m)	(\$/unit)
Jan-99	3,649		2.07	1.51	1,193	606	2,340	0.050
Feb-99	3,692		1.72	1.50	1,191	627	2,339	0.050
Mar-99	3,671		1.83	1.34	1,086	472	2,112	0.045
Apr-99	3,807		1.76	1.25	242	509	2,835	0.061
May-99	3,705		1.77	1.19	1,070	577	1,664	0.036
Jun-99	3,727		2.13	1.33	1,342	929	1,443	0.031
Jul-99	3,733		2.24	1.74	1,040	671	3,164	0.068
Aug-99	2,669		2.29	1.75	897	638	1,979	0.042
Sep-99	2,429		2.28	1.70	1,009	731	2,622	0.056
Oct-99	3,386		2.77	2.03	1,355	626	3,160	0.068
Nov-99	3,286		2.51	2.52	1,295	648	4,271	0.092
Dec-99	3,584	3,445	2.71	2.14	1,238	650	3,862	0.083
Jan-00	3,386	3,423	2.31	2.53	987	1,250	4,171	0.089
Feb-00	3,546	3,411	2.33	1.88	1,310	763	2,922	0.063
Mar-00	3,685	3,412	2.42	1.98	1,259	1,426	2,794	0.060
Apr-00	3,764	3,408	2.65	2.23	1,871	1,291	3,134	0.067
May-00	3,418	3,384	2.79	2.21	2,133	1,174	2,352	0.050
Jun-00	3,778	3,389	3.03	2.46	1,631	1,119	4,215	0.090
Jul-00	4,256	3,432	3.58	2.72	1,729	1,230	5,721	0.123
Aug-00	4,011	3,544	4.28	3.07	1,575	1,147	6,536	0.140
Sep-00	3,929	3,669	3.96	3.57	1,748	1,369	7,390	0.159
Oct-00	3,383	3,669	4.41	3.26	1,534	1,974	4,775	0.102

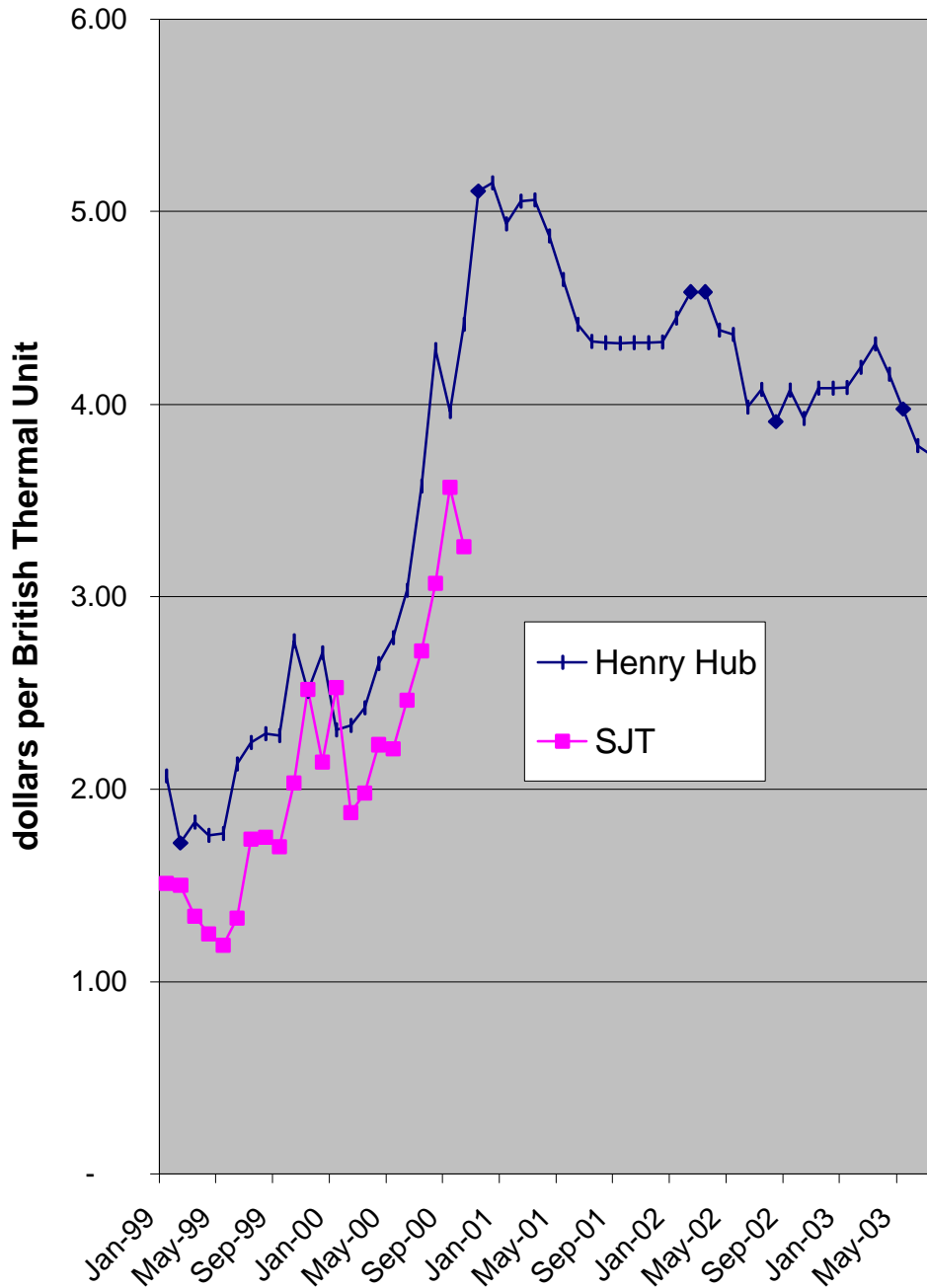
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San Juan Basin Royalty Trust Volume



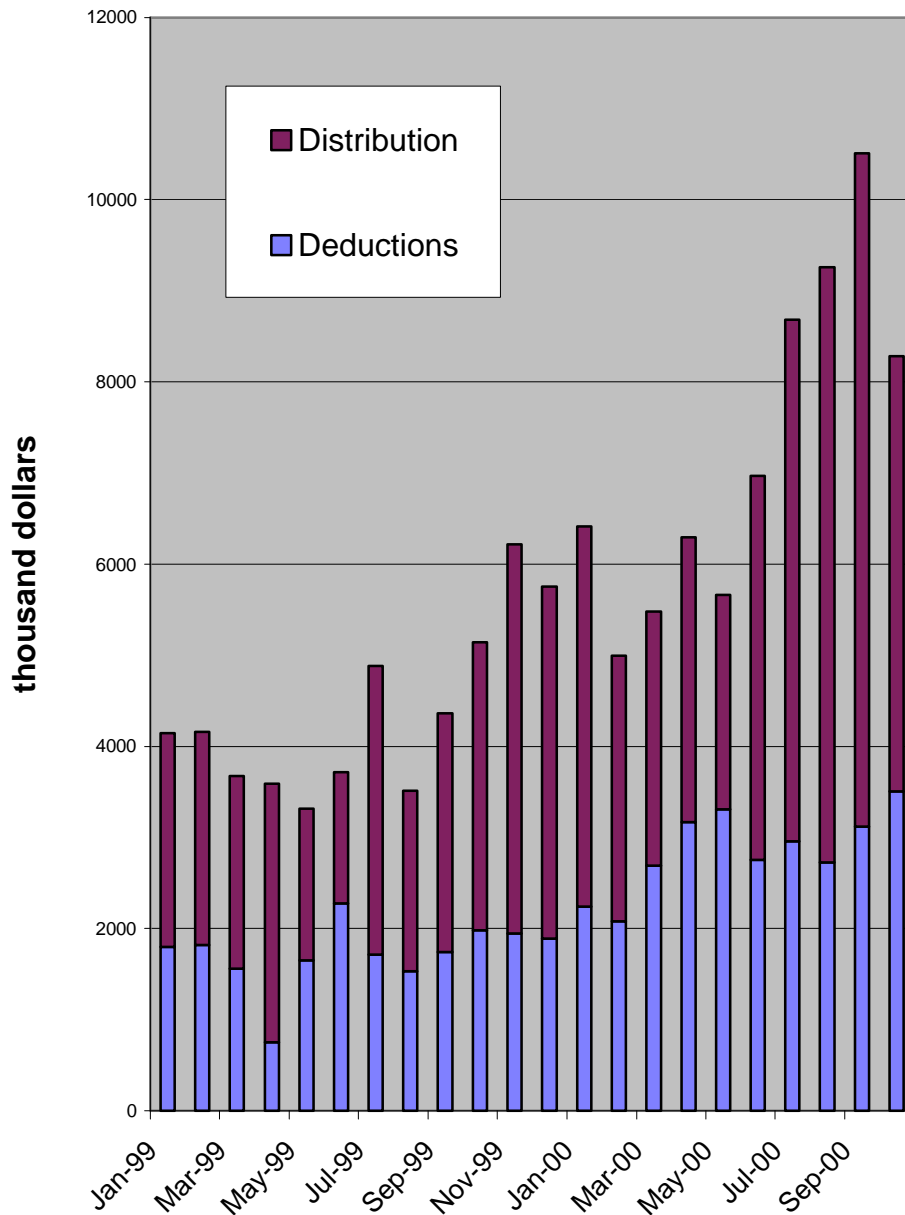
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San Juan Basin Royalty Trust Natural Gas Price



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San Juan Basin Royalty Trust Distributions and Deductions



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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):	7.1
Capex/Cash Flow (%):	24	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	5.7

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	3.71	2211	255	265	256	1437	30.84	0.48	0.48	15.00
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	3.04	98.2	8.5	11.8	14.5	65.9	1.41	0.16	0.97	1.52
2001	25.3	4.3	29.6	3.97	117.4	8.5	14.1	22.8	72.1	1.55	0.16	0.90	1.54
2002	23.2	6.0	29.2	3.65	106.5	8.5	12.8	20.5	64.8	1.39	0.16	0.84	1.30
2003	21.3	7.5	28.8	3.39	97.5	8.5	11.7	18.6	58.7	1.26		0.79	0.99
2004	19.5	8.8	28.3	3.22	91.2	8.5	10.9	17.2	54.6	1.17		0.73	0.86
2005	17.9	10.0	27.9	3.02	84.4	8.5	10.1	15.8	50.0	1.07		0.68	0.73
2006	16.4	11.1	27.5	3.02	83.1	8.5	10.0	15.5	49.1	1.05		0.64	0.67
2007	15.1	12.0	27.1	3.10	84.0	8.5	10.1	15.7	49.7	1.07		0.60	0.64
2008	13.8	12.8	26.6	3.19	84.9	8.5	10.2	15.9	50.3	1.08		0.56	0.60
2009	12.7	13.5	26.2	3.27	85.8	8.5	10.3	16.1	50.9	1.09		0.52	0.57
2010	11.6	14.1	25.8	3.36	86.6	8.5	10.4	16.3	51.5	1.10		0.48	0.54
2011	10.7	14.7	25.4	3.45	87.5	8.5	10.5	16.4	52.1	1.12		0.45	0.51
2012	9.8	15.1	24.9	3.54	88.4	8.5	10.6	16.6	52.6	1.13		0.42	0.48
2013	9.0	15.5	24.5	3.64	89.2	8.5	10.7	16.8	53.2	1.14		0.39	0.45
2014	8.2	15.8	24.1	3.74	90.0	8.5	10.8	17.0	53.7	1.15		0.37	0.42
2015	7.6	14.4	22.0	3.84	84.4	8.5	10.1		65.7	1.41		0.34	0.48
2016	6.9	13.1	20.1	3.94	79.1	8.5	9.5		61.1	1.31		0.32	0.42
2017	6.4	11.9	18.3	4.05	74.1	8.5	8.9		56.7	1.22		0.30	0.36
2018	5.8	10.9	16.7	4.16	69.4	8.5	8.3		52.6	1.13		0.28	0.32
2019	5.4	9.9	15.2	4.27	65.1	8.5	7.8		48.8	1.05		0.26	0.27
2020	4.9	9.0	13.9	4.39	61.0	8.5	7.3		45.2	0.97		0.24	0.24
2021	4.5	8.2	12.7	4.51	57.2	8.5	6.9		41.8	0.90		0.23	0.20
2022	4.1	7.4	11.6	4.63	53.6	8.5	6.4		38.7	0.83		0.21	0.18
2023	3.8	6.8	10.6	4.75	50.2	8.5	6.0		35.7	0.77		0.20	0.15
2024	3.5	6.2	9.6	4.88	47.1	8.5	5.6		32.9	0.71		0.18	0.13
2025	3.2	5.6	8.8	5.01	44.1	8.5	5.3		30.3	0.65		0.17	0.11
2026	2.9	5.1	8.0	5.15	41.4	8.5	5.0		27.9	0.60		0.16	0.10
2027	2.7	4.6	7.3	5.29	38.8	8.5	4.7		25.6	0.55		0.15	0.08
2028	2.5	4.2	6.7	5.43	36.3	8.5	4.4		23.5	0.50		0.14	0.07
2029	2.3	3.8	6.1	5.58	34.1	8.5	4.1		21.5	0.46		0.13	0.06

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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
Highlights											
Revenue (\$mm) (75%)	13.0	17.4	53.2	17.3	19.3	28.8	32.9	98.2	36.0	33.5	31.3
Cash flow (\$mm) (75%)	9.9	13.4	39.6	13.3	13.7	23.9	27.1	77.9	29.9	27.8	25.8
Per unit	0.21	0.29	0.85	0.28	0.29	0.51	0.58	1.67	0.64	0.60	0.55
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	23.1	65.9	26.0	23.6	22.1
Per unit	0.17	0.24	0.68	0.21	0.28	0.42	0.50	1.41	0.56	0.51	0.47
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	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
Natural gas (btu/cf)											
Conventional	1,006	1,159	1,142	1,173	1,130	1,257	1,142	1,177	1,142	1,142	1,142
Coal Seam	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/d)											
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
Price											
Natural gas (\$/mmbtu) (Henry Hub lagged two months)											
Henry Hub (\$/mmbtu)	2.27	2.66	2.17	2.35	2.82	3.94	4.89	3.50	5.02	4.65	4.32
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	3.99	2.93	4.42	4.25	3.92
SJT Coal Seam	1.65	2.13	1.58	2.03	2.20	2.92	3.79	2.74	4.22	4.05	3.72
Total	1.93	2.22	1.69	2.12	2.30	3.07	3.92	2.87	4.35	4.18	3.85
Natural gas (\$/mcf)											
Conventional	2.11	2.63	2.00	2.54	2.67	3.95	4.56	3.45	5.05	4.85	4.48
Coal Seam	1.45	1.88	1.39	1.79	1.94	2.56	3.34	2.42	3.72	3.56	3.28
Total	1.84	2.32	1.75	2.23	2.37	3.39	4.06	3.03	4.50	4.32	3.98
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	18.57	22.59	17.02	26.07	28.33	30.12	32.92	29.36	28.79	31.32	30.06
SJT	15.71	20.66	14.25	22.48	21.66	26.12	28.92	24.53	24.79	27.32	26.06
Total gas & oil (\$/mcf)	1.85	2.33	1.76	2.25	2.38	3.40	4.07	3.04	4.50	4.32	3.99
Revenue (\$mm)											
Natural Gas - Conventional											
	11.5	15.2	47.1	15.1	16.8	26.3	28.7	86.9	31.4	29.3	27.3
Coal Seam											
	5.5	7.6	22.8	7.4	8.5	11.6	14.6	42.1	16.1	15.0	13.9
Total	17.0	22.8	69.9	22.5	25.2	37.9	43.3	129.0	47.5	44.2	41.3
Oil											
Total	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	43.8	131.0	48.0	44.7	41.7
Cost (\$mm)											
Severance tax											
	1.8	2.4	7.3	2.2	2.3	3.5	4.5	12.5	4.9	4.6	4.3
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	7.7	27.1	8.1	7.7	7.4
Cash flow (\$mm)											
	13.3	17.9	52.8	17.7	18.2	31.9	36.1	103.9	39.9	37.0	34.3
Development											
	2.7	2.6	10.6	4.6	4.8	5.0	5.0	19.4	5.0	5.3	4.6
Net proceeds (\$mm)											
	10.5	15.3	42.3	13.1	13.5	26.9	31.1	84.6	34.9	31.7	29.8
Royalty income (\$mm)											
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			
Distributable income (\$mm)	7.8	11.3	31.8	9.9	13.2	19.7	23.1	65.9	26.0	23.6	22.1
Modeling ratios											
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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