

San Juan Basin Royalty Trust

Monthly Distribution Exceeds Estimate by 45%

Summary and Recommendation

The trustee of the San Juan Basin Royalty Trust declared a distribution of \$0.12 per unit for October on the basis of operations in August. Our estimate had been \$0.08. While we do not pretend to be able to project monthly numbers with great precision, this is the second month of the last three when reported volume was surprisingly high. Implied volume of 134 million cubic feet per day compared to 119 for the previous month and 123 for the previous 12 months. We would like to think that the reason is a better than expected response from the heavy capital spending last year by operator, Burlington Resources, but that is just speculation. Price was slightly higher than projected and expenses were somewhat lower than projected. In any event the positive surprises are welcome for the recommended stock.

Kurt H. Wulff, CFA