

## Natural Gas Royalty Trusts

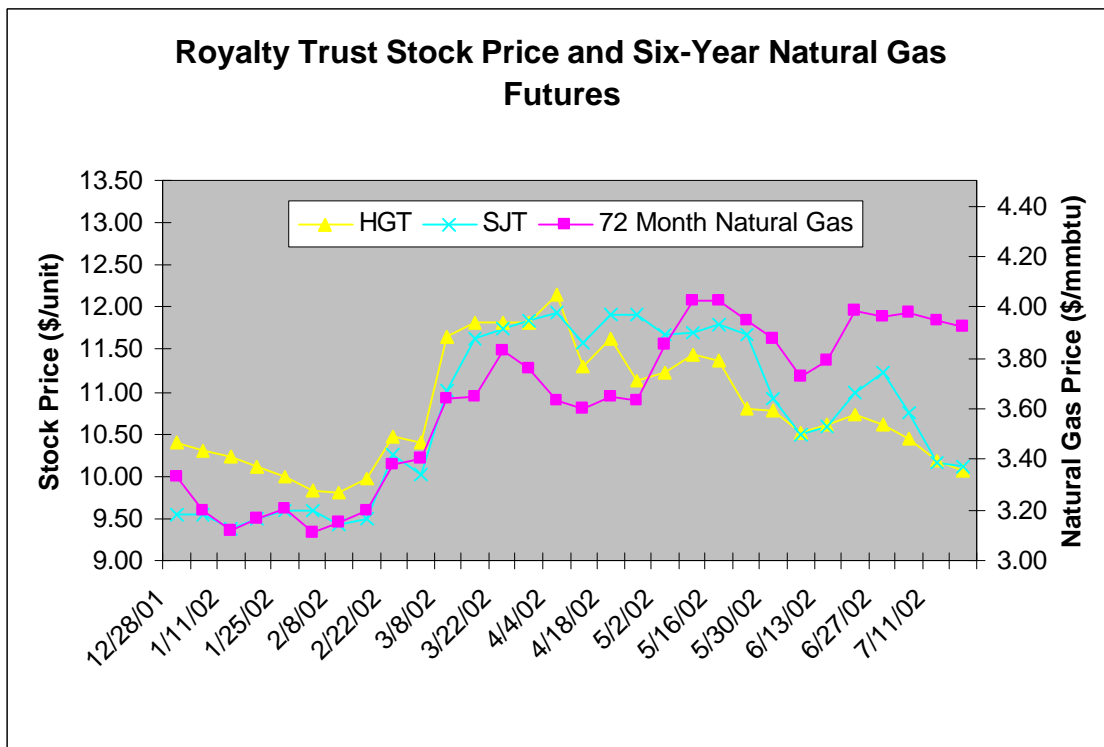
A Weekly Analysis

July 22, 2002

# Estimated Return Increasing

## Summary and Recommendation

Expressing the implications of our estimates as rate of return rather than present value leads to 13% per year for SJT currently, up from about 11% per year a few months ago. Declining stock and corporate bond prices can be interpreted to mean that investors are looking for higher returns on their investment than was the case earlier in the year. That may explain why stock prices for SJT and HGT have declined even though six-year natural gas price, the main indicator of trend in present value, has continued up (see chart). From peaks near \$12 in early April, unit price for SJT and HGT have declined to about \$10 per unit. At the same time six-year natural gas quotes have continued to trend upward from \$3.70 to about \$3.90 per mmbtu. The resulting increased estimated rate of return means to us that investment in the natural gas royalty trusts in our coverage is fully competitive in a broad risk and return context.



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#### Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 18-Jul 2002</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
Cross Timbers Royalty Trust	CRT	15.48	6.0	93	20.50	-	0.76
Hugoton RoyaltyTrust (46%)	HGT	10.07	18.4	190	15.90	-	0.63
San Juan Basin Royalty Trust	SJT 2	10.12	46.6	470	16.10	-	0.63

Buy/Sell rating after symbol: 1 - Strong Buy, 2 - Buy, 3 - Neutral, 4 - Sell, 5 - Strong Sell

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

#### Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 18-Jul 2002</i>	<i>EV/ Sales NTM</i>	<i>EV/ Ebitda NTM</i>	<i>P/E NTM</i>	<i>Dividend or Distribution NTM (%)</i>	<i>PV/ Ebitda NTM</i>
Cross Timbers Royalty Trust	CRT	15.48	5.8	8.3	9	11.1	11.0
Hugoton RoyaltyTrust (46%)	HGT	10.07	4.5	6.8	10	10.1	10.7
San Juan Basin Royalty Trust	SJT 2	10.12	5.2	6.8	9	10.6	10.8

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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July 22, 2002

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

Volume Decline (%/yr):	10	Price Escalation post 2007 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount Rate (%/yr):	6.0
		U.S. TIPS Inflation (%/yr):	1.7
		U.S. 10 Year Yield (%/yr):	4.6

PV/Volume (\$/mcf):	2.65	PV/EBITDA 2002:	11.3
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Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Oil		Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)	
	Basic (bcf)	Enhanced (bcf)	Total (bcf)			Net (\$mm)	Distribution (\$/unit)				
Total 2003 through 2032; years ending on 6/30											
	26	20	46	4.43	206	7	212	35.37	0.05	0.58	<b>20.50</b>
2003	2.7	0.0	2.7	3.30	9.0	1.3	10.3	1.72	0.05	0.97	1.72
2004	2.5	0.3	2.7	3.68	10.0	1.2	11.3	1.88		0.92	1.72
2005	2.2	0.5	2.7	3.80	10.4	1.0	11.3	1.89		0.86	1.63
2006	2.0	0.7	2.7	3.78	10.3	0.8	11.1	1.85		0.82	1.51
2007	1.8	0.9	2.7	3.80	10.4	0.7	11.0	1.84		0.77	1.42
2008	1.6	1.1	2.7	3.89	10.6	0.6	11.2	1.87		0.73	1.35
2009	1.4	1.3	2.7	3.99	10.9	0.6	11.4	1.91		0.68	1.30
2010	1.3	1.4	2.7	4.09	11.2	0.5	11.7	1.95		0.65	1.26
2011	1.2	1.6	2.7	4.20	11.4		11.4	1.91		0.61	1.16
2012	1.1	1.4	2.5	4.30	10.6		10.6	1.76		0.57	1.01
2013	1.0	1.3	2.2	4.41	9.7		9.7	1.62		0.54	0.88
2014	0.9	1.1	2.0	4.52	9.0		9.0	1.50		0.51	0.77
2015	0.8	1.0	1.8	4.64	8.3		8.3	1.38		0.48	0.67
2016	0.7	0.9	1.6	4.75	7.7		7.7	1.28		0.45	0.58
2017	0.6	0.8	1.4	4.87	7.1		7.1	1.18		0.43	0.50
2018	0.6	0.7	1.3	5.00	6.5		6.5	1.09		0.40	0.44
2019	0.5	0.7	1.2	5.12	6.0		6.0	1.00		0.38	0.38
2020	0.5	0.6	1.1	5.25	5.5		5.5	0.92		0.36	0.33
2021	0.4	0.5	1.0	5.39	5.1		5.1	0.85		0.34	0.29
2022	0.4	0.5	0.9	5.52	4.7		4.7	0.79		0.32	0.25
2023	0.3	0.4	0.8	5.66	4.4		4.4	0.73		0.30	0.22
2024	0.3	0.4	0.7	5.81	4.0		4.0	0.67		0.29	0.19
2025	0.3	0.4	0.6	5.95	3.7		3.7	0.62		0.27	0.17
2026	0.2	0.3	0.6	6.10	3.4		3.4	0.57		0.25	0.14
2027	0.2	0.3	0.5	6.26	3.2		3.2	0.53		0.24	0.13
2028	0.2	0.3	0.5	6.42	2.9		2.9	0.49		0.23	0.11
2029	0.2	0.2	0.4	6.58	2.7		2.7	0.45		0.21	0.10
2030	0.2	0.2	0.4	6.74	2.5		2.5	0.41		0.20	0.08
2031	0.1	0.2	0.3	6.92	2.3		2.3	0.38		0.19	0.07
2032	0.1	0.2	0.3	7.09	2.1		2.1	0.35		0.18	0.06

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## Natural Gas Royalty Trusts

### A Weekly Analysis

July 22, 2002

**Table CRT-2**  
**Cross Timbers Royalty Trust**  
**Distributable Income**

	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next</i>
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>Twelve</i>
								<i>Months</i>
								<i>6/30/03</i>
<b>Highlights</b>								
Tax credit (\$mm)								
Per unit	0.03	0.03	0.03	0.03	0.10			0.05
Distributable Income (\$mm)	1.80	1.72	2.59	2.44	8.56	2.62	2.68	10.33
Per unit	0.30	0.29	0.43	0.41	1.43	0.44	0.45	1.72
<b>Units</b> (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Volume</b>								
Natural Gas (bcf)	0.78	0.75	0.76	0.76	3.05	0.76	0.75	3.03
Natural Gas (mmcf)	8.5	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Days	92	90	91	92	365	92	90	365
Oil (mb)	83	80	83	83	330	83	80	330
Oil (mbd)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	3.61
Days	92	89	92	92	365	92	89	365
Total (bcf)	1.28	1.23	1.25	1.26	5.02	1.26	1.23	5.01
<b>Price</b>								
Natural Gas (HH lagged three months)								
Henry Hub (\$/mmbtu)	2.41	2.53	3.38	2.99	2.83	3.37	3.73	3.37
Differential (\$/mmbtu)	(0.13)	0.05	0.07	0.06	0.01	0.07	0.07	0.07
CRT (\$/mcf)	2.54	2.48	3.31	2.94	2.82	3.31	3.66	3.30
Oil (\$/bbl) (WTI lagged two months)								
WTI Cushing	19.56	23.80	26.59	27.43	24.34	26.71	25.95	26.67
CRT	17.28	21.80	24.59	25.43	22.28	24.71	23.95	24.67
Total (\$/mcf)	2.67	2.93	3.62	3.45	3.17	3.63	3.79	3.62
<b>Revenue</b> (\$mm)								
Natural Gas	1.98	1.85	2.50	2.24	8.58	2.52	2.73	10.00
Oil	1.44	1.75	2.04	2.11	7.34	2.05	1.92	8.13
Total	3.42	3.60	4.54	4.35	15.92	4.58	4.66	18.13
<b>Cost</b> (\$mm)								
Tax, transport & other	0.34	0.50	0.64	0.61	2.09	0.64	0.65	2.54
Production	0.75	0.75	0.75	0.75	3.00	0.75	0.75	3.00
Total	1.09	1.26	1.39	1.36	5.09	1.39	1.40	5.54
<b>Cash flow</b> (\$mm)								
Development	0.28	0.20	0.20	0.20	0.88	0.20	0.20	0.80
Excess	(0.07)							
<b>Net proceeds</b> (\$mm)	2.11	2.15	2.96	2.79	10.01	2.99	3.05	11.79
<b>Royalty income</b> (\$mm)								
Royalty/Net proceeds	89%	89%	89%	89%	89%	89%	89%	89%
Administration	0.08	0.19	0.04	0.04	0.34	0.04	0.04	0.16
<b>Distributable income</b> (\$mm)	1.80	1.72	2.59	2.44	8.56	2.62	2.68	10.33
<i>Modeling ratios</i>								
Tax and other/revenue	0.10	0.14	0.14	0.14	0.13	0.14	0.14	0.14

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## A Weekly Analysis

July 22, 2002

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

Volume Decline (%/yr):	10	Price Escalation Post 2007 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.6
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	4.6
PV/Volume (\$/mcf):	1.24	PV/EBITDA 2002:	10.8

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 2003 through 2032; years ending on 6/30													
	289	225	514	4.33	2224	456	378	212	1177	29.43	0.01	0.54	15.90
2003	30.2	0.0	30.2	2.96	89.4	15.2	15.2	18.2	40.7	1.02	0.01	0.97	0.99
2004	27.2	3.0	30.2	3.61	109.2	15.2	18.6	22.6	52.8	1.32		0.91	1.20
2005	24.5	5.7	30.2	3.72	112.4	15.2	19.1	23.4	54.7	1.37		0.85	1.16
2006	22.0	8.2	30.2	3.70	111.8	15.2	19.0	23.3	54.3	1.36		0.80	1.09
2007	19.8	10.4	30.2	3.72	112.4	15.2	19.1	23.4	54.7	1.37		0.75	1.02
2008	17.8	12.4	30.2	3.81	115.2	15.2	19.6	24.1	56.3	1.41		0.70	0.99
2009	16.1	14.2	30.2	3.91	118.2	15.2	20.1	24.9	58.0	1.45		0.66	0.96
2010	14.5	15.8	30.2	4.01	121.2	15.2	20.6	25.6	59.7	1.49		0.62	0.92
2011	13.0	17.2	30.2	4.11	124.2	15.2	21.1	26.4	61.5	1.54		0.58	0.89
2012	11.7	15.5	27.2	4.22	114.6	15.2	19.5		79.9	2.00		0.54	1.09
2013	10.5	13.9	24.5	4.32	105.8	15.2	18.0		72.6	1.81		0.51	0.93
2014	9.5	12.5	22.0	4.43	97.6	15.2	16.6		65.8	1.64		0.48	0.79
2015	8.5	11.3	19.8	4.54	90.1	15.2	15.3		59.5	1.49		0.45	0.67
2016	7.7	10.2	17.8	4.66	83.1	15.2	14.1		53.8	1.34		0.42	0.57
2017	6.9	9.1	16.1	4.78	76.7	15.2	13.0		48.4	1.21		0.40	0.48
2018	6.2	8.2	14.5	4.90	70.8	15.2	12.0		43.5	1.09		0.37	0.40
2019	5.6	7.4	13.0	5.02	65.3	15.2	11.1		39.0	0.97		0.35	0.34
2020	5.0	6.7	11.7	5.15	60.3	15.2	10.2		34.8	0.87		0.33	0.28
2021	4.5	6.0	10.5	5.28	55.6	15.2	9.5		30.9	0.77		0.31	0.24
2022	4.1	5.4	9.5	5.41	51.3	15.2	8.7		27.4	0.68		0.29	0.20
2023	3.7	4.9	8.5	5.55	47.3	15.2	8.0		24.1	0.60		0.27	0.16
2024	3.3	4.4	7.7	5.69	43.7	15.2	7.4		21.1	0.53		0.25	0.13
2025	3.0	3.9	6.9	5.83	40.3	15.2	6.9		18.3	0.46		0.24	0.11
2026	2.7	3.5	6.2	5.98	37.2	15.2	6.3		15.7	0.39		0.22	0.09
2027	2.4	3.2	5.6	6.13	34.3	15.2	5.8		13.3	0.33		0.21	0.07
2028	2.2	2.9	5.0	6.29	31.7	15.2	5.4		11.1	0.28		0.20	0.05
2029	2.0	2.6	4.5	6.45	29.2	15.2	5.0		9.1	0.23		0.18	0.04
2030	1.8	2.3	4.1	6.61	27.0	15.2	4.6		7.2	0.18		0.17	0.03
2031	1.6	2.1	3.7	6.78	24.9	15.2	4.2		5.4	0.14		0.16	0.02
2032	1.4	1.9	3.3	6.95	23.0	15.2	3.9		3.9	0.10		0.15	0.01

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**Table HGT-2**  
**Hugoton Royalty Trust**  
**Distributable Income**

	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next</i>
	<i>3/31/02</i>	<i>6/30/02</i>	<i>9/30/02</i>	<i>12/31/02</i>	<i>2002E</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>Twelve</i>
								<i>Months</i>
								<i>6/30/03</i>
<b>Highlights</b>								
Revenue (\$mm) (80%)	18.5	16.5	21.6	20.4	77.0	24.0	23.4	89.4
Cash flow (\$mm) (80%)	12.0	10.0	14.1	13.0	49.2	16.3	15.9	59.3
Per unit	0.30	0.25	0.35	0.33	1.23	0.41	0.40	1.48
Tax credit (\$mm)	0.2	0.2	0.2	0.2	0.7			0.3
Per unit	0.00	0.00	0.00	0.00	0.02			0.01
Distributable Income (\$mm)	7.4	5.3	9.4	8.4	30.5	11.6	11.3	40.7
Per unit	0.18	0.13	0.24	0.21	0.76	0.29	0.28	1.02
<b>Units</b> (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>Volume</b>								
Natural Gas (bcf)	9.0	8.3	9.0	9.0	35.3	9.0	8.7	35.7
Natural Gas (mmcf)	98.1	93.1	97.8	97.8	96.7	97.8	97.8	97.8
Days	92	89	92	92	365	92	89	365
Oil (mb)	90	86	88	87	352	87	83	345
Oil (mbd)	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9
Days	92	89	92	92	365	92	89	365
Total (bcf)	9.6	8.8	9.5	9.5	37.4	9.5	9.2	37.8
<b>Price</b>								
Natural Gas (HH lagged two months)								
Henry Hub (\$/mmbtu)	2.34	2.92	3.22	3.03	2.88	3.62	3.67	3.39
Differential (\$/mmbtu)	(0.03)	0.67	0.48	0.45	0.39	0.54	0.55	0.51
HGT (\$/mcf)	2.38	2.25	2.74	2.57	2.49	3.08	3.12	2.88
Oil (\$/bbl) (WTI Cushing lagged two months)								
WTI Cushing	19.56	23.80	26.59	27.43	24.34	26.71	25.95	26.67
HGT	18.80	23.30	26.09	26.93	23.75	26.21	25.45	26.18
Total (\$/mcf)	2.42	2.34	2.83	2.68	2.57	3.15	3.18	2.96
<b>Revenue</b> (\$mm)								
Natural Gas	21.5	18.6	24.7	23.2	87.9	27.7	27.2	102.7
Oil	1.7	2.0	2.3	2.4	8.4	2.3	2.1	9.0
Total	23.2	20.6	27.0	25.5	96.3	30.0	29.3	111.7
<b>Cost</b> (\$mm)								
Tax, transport & other	1.7	2.1	2.7	2.6	9.0	3.0	2.9	11.2
Production	4.4	4.0	4.8	4.8	17.9	4.8	4.6	18.9
Overhead	2.0	2.0	1.9	1.9	7.8	1.9	1.8	7.6
Total	8.1	8.1	9.4	9.2	34.8	9.7	9.4	37.6
<b>Cash flow</b> (\$mm)								
Development	5.8	5.8	5.7	5.7	23.0	5.7	5.7	22.8
<b>Net proceeds</b> (\$mm)								
	9.3	6.8	11.9	10.6	38.5	14.6	14.2	51.3
<b>Royalty income</b> (\$mm)								
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.3
<b>Distributable income</b> (\$mm)								
	7.4	5.3	9.4	8.4	30.5	11.6	11.3	40.7
<i>Cost ratios</i>								
Tax and other/revenue	7%	10%	10%	10%	9%	10%	10%	10%
Production cost (\$/mcf)	0.46	0.46	0.50	0.50	0.48	0.50	0.50	0.50
Overhead cost (\$/mcf)	0.21	0.23	0.20	0.20	0.21	0.20	0.20	0.20
Development/Cash flow	0.38	0.46	0.32	0.35	0.37	0.28	0.29	0.31

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

Volume Decline (%/yr):	10	Price Escalation Post 2007 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.6
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	4.6
PV/Volume (\$/mcf):	1.32	PV/EBITDA 2002:	11.2

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 2003 through 2032; years ending on 6/30													
	320	248	568	3.95	2245	389	269	196	1390	29.82	0.02	0.54	16.10
2003	33.4	0.0	33.4	2.70	90.0	12.2	10.8	17.1	49.9	1.07	0.02	0.97	1.06
2004	30.0	3.3	33.4	3.30	110.2	13.0	13.2	21.0	63.0	1.35		0.91	1.23
2005	27.0	6.3	33.4	3.40	113.5	13.0	13.6	21.7	65.1	1.40		0.85	1.19
2006	24.3	9.0	33.4	3.38	112.9	13.0	13.5	21.6	64.7	1.39		0.80	1.11
2007	21.9	11.5	33.4	3.40	113.5	13.0	13.6	21.7	65.2	1.40		0.75	1.05
2008	19.7	13.7	33.4	3.49	116.4	13.0	14.0	22.3	67.0	1.44		0.70	1.01
2009	17.7	15.6	33.4	3.57	119.3	13.0	14.3	23.0	69.0	1.48		0.66	0.98
2010	16.0	17.4	33.4	3.66	122.3	13.0	14.7	23.7	71.0	1.52		0.62	0.94
2011	14.4	19.0	33.4	3.76	125.4	13.0	15.0	24.3	73.0	1.57		0.58	0.91
2012	12.9	17.1	30.0	3.85	115.7	13.0	13.9		88.8	1.91		0.54	1.04
2013	11.6	15.4	27.0	3.95	106.8	13.0	12.8		81.0	1.74		0.51	0.89
2014	10.5	13.9	24.3	4.05	98.5	13.0	11.8		73.7	1.58		0.48	0.76
2015	9.4	12.5	21.9	4.15	90.9	13.0	10.9		67.0	1.44		0.45	0.65
2016	8.5	11.2	19.7	4.26	83.9	13.0	10.1		60.8	1.31		0.42	0.55
2017	7.6	10.1	17.7	4.37	77.4	13.0	9.3		55.1	1.18		0.40	0.47
2018	6.9	9.1	16.0	4.48	71.4	13.0	8.6		49.9	1.07		0.37	0.40
2019	6.2	8.2	14.4	4.59	65.9	13.0	7.9		45.0	0.97		0.35	0.34
2020	5.6	7.4	12.9	4.71	60.8	13.0	7.3		40.5	0.87		0.33	0.28
2021	5.0	6.6	11.6	4.82	56.1	13.0	6.7		36.4	0.78		0.31	0.24
2022	4.5	6.0	10.5	4.95	51.8	13.0	6.2		32.6	0.70		0.29	0.20
2023	4.1	5.4	9.4	5.07	47.8	13.0	5.7		29.1	0.62		0.27	0.17
2024	3.7	4.8	8.5	5.20	44.1	13.0	5.3		25.8	0.55		0.25	0.14
2025	3.3	4.3	7.6	5.33	40.7	13.0	4.9		22.8	0.49		0.24	0.12
2026	3.0	3.9	6.9	5.47	37.6	13.0	4.5		20.1	0.43		0.22	0.10
2027	2.7	3.5	6.2	5.60	34.7	13.0	4.2		17.5	0.38		0.21	0.08
2028	2.4	3.2	5.6	5.75	32.0	13.0	3.8		15.1	0.33		0.20	0.06
2029	2.2	2.9	5.0	5.89	29.5	13.0	3.5		13.0	0.28		0.18	0.05
2030	1.9	2.6	4.5	6.04	27.2	13.0	3.3		11.0	0.24		0.17	0.04
2031	1.7	2.3	4.1	6.19	25.1	13.0	3.0		9.1	0.20		0.16	0.03
2032	1.6	2.1	3.7	6.35	23.2	13.0	2.8		7.4	0.16		0.15	0.02

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# Natural Gas Royalty Trusts

## A Weekly Analysis

July 22, 2002

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

	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next Twelve Months
	2001	3/31/02	6/30/02	9/30/02	12/31/02	2002E	3/31/03	6/30/03	6/30/03
<b>Highlights</b>									
Revenue (\$mm) (75%)	128.5	19.2	18.5	19.8	20.9	78.4	24.9	24.4	90.0
Cash flow (\$mm) (75%)	104.3	14.1	14.0	14.9	16.0	59.0	19.6	19.2	69.7
Per unit	2.24	0.30	0.30	0.32	0.34	1.27	0.42	0.41	1.50
Tax credit (\$mm)	6.5	0.5	0.5	0.5	0.5	1.9			0.9
Per unit	0.14	0.01	0.01	0.01	0.01	0.04			0.02
Distributable Income (\$mm)	80.1	3.5	9.0	9.4	11.8	33.7	14.5	14.2	49.9
Per unit	1.72	0.08	0.19	0.20	0.25	0.72	0.31	0.31	1.07
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Volume</b>									
Natural gas (mmbtu)	46.4	12.5	12.0	12.0	12.0	48.6	12.0	11.6	47.7
Heat Content(btu/cf)	1,080	1,092	1,077	1,086	1,086	1,085	1,086	1,086	1,086
Natural gas (bcf)	43.0	11.5	11.1	11.1	11.1	44.8	11.1	10.7	43.9
Natural Gas (mmcf)	117.7	124.7	125.1	120.4	120.4	122.6	120.4	120.4	120.4
Days	365	92	89	92	92	365	92	89	365
Oil (mb)	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Oil (mbd)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total gas & oil (bcf)	43.5	11.6	11.3	11.2	11.2	45.3	11.2	10.9	44.5
<b>Price</b>									
Natural gas (\$/mmbtu) (Henry Hub lagged two months)									
Henry Hub (\$/mmbtu)	4.77	2.34	2.92	3.22	3.03	2.88	3.62	3.67	3.39
Differential (%)	24	14	31	32	25	27	25	25	27
Total	3.65	2.01	2.02	2.15	2.27	2.11	2.72	2.75	2.47
Natural gas (\$/mcf)	3.94	2.20	2.18	2.33	2.47	2.29	2.95	2.99	2.68
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	27.43	19.56	23.80	26.59	27.43	24.34	26.71	25.95	26.67
SJT	24.99	15.78	19.80	22.59	23.43	20.40	22.71	21.95	22.67
Total gas & oil (\$/mcf)	3.94	2.20	2.19	2.35	2.48	2.31	2.96	3.00	2.70
<b>Revenue (\$mm)</b>									
Natural Gas	169.1	25.2	24.2	25.8	27.3	102.6	32.7	32.0	117.8
Oil	2.3	0.4	0.4	0.5	0.5	1.9	0.5	0.5	2.1
Total	171.4	25.6	24.7	26.3	27.9	104.5	33.2	32.5	119.9
<b>Cost (\$mm)</b>									
Severance tax	17.4	2.6	2.4	2.7	2.8	10.5	3.3	3.3	12.1
Operating	14.9	4.1	3.7	3.8	3.8	15.4	3.8	3.6	15.0
Total	32.3	6.7	6.0	6.5	6.6	25.8	7.1	6.9	27.0
<b>Cash flow (\$mm)</b>									
Development	33.0	11.3	3.4	4.5	5.3	24.5	6.5	6.4	22.8
<b>Net proceeds (\$mm)</b>									
Net proceeds	106.1	7.5	15.3	15.3	16.0	54.1	19.6	19.2	70.1
<b>Royalty income (\$mm)</b>									
Royalty/Net proceeds	79.5	5.6	11.5	11.5	12.0	40.6	14.7	14.4	52.6
Administration	75%	75%	75%	75%	75%	75%	75%	75%	3.0
One-time	(2.3)	0.4	0.5	0.1	0.2	1.2	0.2	0.2	0.7
	(1.7)	1.7	2.0	2.0		5.7			2.0
<b>Distributable income (\$mm)</b>									
Distributable income	80.1	3.5	9.0	9.4	11.8	33.7	14.5	14.2	49.9
<b>Modeling ratios</b>									
Severance tax/revenue	10.2%	10.2%	9.6%	10.3%	10.0%	10.0%	10.0%	10.0%	10.1%
Operating cost (\$/mcf)	0.34	0.36	0.33	0.34	0.34	0.34	0.34	0.34	0.34

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## Natural Gas Royalty Trusts

A Weekly Analysis

July 22, 2002

**Table SJT-3**  
**San Juan Basin Royalty Trust**  
**Monthly Declarations**

	<i>Apr-02</i>	<i>May-02</i>	<i>Jun-02</i>	<i>Jul-02</i>	<i>Aug-02</i>	<i>Sep-02</i>
<b>Distribution</b> (\$/unit)						
Declared	0.01	0.10	0.08			
Projected				0.06	0.05	0.08
<b>Volume</b>						
Natural gas (mmbtu)	3.82	4.29	3.88	4.05	3.92	4.05
Heat Content(btu/cf)	1,057	1,108	1,064	1,086	1,086	1,086
Natural gas (bcf)	3.62	3.87	3.65	3.73	3.61	3.73
Natural Gas (mmcf)	129	125	122	120	120	120
Days	28	31	30	31	30	31
<b>Price</b>						
Natural gas industry quotes lagged two months (\$/mmbtu)						
Henry Hub Daily/Futures	2.31	3.03	3.42	3.49	3.22	2.96
San Juan Monthly Index	1.81	2.14	3.04	2.39	2.24	2.62
SJT/Henry Hub	0.62	0.64	0.78	0.62	0.63	0.75
SJT/San Juan Index	0.80	0.91	0.88	0.91	0.91	0.85
SJT (\$/mmbtu)	1.44	1.95	2.68	2.17	2.04	2.22
SJT (\$/mcf)	1.52	2.16	2.85	2.36	2.21	2.41
<b>Revenue</b> (\$mm)						
Natural Gas	5.5	8.4	10.4	8.8	8.0	9.0
Other	(0.1)	(1.1)	(1.7)	(1.1)	(1.1)	(0.1)
<b>Cost</b> (\$mm)						
Severance tax	0.5	0.8	1.1	0.9	0.8	0.9
Operating	1.4	1.2	1.1	1.3	1.2	1.3
Total	1.8	2.1	2.1	2.2	2.0	2.2
<b>Cash flow</b> (\$mm)	3.6	5.2	6.5	5.5	4.9	6.7
Development	3.0	(0.9)	1.3	1.5	1.5	1.5
<b>Net proceeds</b> (\$mm)	0.6	6.1	5.3	4.0	3.4	5.2
<b>Royalty income</b> (\$mm)	0.5	4.6	4.0	3.0	2.5	3.9
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%
<b>Distributable income</b> (\$mm)	0.5	4.6	4.0	3.0	2.5	3.9
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6
<i>Latest Twelve Month Average</i>						
Heat Content(btu/cf)	1,088	1,092	1,086			
Natural Gas (mmcf)	120	120	120			
SJT/Henry Hub	0.76	0.75	0.75			
SJT/San Juan Index	0.84	0.85	0.85			
Other revenue	0.0	(0.1)	(0.2)			
Operating	1.3	1.3	1.3			
Development	3.3	2.9	2.9			
Severance tax/revenue	10.4%	10.4%	10.5%			

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