

## Natural Gas Royalty Trusts

A Weekly Analysis

August 26, 2002

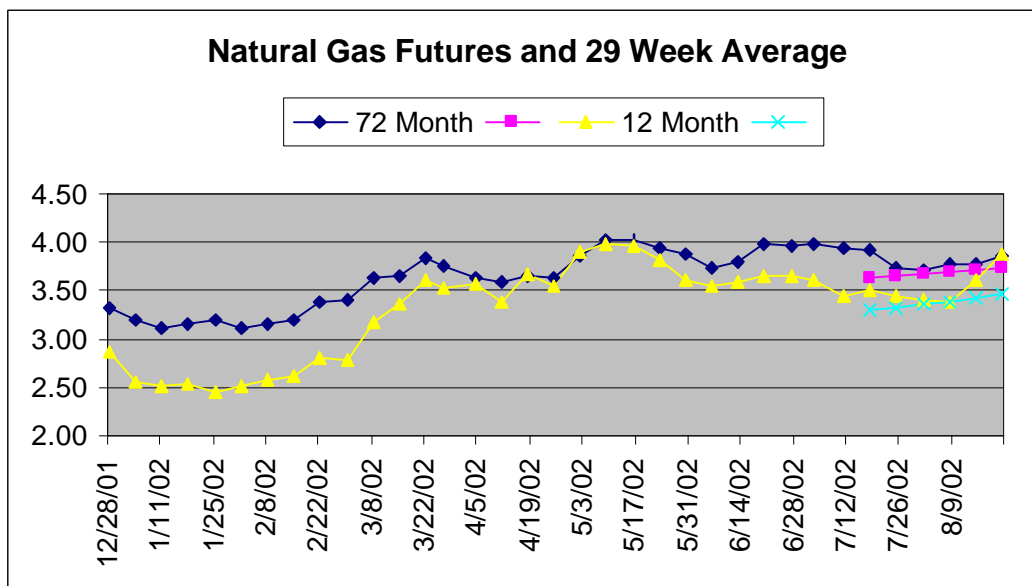
# Payday

## Summary and Recommendation

Estimates of Next Twelve Months Distribution, a proxy for the whole natural gas producing business, advanced more than one sigma this past week as one-year natural gas futures scored a sharp gain for the second straight week. One-year natural gas futures have closed the gap with six-year futures and even exceed the longer dates in a new slight backwardation pattern (see Chart). As stock prices advance with futures we maintain our Buy recommendation of SJT and also like the prospects for HGT and CRT.

Royalty payments credited to unit holder accounts on the 15<sup>th</sup> of the month are building to higher levels again. A few days later, on Tuesday the 20<sup>th</sup> this month, trustees of each of the three royalty trusts declare cash distributions for the 15<sup>th</sup> of next month. The latest declaration for SJT seemed to be influenced in part by a volume anomaly. The cubic feet reported were higher than the wells have ever produced in a month, yet the heating equivalent reported was in line. We assume that the operator of the trust's properties included some catch up volume from coal seam gas that is lower in heat content. Despite that possibly temporary influence we see distributions rising strongly as the winter months approach (see Table SJT-3).

Kurt H. Wulff, CFA



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

	Symbol/ Rating	Price (\$/sh) 22-Aug 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	
Cross Timbers Royalty Trust	CRT	17.75	6.0	107	20.60	-	0.87	
San Juan Basin Royalty Trust	SJT	B	11.60	46.6	540	16.00	-	0.73
Hugoton RoyaltyTrust (46%)	HGT	11.38	18.4	210	16.00	-	0.71	

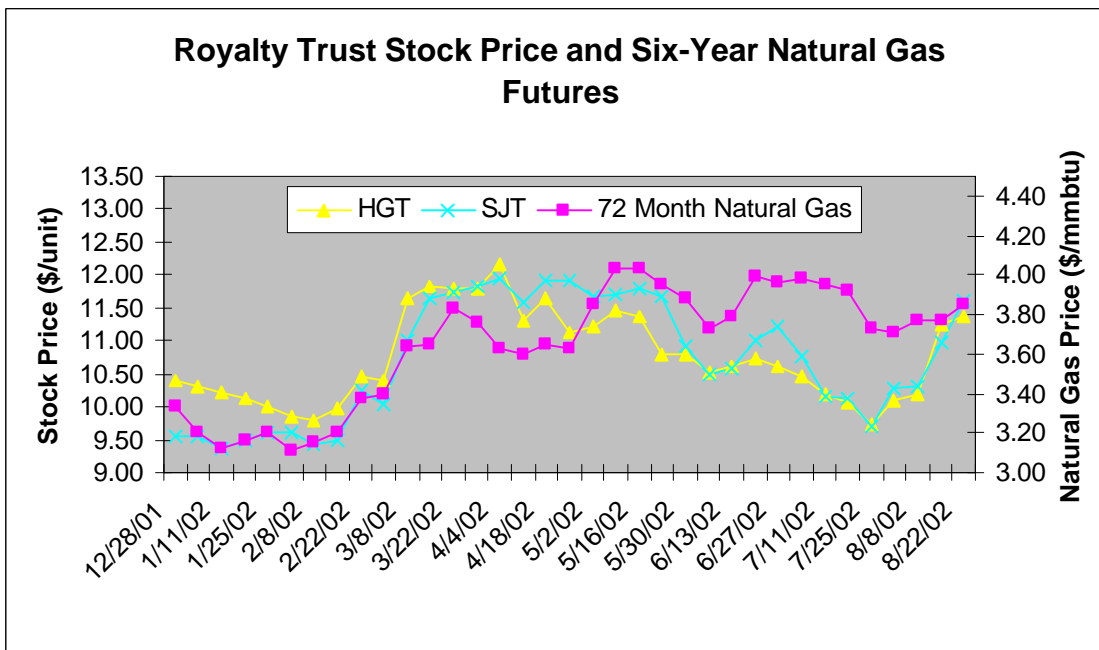
Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

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.

	Symbol/ Rating	Price (\$/sh) 22-Aug 2002	EV/ Sales NTM	EV/ Ebitda NTM	Dividend or Distribution P/E NTM	NTM (%)	PV/ Ebitda NTM	
Cross Timbers Royalty Trust	CRT	17.75	6.3	9.0	10	10.4	10.4	
San Juan Basin Royalty Trust	SJT	B	11.60	5.4	7.0	9	10.7	9.6
Hugoton RoyaltyTrust (46%)	HGT	11.38	4.7	7.0	10	10.3	9.8	

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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**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):	5.5
		U.S. TIPS Inflation (%/yr):	1.7
		U.S. 10 Year Yield (%/yr):	4.1
PV/Volume (\$/mcf):	2.66	PV/EBITDA 2002:	10.6

Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Oil Net (\$mm)	Distribution (\$mm)	Tax Credit (\$/unit)	Disc Factor	Present Value (\$/unit)	
	Basic (bcf)	Enhanced (bcf)	Total (bcf)								
Total 2003 through 2032; years ending on 6/30											
	26	20	46	4.25	197	7	204	33.98	0.05	0.61	<b>20.60</b>
2003	2.7	0.0	2.7	3.54	9.7	1.4	11.0	1.84	0.05	0.97	1.84
2004	2.5	0.3	2.7	3.80	10.4	1.3	11.6	1.94		0.92	1.79
2005	2.2	0.5	2.7	3.66	10.0	1.0	11.0	1.83		0.87	1.60
2006	2.0	0.7	2.7	3.60	9.8	0.8	10.7	1.78		0.83	1.47
2007	1.8	0.9	2.7	3.60	9.8	0.7	10.5	1.75		0.79	1.38
2008	1.6	1.1	2.7	3.70	10.1	0.6	10.6	1.77		0.75	1.32
2009	1.4	1.3	2.7	3.79	10.3	0.5	10.9	1.81		0.71	1.28
2010	1.3	1.4	2.7	3.88	10.6	0.5	11.1	1.85		0.67	1.24
2011	1.2	1.6	2.7	3.98	10.9		10.9	1.81		0.63	1.15
2012	1.1	1.4	2.5	4.08	10.0		10.0	1.67		0.60	1.00
2013	1.0	1.3	2.2	4.18	9.2		9.2	1.54		0.57	0.88
2014	0.9	1.1	2.0	4.29	8.5		8.5	1.42		0.54	0.77
2015	0.8	1.0	1.8	4.40	7.9		7.9	1.31		0.51	0.67
2016	0.7	0.9	1.6	4.51	7.3		7.3	1.21		0.49	0.59
2017	0.6	0.8	1.4	4.62	6.7		6.7	1.12		0.46	0.51
2018	0.6	0.7	1.3	4.74	6.2		6.2	1.03		0.44	0.45
2019	0.5	0.7	1.2	4.86	5.7		5.7	0.95		0.41	0.39
2020	0.5	0.6	1.1	4.98	5.3		5.3	0.88		0.39	0.34
2021	0.4	0.5	1.0	5.11	4.9		4.9	0.81		0.37	0.30
2022	0.4	0.5	0.9	5.24	4.5		4.5	0.75		0.35	0.26
2023	0.3	0.4	0.8	5.37	4.1		4.1	0.69		0.33	0.23
2024	0.3	0.4	0.7	5.50	3.8		3.8	0.64		0.32	0.20
2025	0.3	0.4	0.6	5.64	3.5		3.5	0.59		0.30	0.18
2026	0.2	0.3	0.6	5.78	3.2		3.2	0.54		0.28	0.15
2027	0.2	0.3	0.5	5.93	3.0		3.0	0.50		0.27	0.13
2028	0.2	0.3	0.5	6.08	2.8		2.8	0.46		0.26	0.12
2029	0.2	0.2	0.4	6.23	2.6		2.6	0.43		0.24	0.10
2030	0.2	0.2	0.4	6.39	2.4		2.4	0.39		0.23	0.09
2031	0.1	0.2	0.3	6.55	2.2		2.2	0.36		0.22	0.08
2032	0.1	0.2	0.3	6.71	2.0		2.0	0.33		0.21	0.07

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# Natural Gas Royalty Trusts

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August 26, 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	2.58	2.63	8.74	2.91	2.91	11.03
Per unit	0.30	0.29	0.43	0.44	1.46	0.48	0.48	1.84
<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	3.19	2.88	3.80	4.08	3.61
Differential (\$/mmbtu)	(0.13)	0.05	0.07	0.06	0.01	0.08	0.08	0.07
CRT (\$/mcf)	2.54	2.48	3.31	3.13	2.86	3.72	4.00	3.54
Oil (\$/bbl) (WTI lagged two months)								
WTI Cushing	19.56	23.80	26.49	28.49	24.59	27.51	26.48	27.24
CRT	17.28	21.80	24.49	26.49	22.52	25.51	24.48	25.25
Total (\$/mcf)	2.67	2.93	3.62	3.64	3.21	3.93	4.03	3.80
<b>Revenue</b> (\$mm)								
Natural Gas	1.98	1.85	2.50	2.39	8.73	2.84	2.99	10.72
Oil	1.44	1.75	2.03	2.20	7.42	2.12	1.97	8.32
Total	3.42	3.60	4.54	4.59	16.15	4.96	4.96	19.05
<b>Cost</b> (\$mm)								
Tax, transport & other	0.34	0.50	0.64	0.64	2.12	0.69	0.69	2.67
Production	0.75	0.75	0.75	0.75	3.00	0.75	0.75	3.00
Total	1.09	1.26	1.39	1.39	5.12	1.45	1.44	5.67
<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	2.95	3.00	10.21	3.32	3.31	12.58
<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	2.58	2.63	8.74	2.91	2.91	11.03
<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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**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):	6.1
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	4.1
PV/Volume (\$/mcf):	1.24	PV/EBITDA 2002:	9.8

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	4.14	2130	442	362	204	1122	28.05	0.01	0.57	16.00
2003	30.2	0.0	30.2	3.18	96.1	14.7	16.3	18.2	46.8	1.17	0.01	0.97	1.14
2004	27.2	3.0	30.2	3.71	112.0	14.7	19.0	23.5	54.8	1.37		0.92	1.25
2005	24.5	5.7	30.2	3.58	108.3	14.7	18.4	22.5	52.6	1.31		0.86	1.13
2006	22.0	8.2	30.2	3.52	106.5	14.7	18.1	22.1	51.5	1.29		0.81	1.05
2007	19.8	10.4	30.2	3.53	106.7	14.7	18.1	22.1	51.7	1.29		0.77	0.99
2008	17.8	12.4	30.2	3.62	109.4	14.7	18.6	22.8	53.2	1.33		0.72	0.96
2009	16.1	14.2	30.2	3.71	112.1	14.7	19.1	23.5	54.8	1.37		0.68	0.93
2010	14.5	15.8	30.2	3.80	114.9	14.7	19.5	24.2	56.5	1.41		0.64	0.91
2011	13.0	17.2	30.2	3.90	117.8	14.7	20.0	24.9	58.1	1.45		0.61	0.88
2012	11.7	15.5	27.2	4.00	108.7	14.7	18.5		75.5	1.89		0.57	1.08
2013	10.5	13.9	24.5	4.10	100.3	14.7	17.1		68.5	1.71		0.54	0.92
2014	9.5	12.5	22.0	4.20	92.6	14.7	15.7		62.1	1.55		0.51	0.79
2015	8.5	11.3	19.8	4.31	85.4	14.7	14.5		56.1	1.40		0.48	0.67
2016	7.7	10.2	17.8	4.42	78.8	14.7	13.4		50.7	1.27		0.45	0.57
2017	6.9	9.1	16.1	4.53	72.7	14.7	12.4		45.6	1.14		0.42	0.48
2018	6.2	8.2	14.5	4.64	67.1	14.7	11.4		40.9	1.02		0.40	0.41
2019	5.6	7.4	13.0	4.76	61.9	14.7	10.5		36.6	0.92		0.38	0.35
2020	5.0	6.7	11.7	4.88	57.1	14.7	9.7		32.7	0.82		0.36	0.29
2021	4.5	6.0	10.5	5.00	52.7	14.7	9.0		29.0	0.72		0.33	0.24
2022	4.1	5.4	9.5	5.13	48.6	14.7	8.3		25.6	0.64		0.32	0.20
2023	3.7	4.9	8.5	5.26	44.9	14.7	7.6		22.5	0.56		0.30	0.17
2024	3.3	4.4	7.7	5.39	41.4	14.7	7.0		19.6	0.49		0.28	0.14
2025	3.0	3.9	6.9	5.53	38.2	14.7	6.5		17.0	0.42		0.26	0.11
2026	2.7	3.5	6.2	5.66	35.2	14.7	6.0		14.5	0.36		0.25	0.09
2027	2.4	3.2	5.6	5.81	32.5	14.7	5.5		12.2	0.31		0.23	0.07
2028	2.2	2.9	5.0	5.95	30.0	14.7	5.1		10.2	0.25		0.22	0.06
2029	2.0	2.6	4.5	6.10	27.7	14.7	4.7		8.2	0.21		0.21	0.04
2030	1.8	2.3	4.1	6.26	25.5	14.7	4.3		6.5	0.16		0.20	0.03
2031	1.6	2.1	3.7	6.42	23.6	14.7	4.0		4.8	0.12		0.19	0.02
2032	1.4	1.9	3.3	6.58	21.7	14.7	3.7		3.3	0.08		0.17	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	22.7	79.3	26.3	25.5	96.1
Cash flow (\$mm) (80%)	12.0	10.0	14.1	15.1	51.3	18.3	17.8	65.3
Per unit	0.30	0.25	0.35	0.38	1.28	0.46	0.45	1.63
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	9.5	10.4	32.6	13.7	13.2	46.8
Per unit	0.18	0.13	0.24	0.26	0.82	0.34	0.33	1.17
<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/d)	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	3.23	3.39	2.97	3.99	4.02	3.66
Differential (\$/mmbtu)	(0.03)	0.67	0.49	0.51	0.40	0.60	0.60	0.55
HGT (\$/mcf)	2.38	2.25	2.75	2.88	2.57	3.39	3.42	3.11
Oil (\$/bbl) (WTI Cushing lagged two months)								
WTI Cushing	19.56	23.80	26.49	28.49	24.59	27.51	26.48	27.24
HGT	18.80	23.30	25.99	27.99	23.99	27.01	25.98	26.75
Total (\$/mcf)	2.42	2.34	2.84	2.98	2.65	3.45	3.47	3.18
<b>Revenue</b> (\$mm)								
Natural Gas	21.5	18.6	24.7	25.9	90.7	30.5	29.8	110.9
Oil	1.7	2.0	2.3	2.4	8.4	2.3	2.2	9.2
Total	23.2	20.6	27.0	28.4	99.2	32.8	31.9	120.1
<b>Cost</b> (\$mm)								
Tax, transport & other	1.7	2.1	2.7	2.8	9.3	3.3	3.2	12.0
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	9.5	35.1	9.9	9.6	38.4
<b>Cash flow</b> (\$mm)	15.1	12.5	17.7	18.9	64.1	22.9	22.3	81.7
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	12.0	13.2	41.1	17.2	16.6	58.9
<b>Royalty income</b> (\$mm)	7.4	5.4	9.6	10.5	32.9	13.7	13.3	47.1
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	9.5	10.4	32.6	13.7	13.2	46.8
<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	0.30	0.36	0.25	0.26	0.28

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# Natural Gas Royalty Trusts

## A Weekly Analysis

August 26, 2002

**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):	6.1
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	4.1
PV/Volume (\$/mcf):	1.32	PV/EBITDA 2002:	9.8

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 9/30													
	318	247	565	3.79	2143	388	257	189	1309	28.09	0.01	0.57	16.00
2003	33.2	0.0	33.2	3.01	99.8	11.4	12.0	18.6	57.9	1.24	0.01	0.97	1.21
2004	29.9	3.3	33.2	3.39	112.5	13.0	13.5	21.5	64.5	1.38		0.92	1.27
2005	26.9	6.3	33.2	3.28	108.8	13.0	13.1	20.7	62.0	1.33		0.86	1.15
2006	24.2	9.0	33.2	3.22	107.0	13.0	12.8	20.3	60.8	1.31		0.81	1.06
2007	21.8	11.4	33.2	3.23	107.1	13.0	12.9	20.3	61.0	1.31		0.77	1.00
2008	19.6	13.6	33.2	3.31	109.8	13.0	13.2	20.9	62.7	1.35		0.72	0.97
2009	17.6	15.6	33.2	3.39	112.6	13.0	13.5	21.5	64.6	1.39		0.68	0.94
2010	15.9	17.3	33.2	3.48	115.5	13.0	13.9	22.1	66.4	1.43		0.64	0.92
2011	14.3	18.9	33.2	3.56	118.4	13.0	14.2	22.8	68.4	1.47		0.61	0.89
2012	12.9	17.0	29.9	3.65	109.2	13.0	13.1		83.1	1.78		0.57	1.02
2013	11.6	15.3	26.9	3.75	100.8	13.0	12.1		75.7	1.62		0.54	0.87
2014	10.4	13.8	24.2	3.84	93.0	13.0	11.2		68.8	1.48		0.51	0.75
2015	9.4	12.4	21.8	3.94	85.8	13.0	10.3		62.5	1.34		0.48	0.64
2016	8.4	11.2	19.6	4.04	79.2	13.0	9.5		56.7	1.22		0.45	0.55
2017	7.6	10.1	17.6	4.14	73.0	13.0	8.8		51.3	1.10		0.42	0.47
2018	6.8	9.0	15.9	4.24	67.4	13.0	8.1		46.3	0.99		0.40	0.40
2019	6.2	8.1	14.3	4.35	62.2	13.0	7.5		41.7	0.90		0.38	0.34
2020	5.5	7.3	12.9	4.46	57.4	13.0	6.9		37.5	0.80		0.36	0.29
2021	5.0	6.6	11.6	4.57	52.9	13.0	6.4		33.6	0.72		0.33	0.24
2022	4.5	5.9	10.4	4.69	48.8	13.0	5.9		30.0	0.64		0.32	0.20
2023	4.0	5.3	9.4	4.80	45.1	13.0	5.4		26.7	0.57		0.30	0.17
2024	3.6	4.8	8.4	4.93	41.6	13.0	5.0		23.6	0.51		0.28	0.14
2025	3.3	4.3	7.6	5.05	38.4	13.0	4.6		20.8	0.45		0.26	0.12
2026	2.9	3.9	6.8	5.18	35.4	13.0	4.2		18.2	0.39		0.25	0.10
2027	2.6	3.5	6.2	5.31	32.7	13.0	3.9		15.7	0.34		0.23	0.08
2028	2.4	3.2	5.5	5.44	30.1	13.0	3.6		13.5	0.29		0.22	0.06
2029	2.1	2.8	5.0	5.58	27.8	13.0	3.3		11.5	0.25		0.21	0.05
2030	1.9	2.6	4.5	5.72	25.7	13.0	3.1		9.6	0.21		0.20	0.04
2031	1.7	2.3	4.0	5.86	23.7	13.0	2.8		7.8	0.17		0.19	0.03
2032	1.6	2.1	3.6	6.01	21.8	13.0	2.6		6.2	0.13		0.17	0.02

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# Natural Gas Royalty Trusts

## A Weekly Analysis

August 26, 2002

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

	<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>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>9/30/03</i>	<i>Twelve</i>
									<i>Months</i>
<b>Highlights</b>									
Revenue (\$mm) (75%)	19.2	18.6	20.5	21.9	80.1	26.6	25.9	25.4	99.8
Cash flow (\$mm) (75%)	14.1	14.1	15.7	16.8	60.8	20.8	20.3	19.7	77.7
Per unit	0.30	0.30	0.34	0.36	1.30	0.45	0.44	0.42	1.67
Tax credit (\$mm)	0.5	0.5	0.5	0.5	1.9				0.5
Per unit	0.01	0.01	0.01	0.01	0.04				0.01
Distributable Income (\$mm)	3.5	9.0	11.0	12.8	36.4	15.4	15.0	14.6	57.9
Per unit	0.08	0.19	0.24	0.28	0.78	0.33	0.32	0.31	1.24
<b>Units</b> (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)	12.5	12.0	11.6	11.6	47.8	11.6	11.3	11.6	46.1
Heat Content(btu/cf)	1,092	1,077	968	1,059	1,047	1,059	1,059	1,059	1,059
Natural gas (bcf)	11.5	11.1	12.0	11.0	45.6	11.0	10.6	11.0	43.6
Natural Gas (mmcf)	124.7	125.1	130.4	119.4	124.9	119.4	119.4	119.4	119.4
Days	92	89	92	92	365	92	89	92	365
Oil (mb)	0.0	0.0	0.0	0.0	0.1	0.0	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)	11.6	11.3	12.2	11.2	46.2	11.2	10.8	11.2	44.3
<b>Price</b>									
Natural gas (\$/mmbtu) (Henry Hub lagged two months)									
Henry Hub (\$/mmbtu)	2.34	2.92	3.23	3.39	2.97	3.99	4.02	3.80	3.80
Differential (%)	14	31	32	25	26	25	25	25	26
Total	2.01	2.02	2.29	2.54	2.19	2.99	3.02	2.85	2.82
Natural gas (\$/mcf)	2.20	2.18	2.22	2.69	2.29	3.17	3.19	3.02	2.99
Oil (\$/bbl) (WTI Cushing lagged two months)									
WTI Cushing	19.56	23.80	26.49	28.49	24.59	27.51	26.48	27.84	27.58
SJT	15.78	19.14	22.49	24.49	20.73	23.51	22.48	23.84	23.59
Total gas & oil (\$/mcf)	2.20	2.19	2.24	2.62	2.31	3.18	3.20	3.03	3.01
<b>Revenue</b> (\$mm)									
Natural Gas	25.2	24.2	26.6	28.5	104.6	34.8	33.9	33.1	130.4
Oil	0.4	0.5	0.7	0.7	2.3	0.7	0.6	0.7	2.7
Total	25.6	24.8	27.3	29.2	106.9	35.5	34.6	33.8	133.1
<b>Cost</b> (\$mm)									
Severance tax	2.6	2.4	2.3	2.8	10.1	3.5	3.5	3.4	13.2
Operating	4.1	3.7	4.0	3.9	15.8	4.2	4.0	4.2	16.3
Total	6.7	6.0	6.3	6.8	25.8	7.7	7.5	7.6	29.5
<b>Cash flow</b> (\$mm)	18.8	18.8	21.0	22.4	81.0	27.7	27.1	26.3	103.5
Development	11.3	3.4	3.2	4.5	22.3	6.9	6.8	6.6	24.8
<b>Net proceeds</b> (\$mm)	7.5	15.4	17.8	17.9	58.7	20.8	20.3	19.7	78.8
<b>Royalty income</b> (\$mm)	5.6	11.5	13.4	13.4	44.0	15.6	15.2	14.8	59.1
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	3.0
Administration	0.4	0.5	0.7	0.2	1.8	0.2	0.2	0.2	0.8
One-time	1.7	2.0	1.6		5.3				-
<b>Distributable income</b> (\$mm)	3.5	9.0	11.0	12.8	36.4	15.4	15.0	14.6	57.9
<i>Modeling ratios</i>									
Severance tax/revenue	10.2%	9.5%	8.3%	9.7%	9.4%	10.0%	10.0%	10.0%	9.9%
Operating cost (\$/mcf)	0.36	0.32	0.33	0.35	0.34	0.37	0.37	0.37	0.37

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## Natural Gas Royalty Trusts

### A Weekly Analysis

August 26, 2002

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

	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
<b>Distribution</b> (\$/unit)								
Declared	0.10	0.08	0.08	0.08				
Projected					0.08	0.08	0.09	0.10
<b>Volume</b>								
Natural gas (mmbtu)	4.29	3.88	3.92	3.77	3.92	3.92	3.79	3.92
Heat Content(btu/cf)	1,108	1,064	1,081	807	1,059	1,059	1,059	1,059
Natural gas (bcf)	3.87	3.65	3.63	4.67	3.70	3.70	3.58	3.70
Natural Gas (mmcf)	125	122	117	156	119	119	119	119
Days	31	30	31	30	31	31	30	31
<b>Price</b>								
Natural gas industry quotes lagged two months (\$/mmbtu)								
Henry Hub Daily/Futures	3.03	3.42	3.49	3.22	2.99	3.10	3.50	3.57
San Juan Monthly Index	2.14	3.04	2.39	2.24	2.62	2.50		
SJT/Henry Hub	0.64	0.78	0.65	0.75	0.74	0.71	0.73	0.73
SJT/San Juan Index	0.91	0.88	0.95	1.08	0.84	0.88		
SJT (\$/mmbtu)	1.95	2.68	2.27	2.41	2.20	2.19	2.55	2.61
SJT (\$/mcf)	2.16	2.85	2.45	1.95	2.33	2.32	2.70	2.76
<b>Revenue</b> (\$mm)								
Natural Gas	8.4	10.4	8.9	9.1	8.6	8.6	9.7	10.2
Other	0.3	(0.4)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Cost</b> (\$mm)								
Severance tax	0.8	1.1	0.6	0.8	0.9	0.9	1.0	1.0
Operating	1.2	1.1	1.1	1.6	1.3	1.3	1.3	1.3
Total	2.1	2.1	1.8	2.4	2.2	2.2	2.3	2.3
<b>Cash flow</b> (\$mm)	6.6	7.9	7.1	6.5	6.4	6.4	7.4	7.8
Development	(0.9)	1.3	0.7	1.0	1.5	1.5	1.5	1.5
<b>Net proceeds</b> (\$mm)	7.5	6.6	6.4	5.5	4.9	4.9	5.9	6.3
<b>Royalty income</b> (\$mm)	5.6	5.0	4.8	4.1	3.7	3.7	4.4	4.8
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%
One time	1.0	1.0	1.0	0.6				
<b>Distributable income</b> (\$mm)	4.6	4.0	3.8	3.5	3.7	3.7	4.4	4.8
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Distribution</b> (\$/unit)	0.10	0.08	0.08	0.08	0.08	0.08	0.09	0.10
<i>Latest Twelve Month Average</i>								
Heat Content(btu/cf)	1,092	1,086	1,091	1,059				
Natural Gas (mmcf)	120	120	121	124				
SJT/Henry Hub	0.75	0.75	0.73	0.73				
SJT/San Juan Index	0.85	0.85	0.85	0.87				
Other revenue	0.0	0.0	(0.0)	(0.0)				
Operating	1.3	1.3	1.3	1.3				
Development	2.9	2.9	2.7	2.5				
Severance tax/revenue	10.4%	10.5%	10.2%	10.0%				

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