

Natural Gas Royalty Trusts

A Weekly Analysis

May 22, 2003

Two Percent a Month

Summary and Recommendation

Our title looks like interest charges on a credit card, yet **San Juan Basin Royalty Trust (SJT)** and **Hugoton Royalty Trust (HGT)** will pay almost that much to owners in the next monthly distribution declared at \$0.26 and \$0.29 a unit respectively. Lagging industry conditions by another month, **Cross Timbers Royalty Trust (CRT)** is likely to declare an unusually high distribution next time. Estimated next twelve-month distributions consistent with current one-year futures price for natural gas are a median 13% on recent stock price. Estimated long-term return taking account of six-year futures and eventual volume depletion is about 7% per year for recommended SJT. That is the discount rate that would make the attached present value calculation match current stock price. In the end our continued confidence is rooted in the conviction that natural gas remains an undervalued resource.

SJT Distribution Reflects Index Price

Daily price levels in the San Juan Basin fluctuate. Not being an actively managed company, the trust apparently is paid for its gas related to indexes set at the beginning of a month that essentially fix the price for the month. In a rising market, index prices tend to lag daily prices and vice versa. The index price for March, which influences the May declaration, caught up.

Moreover the difference between natural gas price in the San Juan Basin and the industry reference at the Henry Hub in Louisiana seems unusually wide. In a world of efficient transportation networks and efficient markets, there should be little difference. As a result of daily fluctuations and regional fluctuations there will be months in the future when SJT's distribution may seem disappointing just as the latest distribution is encouraging.

HGT Distribution Masks Lower Volume

HGT declared a slightly higher distribution than SJT just as it did at a previous temporary peak in 2001. While HGT has rewarded investors nicely, the results have been achieved with less volume than anticipated in our projections. Because of lower volume we have taken our present value estimate down some. Eventually we look for favorable volume surprise from HGT's Rocky Mountain reserves. This week we add a table with an estimate for HGT monthly distribution that may help sharpen our analysis.

Kurt H. Wulff, CFA

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Natural Gas and Oil Futures

May 21, 2003

	2004	2005	2006	2007	2008	2009	Six Year
Natural Gas (\$/mmbtu)							
Year ending May	6.10	4.93	4.65	4.63	4.65	4.64	4.93
Light Sweet Crude Oil (\$/bbl)							
Year ending May	26.93	24.69	24.17	24.10	24.04	24.04	24.66
Natural Gas/Oil (6:1 = 1.0)							
Year ending May	1.36	1.20	1.15	1.15	1.16	1.16	1.20

Source: Nymex, FutureSource, wsj.com, McDep Associates

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

	Symbol/ Rating	Price (\$/sh) 21-May 2003	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Cross Timbers Royalty Trust	CRT	23.70	6.0	142	22.10	-	1.07
Hugoton RoyaltyTrust (46%)	HGT	16.78	18.4	310	16.60	-	1.01
San Juan Basin Royalty Trust	SJT B	17.00	46.6	790	19.30	-	0.88

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) 21-May 2003	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Cross Timbers Royalty Trust	CRT	23.70	6.8	9.4	10	10.2	8.8
Hugoton RoyaltyTrust (46%)	HGT	16.78	5.0	6.5	7	13.9	6.4
San Juan Basin Royalty Trust	SJT B	17.00	5.3	6.4	7	13.8	7.3

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2004; 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 2009 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount Rate (%/yr):	4.8
Variable Cost (%):	16	U.S. TIPS Inflation (%/yr):	1.7
		U.S. 10 Year Yield (%/yr):	3.4
PV/Volume (\$/mcf):	3.09	PV/EBITDA 2004:	8.9

Year	Natural Gas Volume			Price (\$/mcf)	Revenue (\$mm)	Cost (\$mm)	Oil			Disc Factor	Present Value (\$/unit)
	Basic (bcf)	Enhanced (bcf)	Total (bcf)				Net (\$mm)	Distribution (\$mm)	(\$/unit)		
Total 2004 through 2030; years ending on 6/30											
	26	17	43	5.09	218	35	15	198	33.04	0.67	22.10
2004	2.7	0.0	2.7	5.57	15.1	2.4	1.7	14.5	2.41	0.98	2.35
2005	2.4	0.3	2.7	4.75	12.9	2.1	1.4	12.3	2.05	0.93	1.91
2006	2.2	0.5	2.7	4.43	12.0	1.9	1.3	11.4	1.90	0.89	1.69
2007	2.0	0.7	2.7	4.39	11.9	1.9	1.2	11.2	1.87	0.85	1.59
2008	1.8	0.9	2.7	4.42	12.0	1.9	1.1	11.2	1.87	0.81	1.51
2009	1.6	1.1	2.7	4.42	12.0	1.9	1.0	11.1	1.86	0.77	1.44
2010	1.4	1.3	2.7	4.53	12.3	2.0	1.0	11.4	1.89	0.74	1.40
2011	1.3	1.4	2.7	4.64	12.6	2.0	1.0	11.6	1.93	0.70	1.36
2012	1.2	1.3	2.4	4.76	11.6	1.9	1.2	11.0	1.83	0.67	1.23
2013	1.1	1.1	2.2	4.87	10.7	1.7	1.0	10.0	1.67	0.64	1.07
2014	0.9	1.0	2.0	4.99	9.9	1.6	0.8	9.1	1.52	0.61	0.93
2015	0.9	0.9	1.8	5.12	9.1	1.5	0.7	8.3	1.39	0.58	0.81
2016	0.8	0.8	1.6	5.24	8.4	1.3	0.5	7.6	1.26	0.56	0.70
2017	0.7	0.8	1.4	5.37	7.8	1.2	0.4	6.9	1.15	0.53	0.61
2018	0.6	0.7	1.3	5.50	7.2	1.1	0.3	6.3	1.04	0.51	0.53
2019	0.6	0.6	1.2	5.64	6.6	1.1	0.1	5.7	0.95	0.48	0.46
2020	0.5	0.5	1.1	5.77	6.1	1.0	0.0	5.1	0.86	0.46	0.40
2021	0.5	0.5	0.9	5.92	5.6	0.9		4.7	0.78	0.44	0.35
2022	0.4	0.4	0.9	6.06	5.2	0.8		4.3	0.72	0.42	0.30
2023	0.4	0.4	0.8	6.21	4.8	0.8		4.0	0.67	0.40	0.27
2024	0.3	0.4	0.7	6.36	4.4	0.7		3.7	0.62	0.38	0.24
2025	0.3	0.3	0.6	6.52	4.1	0.6		3.4	0.57	0.37	0.21
2026	0.3	0.3	0.6	6.68	3.7	0.6		3.1	0.52	0.35	0.18
2027	0.2	0.3	0.5	6.84	3.4	0.6		2.9	0.48	0.33	0.16
2028	0.2	0.2	0.5	7.01	3.2	0.5		2.7	0.44	0.32	0.14
2029	0.2	0.2	0.4	7.18	2.9	0.5		2.5	0.41	0.30	0.12
2030	0.2	0.2	0.4	7.36	2.7	0.4		2.3	0.38	0.29	0.11

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Table CRT-2
Cross Timbers Royalty Trust
Distributable Income

	<i>Q4</i>	<i>Year</i>	<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>12/31/02</i>	<i>2002</i>	<i>3/31/03</i>	<i>6/30/03</i>	<i>9/30/03</i>	<i>12/31/03</i>	<i>2003E</i>	<i>3/31/04</i>	<i>6/30/04</i>	<i>Twelve</i>
										<i>Months</i>
										<i>6/30/04</i>
Highlights										
Distributable Income (\$mm)	2.80	8.82	2.60	3.88	3.53	3.69	13.69	3.66	3.58	14.46
Per unit	0.47	1.47	0.43	0.65	0.59	0.62	2.28	0.61	0.60	2.41
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Volume										
Natural Gas (bcf)	0.77	3.03	0.65	0.76	0.75	0.76	2.93	0.76	0.75	3.02
Natural Gas (mmcf)	8.4	8.3	7.1	8.5	8.3	8.3	8.0	8.3	8.3	8.3
Days	92	365	92	90	91	92	365	92	91	366
Oil (mb)	91	339	79	69	71	71	291	71	71	285
Oil (mbd)	0.99	0.93	0.86	0.78	0.78	0.78	0.80	0.78	0.78	0.78
Days	92	365	92	89	92	92	365	92	92	368
Total (bcf)	1.32	5.06	1.13	1.18	1.18	1.19	4.67	1.19	1.18	4.73
Price										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	3.21	2.88	4.30	6.38	5.76	6.31	5.69	6.36	6.33	6.19
Differential (\$/mmbtu)	0.21	0.09	0.40	1.06	0.58	0.63	0.63	0.64	0.63	0.62
CRT (\$/mcf)	3.00	2.79	3.90	5.32	5.19	5.67	5.06	5.72	5.70	5.57
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	28.96	24.70	29.55	32.51	28.80	27.56	29.60	26.46	25.79	27.15
CRT	26.30	22.31	26.89	30.01	26.50	25.36	27.16	24.34	23.73	24.98
Total (\$/mcf)	3.57	3.17	4.15	5.21	4.91	5.15	4.86	5.12	5.07	5.06
Revenue (\$mm)										
Natural Gas	2.32	8.45	2.54	4.06	3.89	4.31	14.81	4.34	4.28	16.82
Oil	2.40	7.55	2.14	2.07	1.89	1.81	7.91	1.74	1.69	7.13
Total	4.71	16.01	4.68	6.13	5.78	6.12	22.72	6.08	5.97	23.95
Cost (\$mm)										
Tax, transport & other										
Production	0.66	2.11	0.74	0.86	0.81	0.86	3.27	0.85	0.84	3.35
Total	0.75	3.01	0.82	0.82	0.82	0.82	3.29	0.82	0.82	3.29
Cash flow (\$mm)										
Development	1.41	5.13	1.56	1.68	1.63	1.68	6.55	1.67	1.66	6.64
Excess or other	3.30	10.88	3.12	4.45	4.15	4.44	16.16	4.41	4.31	17.31
Net proceeds (\$mm)	0.06	0.57	0.05	0.05	0.15	0.15	0.40	0.15	0.15	0.60
Royalty income (\$mm)	(0.02)	(0.02)					-			
Royalty/Net proceeds	3.26	10.33	3.07	4.40	4.00	4.29	15.76	4.26	4.16	16.71
Administration	2.82	9.05	2.66	3.92	3.57	3.73	13.88	3.70	3.62	14.62
Distributable income (\$mm)	86%	88%	87%	89%	89%	87%	88%	87%	87%	87%
Tax and other/revenue	0.02	0.22	0.06	0.04	0.04	0.04	0.18	0.04	0.04	0.16
Distributable Inc/Rev (%)	2.80	8.82	2.60	3.88	3.53	3.69	13.69	3.66	3.58	14.46
	0.14	0.13	0.16	0.14	0.14	0.14	0.14	0.14	0.14	0.14
	59	55	55	63	61	60	60	60	60	60

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Table CRT-3
Cross Timbers Royalty Trust
Monthly Distributions

	<i>Mar-03</i>	<i>Apr-03</i>	<i>May-03</i>	<i>Jun-03</i>
Distribution (\$/unit)				
Declared	0.18	0.20	0.20	
Projected				0.25
Volume				
Natural Gas (bcf)	233	266	242	256
Natural Gas (mmcf/d)	7.52	8.58	8.64	8.25
Days	31	31	28	31
Oil (mb)	24.8	24.1	21.4	23.5
Oil (mbd)	0.80	0.86	0.69	0.78
Days	31	28	31	30
Total (bcf)	382	411	370	397
Price				
Natural gas industry quotes lagged three months (\$/mmbtu)				
Henry Hub Daily/Futures	4.76	5.41	7.77	5.95
San Juan Monthly Index	3.45	4.14	4.58	5.91
CRT/Henry Hub	0.90	0.83	0.66	1.07
CRT/San Juan Index	1.25	1.08	1.12	1.08
CRT (\$/mcf)	4.30	4.48	5.12	6.39
Oil (\$/bbl)				
WTI Cushing (lagged two months)	32.94	35.87	33.27	28.38
CRT/WTI Cushing	0.91	0.88	0.98	0.92
CRT	29.87	31.53	32.54	26.15
Total (\$/mcf)	4.56	4.75	5.23	5.67
Revenue (\$mm)				
Natural Gas	1.00	1.19	1.24	1.63
Oil	0.74	0.76	0.70	0.61
Total	1.74	1.95	1.94	2.25
Distributable income (\$mm)	1.06	1.23	1.18	1.47
Distributable Income/Revenue (%)				
Natural Gas	75	75	75	75
Oil	41	44	36	41
Total	61	63	61	66

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

Volume Decline (%/yr):	11	Price Escalation Post 2008 (%/yr):	2.5
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	5.4
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	3.4
PV/Volume (\$/mcf):	1.83	PV/EBITDA 2004:	6.4

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2004 through 2030; years ending on 6/30												
	241	121	363	4.76	1728	236	294	172	1026	25.64	0.65	16.60
2004	26.9	0.0	26.9	5.02	135.1	8.8	23.0	10.4	93.0	2.32	0.97	2.26
2005	24.0	2.2	26.2	4.47	117.0	8.8	19.9	26.5	61.9	1.55	0.92	1.43
2006	21.5	4.0	25.5	4.19	106.9	8.8	18.2	24.0	56.0	1.40	0.88	1.23
2007	19.2	5.6	24.9	4.16	103.4	8.8	17.6	23.1	53.9	1.35	0.83	1.12
2008	17.2	7.0	24.2	4.18	101.3	8.8	17.2	22.6	52.7	1.32	0.79	1.04
2009	15.4	8.2	23.6	4.19	98.7	8.8	16.8	22.0	51.2	1.28	0.75	0.96
2010	13.7	9.2	23.0	4.29	98.5	8.8	16.7	21.9	51.1	1.28	0.71	0.91
2011	12.3	10.1	22.4	4.39	98.3	8.8	16.7	21.9	51.0	1.27	0.67	0.86
2012	11.0	9.0	20.0	4.50	90.0	8.8	15.3		66.0	1.65	0.64	1.06
2013	9.8	8.1	17.9	4.61	82.5	8.8	14.0		59.7	1.49	0.61	0.91
2014	8.8	7.2	16.0	4.73	75.5	8.8	12.8		53.9	1.35	0.58	0.78
2015	7.8	6.4	14.3	4.84	69.2	8.8	11.8		48.7	1.22	0.55	0.67
2016	7.0	5.8	12.8	4.96	63.4	8.8	10.8		43.8	1.10	0.52	0.57
2017	6.3	5.2	11.4	5.08	58.0	8.8	9.9		39.4	0.99	0.49	0.49
2018	5.6	4.6	10.2	5.21	53.2	8.8	9.0		35.4	0.88	0.47	0.41
2019	5.0	4.1	9.1	5.33	48.7	8.8	8.3		31.6	0.79	0.44	0.35
2020	4.5	3.7	8.2	5.46	44.6	8.8	7.6		28.3	0.71	0.42	0.30
2021	4.0	3.3	7.3	5.60	40.8	8.8	6.9		25.1	0.63	0.40	0.25
2022	3.6	2.9	6.5	5.73	37.4	8.8	6.4		22.3	0.56	0.38	0.21
2023	3.2	2.6	5.8	5.88	34.3	8.8	5.8		19.7	0.49	0.36	0.18
2024	2.9	2.4	5.2	6.02	31.4	8.8	5.3		17.3	0.43	0.34	0.15
2025	2.6	2.1	4.7	6.17	28.7	8.8	4.9		15.1	0.38	0.32	0.12
2026	2.3	1.9	4.2	6.32	26.3	8.8	4.5		13.1	0.33	0.31	0.10
2027	2.0	1.7	3.7	6.47	24.1	8.8	4.1		11.3	0.28	0.29	0.08
2028	1.8	1.5	3.3	6.63	22.1	8.8	3.8		9.6	0.24	0.28	0.07
2029	1.6	1.3	3.0	6.79	20.2	8.8	3.4		8.0	0.20	0.26	0.05
2030	1.5	1.2	2.7	6.96	18.5	8.8	3.1		6.6	0.17	0.25	0.04

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Hugoton Royalty Trust
Distributable Income

	Q3	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next
	9/30/02	12/31	2002	3/31/03	6/30/03	9/30/03	12/31	2003E	3/31/04	6/30/04	Twelve
											Months
											6/30/04
Highlights											
Revenue (\$mm) (80%)	19.7	18.9	73.6	26.8	33.4	33.1	34.0	127.2	34.9	33.1	135.1
Cash flow (\$mm) (80%)	13.3	12.6	48.1	19.4	25.2	25.3	26.1	96.0	26.9	25.4	103.7
Per unit	0.33	0.32	1.20	0.49	0.63	0.63	0.65	2.40	0.67	0.64	2.59
Distributable Income (\$mm)	8.6	8.3	29.6	16.4	23.6	22.8	23.6	86.4	24.4	22.1	93.0
Per unit	0.22	0.21	0.74	0.41	0.59	0.57	0.59	2.16	0.61	0.55	2.32
Units (millions)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Volume											
Natural Gas (bcf)	8.6	8.4	34.3	8.2	7.7	7.9	7.9	31.7	8.0	7.7	31.6
Natural Gas (mmcf)	93.4	91.4	94.0	88.8	86.4	86.4	86.4	87.0	87.0	87.0	86.7
Days	92	92	365	92	89	92	92	365	92	89	365
Oil (mb)	90	84	353	86	83	84	84	337	84	81	333
Oil (mbd)	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Days	92	92	365	92	89	92	92	365	92	89	365
Total (bcf)	9.1	8.9	36.4	8.7	8.2	8.5	8.4	33.8	8.5	8.2	33.6
Price											
Natural Gas (HH lagged two months)											
Henry Hub (\$/mmbtu)	3.23	3.59	3.02	4.73	6.33	6.11	6.30	5.87	6.44	6.31	6.29
Differential (%)	20	30	19	20	20	20	20	20	20	20	20
HGT (\$/mcf)	2.60	2.52	2.44	3.80	5.09	4.91	5.06	4.70	5.18	5.07	5.05
Oil (\$/bbl) (WTI Cushing lagged two months)											
WTI Cushing	26.49	28.96	24.70	29.55	32.51	28.80	27.56	29.60	26.46	28.23	27.76
HGT	25.84	28.16	23.70	28.76	31.64	28.04	26.83	28.81	25.75	27.48	27.02
Total (\$/mcf)	2.70	2.65	2.52	3.86	5.10	4.90	5.03	4.71	5.13	5.04	5.02
Revenue (\$mm)											
Natural Gas	22.3	21.2	83.6	31.0	39.1	39.0	40.2	149.3	41.4	39.2	159.9
Oil	2.3	2.4	8.4	2.5	2.6	2.4	2.2	9.7	2.2	2.2	9.0
Total	24.6	23.6	92.0	33.5	41.7	41.4	42.4	159.0	43.6	41.4	168.9
Cost (\$mm)											
Tax, transport & other	2.1	2.5	8.2	3.3	4.2	4.1	4.2	15.8	4.4	4.1	16.9
Production	3.8	3.9	16.1	4.0	4.1	3.7	3.7	15.5	3.7	3.6	14.8
Overhead	2.1	1.5	7.6	1.9	1.9	1.9	1.9	7.6	1.9	1.9	7.6
Total	8.0	7.8	31.8	9.2	10.2	9.8	9.9	39.0	10.0	9.7	39.3
Cash flow (\$mm)											
Development	5.8	5.4	22.7	3.7	3.0	3.0	3.0	12.7	3.0	4.0	13.0
Net proceeds (\$mm)											
Royalty income (\$mm)	10.9	10.4	37.4	20.6	28.5	28.6	29.6	107.3	30.6	27.8	116.6
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.1	0.0	0.4	0.1	(0.7)	0.1	0.1	(0.5)	0.1	0.1	0.3
Distributable income (\$mm)											
Tax and other/revenue	9%	11%	9%	10%	10%	10%	10%	10%	10%	10%	10%
Production cost (\$/mcf)	0.42	0.43	0.44	0.46	0.50	0.44	0.44	0.46	0.44	0.44	0.44
Overhead cost (\$/mcf)	0.23	0.17	0.21	0.22	0.23	0.22	0.22	0.23	0.22	0.23	0.23
Development/Cash flow	0.35	0.34	0.38	0.15	0.10	0.09	0.09	0.11	0.09	0.13	0.10

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Natural Gas Royalty Trusts

A Weekly Analysis

May 22, 2003

Table HGT-3
Hugoton Royalty Trust
Monthly Declarations

	Mar-03	Apr-03	May-03	Jun-03
Distribution (\$/unit)				
Declared	0.16	0.15	0.29	
Projected				0.15
Volume				
Natural Gas (bcf)	2.66	2.48	2.62	2.59
Natural Gas (mmcf)	86	88	85	86
Days	31	28	31	30
Price				
Natural gas industry quotes lagged two months (\$/mmbtu)				
Henry Hub Daily/Futures	5.41	7.77	5.95	5.26
HGT/Henry Hub	0.75	0.57	1.15	0.75
HGT (\$/mcf)	4.08	4.43	6.83	3.95
Revenue (\$mm)				
Natural Gas	10.8	11.0	17.9	10.2
Other	0.1	0.2	0.4	
Total	10.7	10.8	17.5	10.2
Cost (\$mm)				
Production	1.2	1.5	1.3	1.3
Overhead	0.6	0.7	0.6	0.6
Total	1.8	2.1	1.9	1.9
Cash flow (\$mm)	8.9	8.7	15.5	8.3
Development	1.0	1.0	1.0	1.0
Net proceeds (\$mm)	7.9	7.7	14.5	7.3
Royalty income (\$mm)	6.3	6.1	11.6	5.8
Royalty/Net proceeds	80%	80%	80%	80%
Distributable income (\$mm)	6.3	6.1	11.6	5.8
Units (millions)	40.0	40.0	40.0	40.0
Distribution (\$/unit)	0.16	0.15	0.29	0.15
<i>Latest Twelve Month Average</i>				
Natural Gas (mmcf)	93	92	91	
HGT/Henry Hub	0.79	0.77	0.75	
Other revenue (\$mm)	0.6	0.5	0.5	
Production (\$mm)	1.3	1.3	1.3	
Overhead (\$mm)	0.6	0.6	0.6	

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Natural Gas Royalty Trusts

A Weekly Analysis

May 22, 2003

Table SJT-1
San Juan Basin Royalty Trust
Present Value

Volume Decline (%/yr):	11	Price Escalation Post 2009 (%/yr):	2.5
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	5.4
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.7
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	3.4
PV/Volume (\$/mcf):	1.73	PV/EBITDA 2004:	7.4

Year	Volume		Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	(\$/unit)	Disc Factor	Present Value (\$/unit)
	Basic (bcf)	Enhanced (bcf)										
Total 2004 through 2030; years ending on 6/30												
	312	208	520	4.23	2201	349	264	188	1400	30.05	0.64	19.30
2004	34.7	0.0	34.7	4.32	150.2	10.6	18.0	12.2	109.4	2.35	0.97	2.29
2005	31.1	3.5	34.5	3.97	137.1	13.0	16.5	26.9	80.7	1.73	0.92	1.60
2006	27.8	6.6	34.3	3.72	127.8	13.0	15.3	24.9	74.6	1.60	0.88	1.40
2007	24.8	9.3	34.1	3.70	126.1	13.0	15.1	24.5	73.5	1.58	0.83	1.31
2008	22.2	11.7	33.9	3.72	126.1	13.0	15.1	24.5	73.5	1.58	0.79	1.25
2009	19.8	13.9	33.7	3.72	125.4	13.0	15.1	24.3	73.0	1.57	0.75	1.17
2010	17.7	15.8	33.5	3.81	127.8	13.0	15.3	24.9	74.6	1.60	0.71	1.14
2011	15.9	17.5	33.3	3.91	130.1	13.0	15.6	25.4	76.1	1.63	0.67	1.10
2012	14.2	15.6	29.8	4.00	119.2	13.0	14.3		91.9	1.97	0.64	1.26
2013	12.7	13.9	26.6	4.10	109.1	13.0	13.1		83.0	1.78	0.61	1.08
2014	11.3	12.5	23.8	4.20	100.0	13.0	12.0		75.0	1.61	0.58	0.93
2015	10.1	11.1	21.3	4.30	91.6	13.0	11.0		67.6	1.45	0.55	0.79
2016	9.1	10.0	19.0	4.41	83.9	13.0	10.1		60.8	1.30	0.52	0.68
2017	8.1	8.9	17.0	4.52	76.8	13.0	9.2		54.6	1.17	0.49	0.58
2018	7.2	8.0	15.2	4.63	70.3	13.0	8.4		48.9	1.05	0.47	0.49
2019	6.5	7.1	13.6	4.74	64.4	13.0	7.7		43.7	0.94	0.44	0.42
2020	5.8	6.4	12.1	4.86	59.0	13.0	7.1		38.9	0.84	0.42	0.35
2021	5.2	5.7	10.9	4.98	54.0	13.0	6.5		34.6	0.74	0.40	0.30
2022	4.6	5.1	9.7	5.10	49.5	13.0	5.9		30.6	0.66	0.38	0.25
2023	4.1	4.5	8.7	5.22	45.3	13.0	5.4		26.9	0.58	0.36	0.21
2024	3.7	4.1	7.8	5.35	41.5	13.0	5.0		23.5	0.51	0.34	0.17
2025	3.3	3.6	6.9	5.48	38.0	13.0	4.6		20.5	0.44	0.32	0.14
2026	3.0	3.2	6.2	5.62	34.8	13.0	4.2		17.7	0.38	0.31	0.12
2027	2.6	2.9	5.5	5.75	31.9	13.0	3.8		15.1	0.32	0.29	0.09
2028	2.4	2.6	5.0	5.89	29.2	13.0	3.5		12.7	0.27	0.28	0.08
2029	2.1	2.3	4.4	6.04	26.8	13.0	3.2		10.6	0.23	0.26	0.06
2030	1.9	2.1	4.0	6.19	24.5	13.0	2.9		8.6	0.18	0.25	0.05

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Natural Gas Royalty Trusts

A Weekly Analysis

May 22, 2003

Table SJT-2
San Juan Basin Royalty Trust
Distributable Income

	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next
	12/31/02	2002	3/31/03	6/30/03	9/30/03	12/31/03	2003E	3/31/04	6/30/04	Twelve Months 6/30/04
Highlights										
Revenue (\$mm) (75%)	20.4	78.9	31.0	36.6	37.1	38.7	143.4	39.6	34.9	150.2
Cash flow (\$mm) (75%)	15.6	59.7	24.9	29.9	30.5	31.8	117.1	32.6	28.4	123.3
Per unit	0.33	1.28	0.53	0.64	0.65	0.68	2.51	0.70	0.61	2.65
Tax credit (\$mm)	1.9	5.6					-			
Per unit	0.04	0.12					-			
Distributable Income (\$mm)	11.6	36.3	19.5	26.6	27.0	28.3	101.4	29.1	25.0	109.4
Per unit	0.25	0.78	0.42	0.57	0.58	0.61	2.18	0.62	0.54	2.35
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Volume										
Natural gas (mmbtu)	12.4	48.5	12.6	11.6	12.1	12.1	48.5	12.1	11.7	48.2
Heat Content(btu/cf)	1,064	1,050	1,084	1,076	1,049	1,049	1,064	1,049	1,049	1,049
Natural gas (bcf)	11.6	46.2	11.6	10.8	11.6	11.6	45.6	11.6	11.2	45.9
Natural Gas (mmcf)	126.2	126.6	126.5	121.6	125.8	125.8	125.0	125.8	125.8	125.8
Days	92	365	92	89	92	92	365	92	89	365
Oil (mb)	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Oil (mbd)	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total gas & oil (bcf)	11.7	46.8	11.7	10.9	11.7	11.7	46.0	11.7	11.3	46.3
Price										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	3.59	3.02	4.73	6.33	6.11	6.30	5.87	6.44	5.86	6.18
Differential (%)	40	30	32	34	33	33	33	33	33	33
Total	2.16	2.13	3.24	4.16	4.09	4.22	3.91	4.32	3.93	4.13
Natural gas (\$/mcf)	2.30	2.24	3.51	4.48	4.29	4.42	4.16	4.53	4.12	4.33
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	28.96	24.70	29.55	32.51	28.80	27.56	29.60	26.46	25.79	27.15
SJT	28.35	20.90	24.44	26.89	23.83	22.80	24.47	21.89	21.33	22.47
Total gas & oil (\$/mcf)	2.32	2.25	3.52	4.48	4.24	4.42	4.16	4.52	4.11	4.32
Revenue (\$mm)										
Natural Gas	26.7	103.3	40.9	48.4	49.1	51.2	189.6	52.4	46.1	198.9
Oil	0.6	2.0	0.4	0.4	0.4	0.4	1.6	0.4	0.3	1.4
Total	27.3	105.2	41.3	48.9	49.5	51.6	191.2	52.8	46.5	200.3
Cost (\$mm)										
Severance tax	3.1	10.5	4.2	5.0	5.0	5.2	19.4	5.3	4.6	20.1
Operating	3.4	15.2	3.9	3.9	3.8	4.1	15.6	4.1	3.9	15.8
Total	6.5	25.6	8.1	8.9	8.8	9.2	35.1	9.3	8.6	35.9
Cash flow (\$mm)										
Development	4.7	21.5	6.6	3.0	4.1	4.1	17.7	4.1	4.1	16.2
Net proceeds (\$mm)										
Royalty/Net proceeds	16.1	58.2	26.6	36.9	36.6	38.3	138.5	39.4	33.8	148.2
Royalty income (\$mm)										
Royalty/Net proceeds	12.1	43.6	19.9	27.7	27.5	28.7	103.9	29.5	25.4	111.1
Administration	0.5	2.0	0.4	0.3	0.4	0.4	1.6	0.4	0.4	1.7
One-time		5.3		0.9			0.9			-
Distributable income (\$mm)										
Severance tax/revenue	11.6	36.3	19.5	26.6	27.0	28.3	101.4	29.1	25.0	109.4
Operating cost (\$/mcf)	11.5%	9.9%	10.2%	10.2%	10.2%	10.0%	10.2%	10.0%	10.0%	10.0%
Development/Cash flow	0.29	0.32	0.33	0.36	0.32	0.35	0.34	0.35	0.35	0.34
	22%	27%	20%	7%	10%	10%	11%	9%	11%	10%

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Natural Gas Royalty Trusts

A Weekly Analysis

May 22, 2003

Table SJT-3
San Juan Basin Royalty Trust
Monthly Declarations

	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03
Distribution (\$/unit)							
Declared	0.20	0.16	0.26				
Projected				0.15	0.17	0.20	0.21
Volume							
Natural gas (mmbtu)	4.58	3.62	4.06	3.96	4.09	3.96	4.09
Heat Content(btu/cf)	1,067	1,107	1,075	1,049	1,049	1,049	1,049
Natural gas (bcf)	4.29	3.27	3.78	3.78	3.90	3.78	3.90
Natural Gas (mmcf)	138	117	122	126	126	126	126
Days	31	28	31	30	31	30	31
Price							
Natural gas industry quotes lagged two months (\$/mmbtu)							
Henry Hub Daily/Futures	5.41	7.77	5.95	5.26	5.82	6.21	6.31
San Juan Monthly Index	4.14	4.58	5.91	3.71	4.03		
SJT/Henry Hub	0.68	0.54	0.84	0.63	0.62	0.68	0.68
SJT/San Juan Index	0.88	0.91	0.84	0.90	0.90		
SJT (\$/mmbtu)	3.66	4.16	4.97	3.34	3.63	4.22	4.29
SJT (\$/mcf)	3.91	4.60	5.34	3.50	3.80	4.43	4.50
Revenue (\$mm)							
Natural Gas	16.8	15.0	20.2	13.2	14.8	16.7	17.5
Other	(0.1)	0.1	0.1	(0.1)	(0.1)	(0.1)	(0.1)
Cost (\$mm)							
Severance tax	1.7	1.6	2.1	1.4	1.5	1.7	1.8
Operating	1.1	1.4	1.3	1.3	1.3	1.3	1.3
Total	2.8	3.0	3.3	2.6	2.8	3.0	3.1
Cash flow (\$mm)	13.8	12.1	16.9	10.5	12.0	13.7	14.4
Development	1.4	1.1	0.5	1.4	1.4	1.4	1.4
Net proceeds (\$mm)	12.4	11.0	16.4	9.2	10.6	12.3	13.1
Royalty income (\$mm)	9.3	8.3	12.3	6.9	8.0	9.2	9.8
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%
One time		0.9					
Distributable income (\$mm)	9.3	7.4	12.3	6.9	8.0	9.2	9.8
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Distribution (\$/unit)	0.20	0.16	0.26	0.15	0.17	0.20	0.21
<i>Latest Twelve Month Average</i>							
Heat Content(btu/cf)	1,048	1,051	1,049				
Natural Gas (mmcf)	127	126	126				
SJT/Henry Hub	0.67	0.67	0.68				
SJT/San Juan Index	0.90	0.91	0.90				
Other revenue	(0.1)	(0.0)	(0.1)				
Operating	1.2	1.3	1.3				
Development	1.4	1.2	1.4				
Severance tax/revenue	10.1%	10.2%	10.3%				

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