

# Natural Gas Royalty Trusts

A Weekly Analysis

August 7, 2003

## Wattenberg Wonder

### Summary and Recommendation

A doubling in six years of reserves in Wattenberg, apparently one of the ten largest natural gas fields in the U.S., illustrates how technology and price can expand volumes. Tom Edelman of Patina Oil & Gas Corporation (POG) presented the gains at The 8th Oil & Gas Conference in Denver on August 4. POG owns about a fourth of the natural gas field in eastern Colorado. Impressive as that may be, we thought Mr. Edelman made a generous interpretation as he presented POG as the best performer of 200 oil and gas companies for the past four and a half years. When adjusting for the past high debt in POG and picking a more normalized starting point, POG stock total return was comparable to that of natural gas royalty trusts. Regardless, we sense that much of the increase reported for Wattenberg reserves can also be achieved in the largest natural gas field in contiguous states, the San Juan Basin. Of course that would benefit recommended **San Juan Basin Royalty Trust (SJT)** among others.

Kurt H. Wulff, CFA

### Natural Gas and Oil Futures

August 7, 2003

	Year Ending August						Six
	2004	2005	2006	2007	2008	2009	Year
Natural Gas (\$/mmbtu)	4.99	4.81	4.68	4.73	4.78	4.83	4.80
Light Sweet Crude Oil (\$/bbl)	29.39	25.87	24.74	24.62	24.52	24.43	25.59
Natural Gas/Oil (6:1 = 1.0)	1.02	1.12	1.13	1.15	1.17	1.19	1.13

Source: Nymex.com, McDep Associates

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

		Price (\$/sh)	Market	Net	Debt/	McDep
	Symbol/ Rating	6-Aug 2003	Cap (\$mm)	Present Value (\$/sh)	Present Value	Ratio
		Shares (mm)				
Cross Timbers Royalty Trust	CRT	24.30	146	20.50	-	1.19
Hugoton Royalty Trust (46%)	HGT	17.51	320	15.50	-	1.13
San Juan Basin Royalty Trust	SJT B	16.20	760	18.40	-	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

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

Volume Decline (%/yr):	11	Price Escalation Post 2008 (%/yr):	2.7
Volume Enhancement (%/yr):	8	Discount rate (%/yr):	6.3
Capex/Cash Flow (%):	30	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	17	U.S. 10 Year Yield (%/yr):	4.3
PV/Volume (\$/mcf):	1.70	PV/EBITDA 2004:	7.5

Year	Basic (bcf)	Volume Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$mm)	Distribution (\$/unit)	Disc Factor	Present Value (\$/unit)
Total 2004 through 2030; years ending on 6/30												
	243	122	365	4.89	1782	271	303	172	1035	25.88	0.60	15.50
2004	27.0	0.0	27.0	4.15	112.1	10.1	19.1	8.6	74.4	1.86	0.97	1.80
2005	24.2	2.2	26.3	4.38	115.2	10.1	19.6	25.7	59.9	1.50	0.91	1.37
2006	21.6	4.0	25.6	4.21	107.9	10.1	18.3	23.8	55.6	1.39	0.86	1.19
2007	19.3	5.7	25.0	4.23	105.6	10.1	18.0	23.3	54.3	1.36	0.81	1.10
2008	17.3	7.1	24.3	4.29	104.3	10.1	17.7	22.9	53.5	1.34	0.76	1.02
2009	15.4	8.3	23.7	4.34	102.8	10.1	17.5	22.6	52.7	1.32	0.72	0.94
2010	13.8	9.3	23.1	4.45	102.8	10.1	17.5	22.6	52.7	1.32	0.67	0.89
2011	12.3	10.1	22.5	4.58	102.9	10.1	17.5	22.6	52.7	1.32	0.63	0.83
2012	11.0	9.1	20.1	4.70	94.5	10.1	16.1		68.4	1.71	0.60	1.02
2013	9.9	8.1	18.0	4.83	86.8	10.1	14.8		62.0	1.55	0.56	0.87
2014	8.8	7.2	16.1	4.96	79.7	10.1	13.5		56.1	1.40	0.53	0.74
2015	7.9	6.5	14.4	5.10	73.2	10.1	12.4		50.7	1.27	0.50	0.63
2016	7.0	5.8	12.8	5.24	67.2	10.1	11.4		45.7	1.14	0.47	0.53
2017	6.3	5.2	11.5	5.38	61.7	10.1	10.5		41.2	1.03	0.44	0.45
2018	5.6	4.6	10.3	5.53	56.7	10.1	9.6		37.0	0.93	0.41	0.38
2019	5.0	4.1	9.2	5.68	52.1	10.1	8.9		33.2	0.83	0.39	0.32
2020	4.5	3.7	8.2	5.83	47.8	10.1	8.1		29.6	0.74	0.37	0.27
2021	4.0	3.3	7.3	5.99	43.9	10.1	7.5		26.4	0.66	0.34	0.23
2022	3.6	3.0	6.6	6.15	40.3	10.1	6.9		23.4	0.59	0.32	0.19
2023	3.2	2.6	5.9	6.32	37.0	10.1	6.3		20.7	0.52	0.30	0.16
2024	2.9	2.4	5.2	6.50	34.0	10.1	5.8		18.2	0.45	0.29	0.13
2025	2.6	2.1	4.7	6.67	31.2	10.1	5.3		15.9	0.40	0.27	0.11
2026	2.3	1.9	4.2	6.85	28.7	10.1	4.9		13.8	0.34	0.25	0.09
2027	2.1	1.7	3.7	7.04	26.4	10.1	4.5		11.8	0.30	0.24	0.07
2028	1.8	1.5	3.3	7.23	24.2	10.1	4.1		10.0	0.25	0.22	0.06
2029	1.6	1.3	3.0	7.43	22.2	10.1	3.8		8.4	0.21	0.21	0.04
2030	1.5	1.2	2.7	7.63	20.4	10.1	3.5		6.9	0.17	0.20	0.03

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# Natural Gas Royalty Trusts

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

	Q4 12/31	Year 2002	Q1 3/31/03	Q2E 6/30/03	Q3E 9/30/03	Q4E 12/31	Year 2003E	Q1E 3/31/04	Q2E 6/30/04	Next Twelve Months 6/30/04
<b>Highlights</b>										
Revenue (\$mm) (80%)	18.9	73.6	26.8	34.5	29.8	26.7	117.8	29.3	26.3	112.1
Cash flow (\$mm) (80%)	12.6	48.1	19.4	26.8	22.0	19.6	87.9	21.9	19.3	82.9
Per unit	0.32	1.20	0.49	0.67	0.55	0.49	2.20	0.55	0.48	2.07
Distributable Income (\$mm)	8.3	29.6	16.4	24.5	20.6	17.7	79.3	20.0	16.1	74.4
Per unit	0.21	0.74	0.41	0.61	0.52	0.44	1.98	0.50	0.40	1.86
<b>Units (millions)</b>	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>Volume</b>										
Natural Gas (bcf)	8.4	34.3	8.2	7.7	8.0	8.0	31.9	8.0	7.8	31.8
Natural Gas (mmcf)	91.4	94.0	88.8	87.0	86.8	86.8	87.4	87.4	87.4	87.1
Days	92	365	92	89	92	92	365	92	89	365
Oil (mb)	84	353	86	83	84	84	337	84	81	333
Oil (mbd)	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Days	92	365	92	89	92	92	365	92	89	365
Total (bcf)	8.9	36.4	8.7	8.2	8.5	8.5	33.9	8.5	8.3	33.8
<b>Price</b>										
Natural Gas (HH lagged two months)										
Henry Hub (\$/mmbtu)	3.59	3.02	4.73	6.33	5.55	4.76	5.34	5.24	4.83	5.10
Differential (%)	30	19	20	17	22	19	20	19	19	20
HGT (\$/mcf)	2.52	2.44	3.80	5.23	4.35	3.86	4.30	4.24	3.91	4.09
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	28.96	24.70	29.55	32.51	29.86	31.81	30.93	30.37	31.57	30.90
HGT	28.16	23.70	28.76	31.64	29.06	30.96	30.09	29.57	30.73	30.07
Total (\$/mcf)	2.65	2.52	3.86	5.23	4.38	3.94	4.34	4.28	3.99	4.15
<b>Revenue (\$mm)</b>										
Natural Gas	21.2	83.6	31.0	40.5	34.8	30.8	137.1	34.1	30.4	130.1
Oil	2.4	8.4	2.5	2.6	2.5	2.6	10.1	2.5	2.5	10.0
Total	23.6	92.0	33.5	43.1	37.2	33.4	147.2	36.6	32.9	140.2
<b>Cost (\$mm)</b>										
Tax, transport & other	2.5	8.2	3.3	3.5	3.8	3.3	13.9	3.7	3.3	14.1
Production	3.9	16.1	4.0	4.1	4.1	3.7	15.9	3.8	3.6	15.2
Overhead	1.5	7.6	1.9	2.0	1.8	1.8	7.6	1.8	1.8	7.3
Total	7.8	31.8	9.2	9.6	9.7	8.9	37.4	9.2	8.7	36.6
<b>Cash flow (\$mm)</b>	15.8	60.2	24.3	33.5	27.5	24.5	109.8	27.4	24.2	103.6
Development	5.4	22.7	3.7	2.8	2.3	2.3	11.0	2.3	4.0	10.8
<b>Net proceeds (\$mm)</b>	10.4	37.4	20.6	30.8	25.3	22.3	98.9	25.1	20.2	92.8
<b>Royalty income (\$mm)</b>	8.3	29.9	16.5	24.6	20.2	17.8	79.1	20.1	16.1	74.3
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Administration	0.0	0.4	0.1	0.1	(0.4)	0.1	(0.2)	0.1	0.1	(0.2)
<b>Distributable income (\$mm)</b>	8.3	29.6	16.4	24.5	20.6	17.7	79.3	20.0	16.1	74.4
Tax and other/revenue	11%	9%	10%	8%	10%	10%	9%	10%	10%	10%
Production cost (\$/mcf)	0.43	0.44	0.46	0.50	0.48	0.44	0.47	0.44	0.44	0.45
Overhead cost (\$/mcf)	0.17	0.21	0.22	0.24	0.21	0.21	0.22	0.21	0.22	0.22
Development/Cash flow	0.34	0.38	0.15	0.08	0.08	0.09	0.10	0.08	0.17	0.10

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**Table HGT-3**  
**Hugoton Royalty Trust**  
**Monthly Declarations**

	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03
<b>Distribution</b> (\$/unit)						
Declared	0.15	0.29	0.17	0.17		
Projected					0.18	0.16
<b>Volume</b>						
Natural Gas (bcf)	2.48	2.62	2.64	2.62	2.64	2.73
Natural Gas (mmcf/d)	88	85	88	85	88	88
Days	28	31	30	31	30	31
<b>Price</b>						
Natural gas industry quotes lagged two months (\$/mmbtu)						
Henry Hub Daily/Futures	7.77	5.95	5.26	5.81	5.82	5.03
HGT/Henry Hub	0.57	1.15	0.83	0.77	0.79	0.79
HGT (\$/mcf)	4.43	6.83	4.39	4.50	4.60	3.97
<b>Revenue</b> (\$mm)						
Natural Gas	11.0	17.9	11.6	11.8	12.1	10.8
Other	0.2	0.4	0.3	0.3	0.3	0.3
Total	10.8	17.5	11.3	11.5	11.9	10.6
<b>Cost</b> (\$mm)						
Production	1.5	1.3	1.3	1.4	1.3	1.3
Overhead	0.7	0.6	0.7	0.6	0.6	0.6
Total	2.1	1.9	2.0	2.0	1.9	1.9
<b>Cash flow</b> (\$mm)	8.7	15.5	9.2	9.5	9.9	8.6
Development	1.0	1.0	0.8	0.8	0.8	0.8
<b>Net proceeds</b> (\$mm)	7.7	14.5	8.5	8.7	9.2	7.9
<b>Royalty income</b> (\$mm)	6.1	11.6	6.8	7.0	7.3	6.3
Royalty/Net proceeds	80%	80%	80%	80%	80%	80%
<b>Distributable income</b> (\$mm)	6.1	11.6	6.8	7.0	7.3	6.3
<b>Units</b> (millions)	40.0	40.0	40.0	40.0	40.0	40.0
<b>Distribution</b> (\$/unit)	0.15	0.29	0.17	0.17	0.18	0.16
<i>Latest Twelve Month Average</i>						
Natural Gas (mmcf/d)	91	91	90	89		
HGT/Henry Hub	0.75	0.79	0.79	0.79		
Other revenue (\$mm)	0.5	0.5	0.4	0.4		
Development (\$mm)	1.6	1.6	1.5	1.4		
Production (\$mm)	1.3	1.3	1.3	1.3		
Overhead (\$mm)	0.6	0.6	0.6	0.6		

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

Volume Decline (%/yr):	11	Price Escalation Post 2009 (%/yr):	2.7
Volume Enhancement (%/yr):	10	Discount rate (%/yr):	6.3
Capex/Cash Flow (%):	25	U.S. TIPS Inflation (%/yr):	1.9
Variable Cost (%):	12	U.S. 10 Year Yield (%/yr):	4.3
PV/Volume (\$/mcf):	1.65	PV/EBITDA 2004:	8.6

Year	Basic (bcf)	Enhanced (bcf)	Total (bcf)	Price (\$/mcf)	Revenue (\$mm)	Fixed Cost (\$mm)	Var Cost (\$mm)	Cap Ex (\$mm)	Distribution (\$/unit)	Disc Factor	Present Value (\$/unit)	
Total 2004 through 2030; years ending on 6/30												
	312	208	520	4.36	2268	350	272	190	1456	31.25	0.59	<b>18.40</b>
2004	34.7	0.0	34.7	3.65	126.9	11.5	15.2	10.5	89.6	1.92	0.97	1.87
2005	31.1	3.5	34.5	3.89	134.3	13.0	16.1	26.3	78.9	1.69	0.91	1.55
2006	27.8	6.6	34.3	3.74	128.4	13.0	15.4	25.0	75.0	1.61	0.86	1.38
2007	24.8	9.3	34.1	3.76	128.3	13.0	15.4	25.0	74.9	1.61	0.81	1.30
2008	22.2	11.7	33.9	3.81	129.2	13.0	15.5	25.2	75.5	1.62	0.76	1.23
2009	19.8	13.9	33.7	3.85	130.0	13.0	15.6	25.3	76.0	1.63	0.72	1.17
2010	17.7	15.8	33.5	3.96	132.7	13.0	15.9	25.9	77.8	1.67	0.67	1.12
2011	15.9	17.5	33.3	4.07	135.5	13.0	16.3	26.6	79.7	1.71	0.63	1.08
2012	14.2	15.6	29.8	4.18	124.5	13.0	14.9		96.5	2.07	0.60	1.23
2013	12.7	14.0	26.6	4.29	114.3	13.0	13.7		87.6	1.88	0.56	1.05
2014	11.3	12.5	23.8	4.41	105.0	13.0	12.6		79.4	1.70	0.53	0.90
2015	10.1	11.1	21.3	4.53	96.4	13.0	11.6		71.8	1.54	0.50	0.77
2016	9.1	10.0	19.0	4.65	88.5	13.0	10.6		64.9	1.39	0.47	0.65
2017	8.1	8.9	17.0	4.78	81.3	13.0	9.8		58.6	1.26	0.44	0.55
2018	7.2	8.0	15.2	4.91	74.7	13.0	9.0		52.7	1.13	0.41	0.47
2019	6.5	7.1	13.6	5.05	68.6	13.0	8.2		47.4	1.02	0.39	0.40
2020	5.8	6.4	12.2	5.18	63.0	13.0	7.6		42.4	0.91	0.37	0.33
2021	5.2	5.7	10.9	5.33	57.9	13.0	6.9		37.9	0.81	0.34	0.28
2022	4.6	5.1	9.7	5.47	53.1	13.0	6.4		33.8	0.72	0.32	0.23
2023	4.1	4.5	8.7	5.62	48.8	13.0	5.9		29.9	0.64	0.30	0.20
2024	3.7	4.1	7.8	5.77	44.8	13.0	5.4		26.4	0.57	0.29	0.16
2025	3.3	3.6	6.9	5.93	41.2	13.0	4.9		23.2	0.50	0.27	0.13
2026	3.0	3.3	6.2	6.09	37.8	13.0	4.5		20.3	0.43	0.25	0.11
2027	2.6	2.9	5.5	6.26	34.7	13.0	4.2		17.6	0.38	0.24	0.09
2028	2.4	2.6	5.0	6.43	31.9	13.0	3.8		15.1	0.32	0.22	0.07
2029	2.1	2.3	4.4	6.61	29.3	13.0	3.5		12.8	0.27	0.21	0.06
2030	1.9	2.1	4.0	6.79	26.9	13.0	3.2		10.7	0.23	0.20	0.05

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**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
<b>Highlights</b>										
Revenue (\$mm) (75%)	20.4	78.9	31.0	35.5	33.6	29.7	129.7	32.6	31.0	126.9
Cash flow (\$mm) (75%)	15.6	59.7	24.9	28.9	26.6	23.7	104.1	26.3	25.0	101.6
Per unit	0.33	1.28	0.53	0.62	0.57	0.51	2.23	0.56	0.54	2.18
Tax credit (\$mm)	1.9	5.6					-			
Per unit	0.04	0.12					-			
Distributable Income (\$mm)	11.6	36.3	19.5	25.6	23.6	20.7	89.4	23.3	22.0	89.6
Per unit	0.25	0.78	0.42	0.55	0.51	0.44	1.92	0.50	0.47	1.92
Units (millions)	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
<b>Volume</b>										
Natural gas (mmbtu)	12.4	48.5	12.6	11.4	12.3	12.3	48.6	12.3	11.9	48.7
Heat Content(btu/cf)	1,064	1,050	1,084	1,094	1,060	1,060	1,074	1,060	1,060	1,060
Natural gas (bcf)	11.6	46.2	11.6	10.5	11.6	11.6	45.3	11.6	11.2	45.9
Natural Gas (mmcf)	126.2	126.6	126.5	117.5	125.9	125.9	124.0	125.9	125.9	125.9
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	10.5	11.7	11.7	45.6	11.7	11.3	46.3
<b>Price</b>										
Natural gas (\$/mmbtu) (Henry Hub lagged two months)										
Henry Hub (\$/mmbtu)	3.59	3.02	4.73	6.33	5.55	4.76	5.34	5.24	5.15	5.18
Differential (%)	40	30	32	35	33	33	34	33	33	34
Total	2.16	2.13	3.24	4.10	3.72	3.19	3.52	3.51	3.45	3.44
Natural gas (\$/mcf)	2.30	2.24	3.51	4.48	3.94	3.38	3.79	3.72	3.66	3.65
Oil (\$/bbl) (WTI Cushing lagged two months)										
WTI Cushing	28.96	24.70	29.55	32.51	29.86	31.81	30.93	30.37	28.76	30.20
SJT	28.35	20.90	24.44	26.89	24.70	26.31	25.57	25.13	23.79	24.99
Total gas & oil (\$/mcf)	2.32	2.25	3.52	4.48	3.83	3.39	3.79	3.72	3.66	3.65
<b>Revenue (\$mm)</b>										
Natural Gas	26.7	103.3	40.9	46.9	44.3	39.2	171.3	43.1	41.0	167.6
Oil	0.6	2.0	0.4	0.4	0.4	0.4	1.6	0.4	0.4	1.6
Total	27.3	105.2	41.3	47.3	44.7	39.6	172.9	43.5	41.3	169.2
<b>Cost (\$mm)</b>										
Severance tax	3.1	10.5	4.2	4.8	5.4	4.0	18.5	4.3	4.1	17.9
Operating	3.4	15.2	3.9	3.9	3.8	4.1	15.7	4.1	3.9	15.8
Total	6.5	25.6	8.1	8.7	9.3	8.0	34.1	8.4	8.1	33.7
<b>Cash flow (\$mm)</b>										
Development	4.7	21.5	6.6	2.9	3.5	3.5	16.4	3.5	3.5	14.0
<b>Net proceeds (\$mm)</b>										
Net proceeds	16.1	58.2	26.6	35.7	32.0	28.1	122.4	31.6	29.8	121.4
<b>Royalty income (\$mm)</b>										
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Administration	0.5	2.0	0.4	0.2	0.4	0.4	1.4	0.4	0.4	1.5
One-time		5.3		0.9			0.9			-
<b>Distributable income (\$mm)</b>										
Severance tax/revenue	11.5%	9.9%	10.2%	10.2%	12.2%	10.0%	10.7%	10.0%	10.0%	10.6%
Operating cost (\$/mcf)	0.29	0.32	0.33	0.37	0.33	0.35	0.34	0.35	0.35	0.34
Development/Cash flow	22%	27%	20%	7%	10%	11%	12%	10%	11%	10%

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at [www.mcdep.com](http://www.mcdep.com). Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

# Natural Gas Royalty Trusts

A Weekly Analysis

August 7, 2003

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

	<i>Apr-03</i>	<i>May-03</i>	<i>Jun-03</i>	<i>Jul-03</i>	<i>Aug-03</i>	<i>Sep-03</i>
<b>Distribution</b> (\$/unit)						
Declared	0.16	0.26	0.13	0.15		
Projected					0.19	0.17
<b>Volume</b>						
Natural gas (mmbtu)	3.62	4.06	3.76	4.20	3.97	4.10
Heat Content(btu/cf)	1,107	1,075	1,102	1,077	1,051	1,051
Natural gas (bcf)	3.27	3.78	3.41	3.90	3.78	3.90
Natural Gas (mmcf)	117	122	114	126	126	126
Days	28	31	30	31	30	31
<b>Price</b>						
Natural gas industry quotes lagged two months (\$/mmbtu)						
Henry Hub Daily/Futures	7.77	5.95	5.26	5.81	5.82	5.03
San Juan Monthly Index	4.58	5.91	3.71	4.03	5.03	4.70
SJT/Henry Hub	0.54	0.84	0.59	0.52	0.71	0.74
SJT/San Juan Index	0.91	0.84	0.84	0.75	0.82	0.79
SJT (\$/mmbtu)	4.16	4.97	3.10	3.01	4.13	3.73
SJT (\$/mcf)	4.60	5.34	3.42	3.24	4.35	3.92
<b>Revenue</b> (\$mm)						
Natural Gas	15.0	20.2	11.7	12.6	16.4	15.3
Other	0.1	0.1	(0.1)	(0.0)	(0.0)	(0.0)
<b>Cost</b> (\$mm)						
Severance tax	1.6	2.1	1.2	1.6	2.0	1.9
Operating	1.4	1.3	1.2	1.3	1.3	1.3
Total	3.0	3.3	2.4	2.8	3.3	3.2
<b>Cash flow</b> (\$mm)	12.1	16.9	9.2	9.8	13.1	12.1
Development	1.1	0.5	1.2	0.8	1.4	1.4
<b>Net proceeds</b> (\$mm)	11.0	16.4	7.9	9.0	11.7	10.7
<b>Royalty income</b> (\$mm)	8.3	12.3	6.0	6.8	8.8	8.1
Royalty/Net proceeds	75%	75%	75%	75%	75%	75%
One time	0.9					
<b>Distributable income</b> (\$mm)	7.4	12.3	6.0	6.8	8.8	8.1
<b>Units</b> (millions)	46.6	46.6	46.6	46.6	46.6	46.6
<b>Distribution</b> (\$/unit)	0.16	0.26	0.13	0.15	0.19	0.17
<i>Latest Twelve Month Average</i>						
Heat Content(btu/cf)	1,051	1,049	1,051	1,051		
Natural Gas (mmcf)	126	126	125	126		
SJT/Henry Hub	0.67	0.68	0.67	0.66		
SJT/San Juan Index	0.90	0.90	0.89	0.88		
Other revenue	(0.0)	(0.1)	(0.0)	(0.0)		
Operating	1.3	1.3	1.3	1.3		
Development	1.2	1.4	1.4	1.4		
Severance tax/revenue	10.2%	10.3%	10.3%	10.6%		

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