

Natural Gas Royalty Trusts

A Weekly Analysis

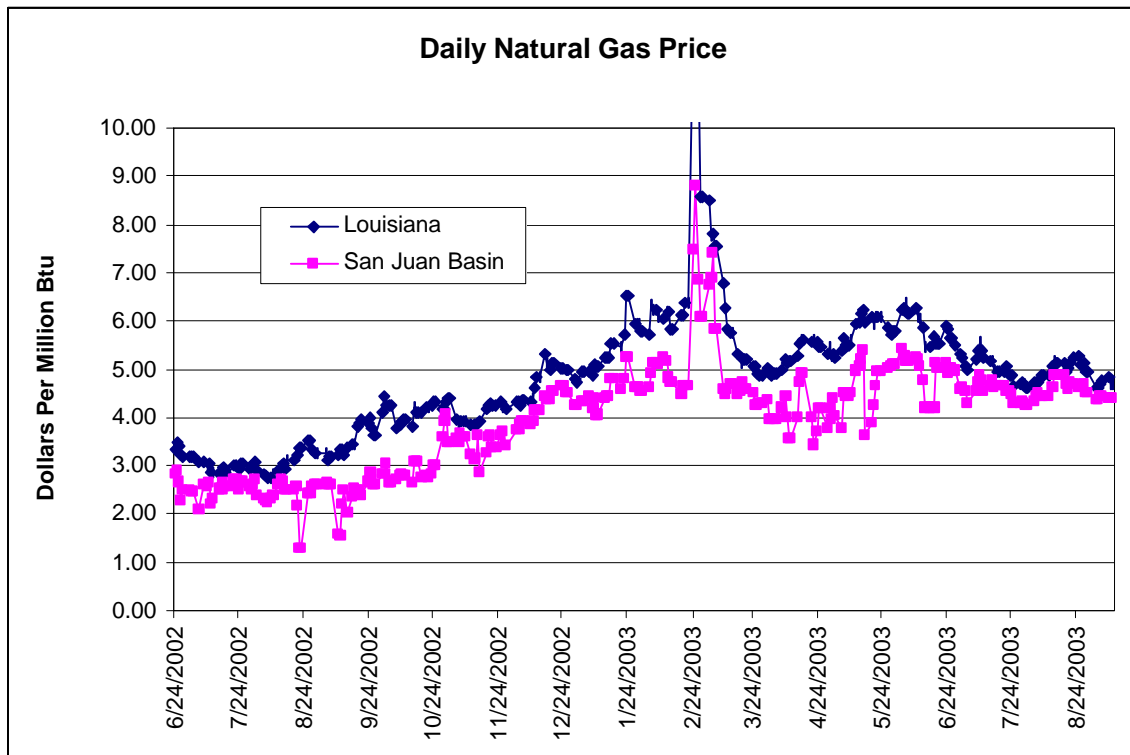
September 11, 2003

Location Differences Narrow

Summary and Recommendation

San Juan Basin and Rocky Mountain natural gas producers seem to be getting better wellhead prices relative to the industry reference at the Henry Hub in Louisiana since transportation capacity expansion from Wyoming to California was completed in May 2003. From August 2002 through May 2003 the San Juan Basin price was lower than the Henry Hub by 19%. For the past two months the difference has narrowed to 8%. In a fully efficient transportation system there should be almost no difference though we do not count on that. Volumes sensitive to the location difference are 100% for recommended **San Juan Basin Royalty Trust (SJT)**, about 80% for **Cross Timbers Royalty Trust (CRT)** and about 30% for **Hugoton Royalty Trust (HGT)**.

Kurt H. Wulff, CFA



Source: enerfax.com

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. Mr. Wulff is not paid by covered companies. Neither he nor his spouse act contrary to a buy or sell rating.

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

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 10-Sep 2003</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>
Hugoton RoyaltyTrust (46%)	HGT	18.99	18.4	350	15.70	-	1.21
Cross Timbers Royalty Trust	CRT	21.47	6.0	129	20.20	-	1.06
San Juan Basin Royalty Trust	SJT B	17.80	46.6	830	18.10	-	0.98

Buy/Sell rating after symbol: B - Buy, 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.

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 10-Sep 2003</i>	<i>EV/ Sales NTM</i>	<i>EV/ Ebitda NTM</i>	<i>Dividend or Distribution P/E NTM</i>	<i>NTM (%)</i>	<i>PV/ Ebitda NTM</i>
Cross Timbers Royalty Trust	CRT	21.47	7.0	9.9	10	9.9	9.3
Hugoton RoyaltyTrust (46%)	HGT	18.99	6.5	8.8	10	9.8	7.3
San Juan Basin Royalty Trust	SJT B	17.80	6.2	7.6	9	11.4	7.7

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended September 30, 2004; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Natural Gas and Oil Futures

September 10, 2003

	<i>Year Ending September</i>						<i>Six Year</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	
Natural Gas (\$/mmbtu)	5.09	4.79	4.69	4.71	4.77	4.81	4.81
Light Sweet Crude Oil (\$/bbl)	27.76	25.35	24.90	24.88	24.86	24.86	25.43
Natural Gas/Oil (6:1 = 1.0)	1.10	1.13	1.13	1.14	1.15	1.16	1.14

Source: Nymex.com, McDep Associates

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