

## TO OUR UNIT HOLDERS

We are pleased to present the 2023 2nd Quarter Report (this "Report") of the San Juan Basin Royalty Trust (the "Trust") to the holders (the "Unit Holders") of units of beneficial interest in the Trust (the "Units"). The principal asset of the Trust is a 75% net overriding royalty interest (the "Royalty") that is carved out of certain oil and gas leasehold and royalty interests in properties located in the San Juan Basin of New Mexico (the "Subject Interests"). The Subject Interests are owned by Hilcorp San Juan L.P. ("Hilcorp").

Royalty income distributed by Hilcorp to the Trust, which consists of 75% of the monthly net proceeds attributable to the Royalty, was approximately \$8.5 million for the three months ended June 30, 2023, compared to \$13.7 million during the same period in 2022. The average natural gas price decreased from \$4.54 per Mcf for the three months ended June 30, 2022, to \$3.69 per Mcf for the three months ended June 30, 2023.

Production of natural gas from the Subject Interests decreased from 6,073,883 Mcf for the three months ended June 30, 2022, to 5,613,332 Mcf for the three months ended June 30, 2023.

Distributable income, which is the amount that the Trust distributes to the Unit Holders from the Royalty income less the amount of expenses paid by the Trust and any changes in cash reserves, decreased from \$13.3 million (\$0.286277 per Unit) for the three months ended June 30, 2022, to \$8.1 million (\$0.173518 per Unit) for the three months ended June 30, 2023. The decrease in distributable income was primarily attributable to lower production quantities, exacerbated by lower natural gas prices.

Based on 46,608,796 Units outstanding, the per-Unit distributions during the second quarter of 2023 were as follows:

April	<b>\$ 0.103807</b>
May	<b>0.052724</b>
June	<b>0.016987</b>
<b>Quarter Total</b>	<b>\$ 0.173518</b>

Interest income was higher for the three months ended June 30, 2023, as compared to the same period in 2022 due primarily to increased funds available for investment and higher yields on short-term investments.

General and administrative expenses increased approximately 30% for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. The increase was primarily attributable to differences in timing in the receipt and payment of certain expenses by the Trust.

Total cash reserves were \$1.0 million as of June 30, 2023. The Trustee is authorized to determine in its discretion, the amount of cash reserves

needed to pay liabilities and contingencies of the Trust. The Trustee does not anticipate increasing or decreasing the established amount of cash reserves in 2023, although it cannot predict whether it will need to utilize some portion of those cash reserves during 2023.

Hilcorp's capital expenditures increased approximately \$15,523, or 15%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. The increase was primarily attributable to differences in timing of the payment for these expenditures along with capital expenditures attributable to the prior year's budget.

In January 2023, Hilcorp notified the Trust that the accounting project, begun in 2021 to review the production volume allocations for 2017 through 2020, had been completed. These reallocations affected the volumes for many of the Trust properties and may result in future revisions to previously reported revenues and severance taxes. On February 17, 2023, Hilcorp presented initial proposed adjustments for 2017 revenues. The Trustee continues to engage with Hilcorp regarding its ongoing accounting and reporting to the Trust, and the Trust's third-party compliance auditors continue to audit payments made by Hilcorp to the Trust, inclusive of sales revenues, production costs, capital expenditures, adjustments, actualizations, and recoupments. The Trust's auditing process has also included detailed analysis of Hilcorp's pricing and rates charged. As previously disclosed in the Trust's filings, these revenues and costs (along with all costs) are the subject of the Trust's ongoing comprehensive audit process by our professional consultants and outside counsel to ensure full compliance with all the underlying operative Trust agreements and evaluating all available potential remedies in the event there is evidence of non-compliance.

Royalty income for the three months ended June 30, 2023, is associated with natural gas and oil production during February through April 2023 from the Subject Interests. Production of natural gas and oil and related average sales prices attributable to each of the Subject Interests and the Royalty for the three months ended June 30, 2023, and 2022 were as follows:

	For the Three Months Ended June 30,			
	2023		2022	
	Natural Gas (Mcf)	Oil and Condensate (Bbls)	Natural Gas (Mcf)	Oil and Condensate (Bbls)
<b>Production</b>				
<b>Subject Interests</b>	5,613,332	9,105	6,073,883	8,250
<b>Royalty</b>	2,244,610	5,892	3,324,092	5,574
<b>Average Price (per Mcf/Bbl)</b>	<b>\$3.69</b>	<b>\$66.09</b>	<b>\$4.54</b>	<b>\$92.63</b>



Based on Hilcorp's reporting methodology, the Trust recognizes production during the month in which the related Royalty income is paid to the Trust. Royalty income for a calendar year is based on the actual natural gas and oil production during the period beginning with November of the preceding calendar year through October of the current calendar year. Sales volumes attributable to the Royalty are determined by dividing the net profits by the Trust from the sale of natural gas and oil, respectively, by the prices received for sales of such volumes from the Subject Interests, taking into consideration production taxes attributable to the Subject Interests. Because the natural gas and oil sales attributable to the Royalty are based upon an allocation formula dependent on such factors as price and cost, including capital expenditures, the aggregate sales amounts from the Subject Interests may not provide a meaningful comparison to sales attributable to the Royalty.

Production from the Subject Interests is influenced by the line pressure of the natural gas gathering systems in the San Juan Basin. As noted above, natural gas and oil sales attributable to the Royalty are based on an allocation formula dependent on many factors, including natural gas and oil prices and capital expenditures.


Included in this Report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of June 30, 2023 (Unaudited), and December 31, 2022, and the Condensed Statements of Distributable Income and of Changes in Trust Corpus for the three and six months ended June 30, 2023 and 2022 (Unaudited).

Unit Holders of record will continue to receive an annual individualized tax information letter. All Unit Holders may obtain monthly tax information from the Trust's website at [www.sjbrt.com](http://www.sjbrt.com), or from the Trustee upon request by calling toll-free or writing the Trustee at the contact information at the bottom of this report.

Income and expense (per Unit) and depletion factors for the three months ended June 30, 2023, are as follows:

	April	May	June
<b>Gross Income</b>	\$ 0.119694	\$ 0.066271	\$ 0.022019
<b>Interest Income</b>	\$ 0.000480	\$ 0.000613	\$ 0.000246
<b>Severance Tax</b>	(\$ 0.014066)	(\$ 0.008223)	(\$ 0.002913)
<b>Administration Expense</b>	(\$ 0.002301)	(\$ 0.005937)	(\$ 0.002365)
<b>Distributable Income</b>	\$ 0.103807	\$ 0.052724	\$ 0.016987
<b>Percentage Depletion Factor</b>	0.017954	0.009941	0.003303
<b>Cost Depletion Factor</b>	0.005975	0.006722	0.002610

PNC Bank, National Association, Trustee



BY: ROSS C. DURR, RPL  
Senior Vice President  
and Mineral Interest Director





## CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
<b>Assets</b>		
<b>Cash and Short-term Investments</b>	\$ 1,791,747	\$ 5,488,194
<b>Net Overriding Royalty Interest in Producing Oil and Gas Properties</b> (net of accumulated amortization of \$130,462,877 and \$130,306,821 at June 30, 2023 and December 31, 2022, respectively)	2,812,651	2,968,707
	<b>\$ 4,604,398</b>	<b>\$ 8,456,901</b>
<b>Liabilities and Trust Corpus</b>		
<b>Distribution Payable to Unit Holders</b>	\$ 791,747	\$ 4,488,194
<b>Cash Reserves</b>	1,000,000	1,000,000
<b>Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding</b>	2,812,651	2,968,707
	<b>\$ 4,604,398</b>	<b>\$ 8,456,901</b>

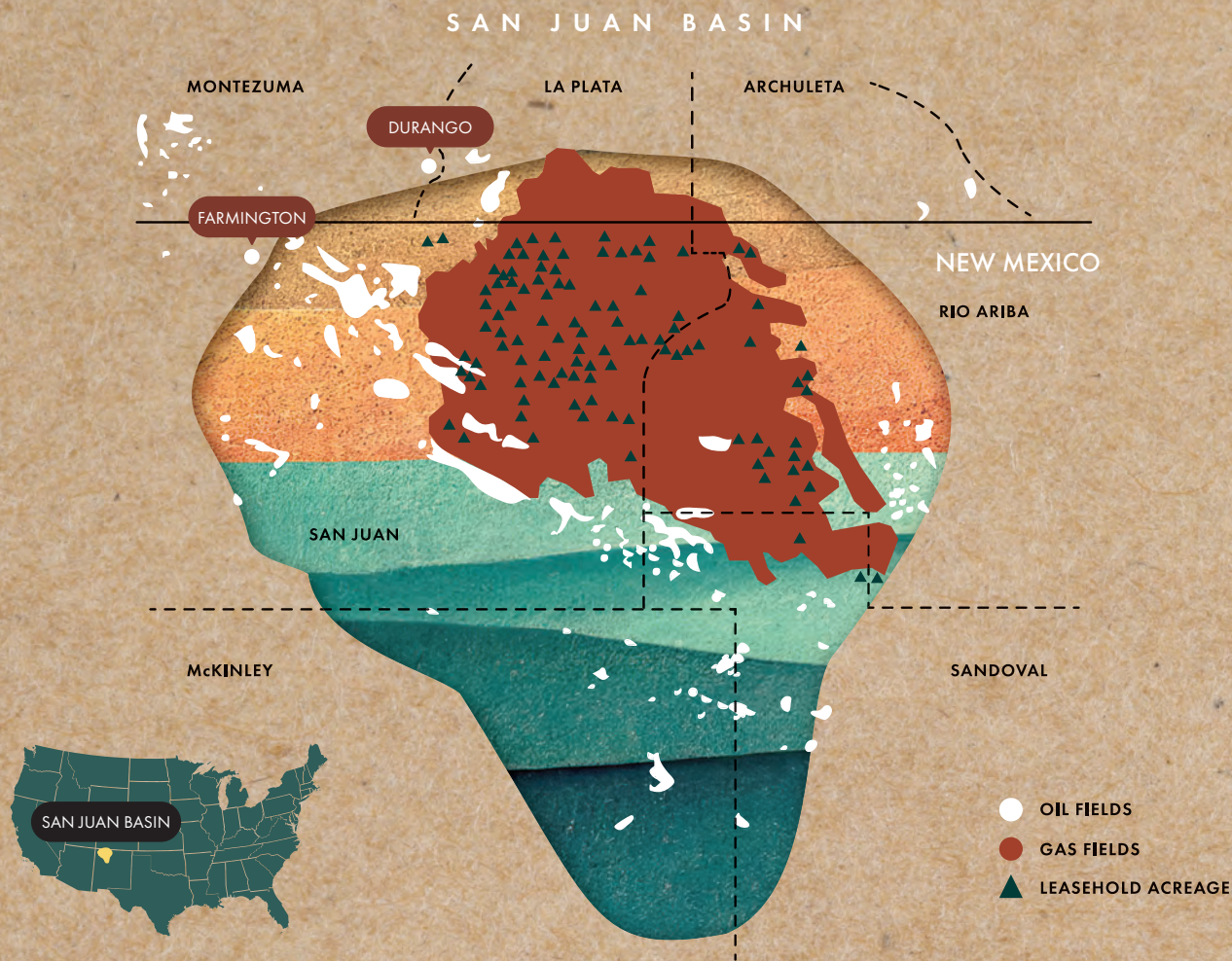
## CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Royalty Income</b>	\$ 8,519,333	\$ 13,722,931	\$ 44,936,036	\$ 28,613,422
<b>Interest Income</b>	62,365	1,829	99,301	2,036
<b>Total Income</b>	8,581,698	13,724,760	45,035,337	28,615,458
<b>General and Administrative Expenses</b>	(494,195)	(381,718)	(976,558)	(903,189)
<b>Distributable Income</b>	\$ 8,087,503	\$ 13,343,042	\$ 44,058,779	\$ 27,712,269
<b>Distributable Income Per Unit (46,608,796 Units)</b>	\$ 0.173518	\$ 0.286277	\$ 0.945289	\$ 0.594571

## CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Trust Corpus, Beginning of Period</b>	\$ 2,858,093	\$ 3,436,820	\$ 2,968,707	\$ 3,690,847
<b>Amortization of Net Overriding Royalty Interest</b>	(45,442)	(145,809)	(156,056)	(399,836)
<b>Distributable Income</b>	8,087,503	13,343,042	44,058,779	27,712,269
<b>Distributions Declared</b>	(8,087,503)	(13,343,042)	(44,058,779)	(27,712,269)
<b>Trust Corpus, End of Period</b>	\$ 2,812,651	\$ 3,291,011	\$ 2,812,651	\$ 3,291,011
<b>Distributions Declared (Per Unit)</b>	\$ 0.173518	\$ 0.286277	\$ 0.945289	\$ 0.594571

These Condensed Financial Statements and the other information presented in this Report should be read in conjunction with the information in the Trust's Quarterly Report on Form 10-Q (including but not limited to the Condensed Financial Statements and notes thereto) for the quarterly period ending June 30, 2023, as filed with the U.S. Securities and Exchange Commission on August 14, 2023.



Except for historical information contained in this Report, the statements in this Report may contain or include forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements generally are accompanied by words such as “may,” “will,” “estimate,” “anticipate,” “should,” “plan,” “intend,” or other words that convey the uncertainty of future events or outcomes. Forward-looking statements and the financial prospects of San Juan Basin Royalty Trust are subject to a number of risks and uncertainties that may cause actual results in future periods to differ materially from the forward-looking statements. These risks and uncertainties include, among other things, volatility of oil and gas prices, governmental regulation or action, litigation, uncertainties about estimates of reserves, capital expenditures, drilling activity, development activities, production efforts and volumes, and the results of the Trust’s activities. Such statements are based on certain assumptions of PNC Bank, NA, the Trustee and by Hilcorp, the owner of the working interest through the reporting period, with respect to future events; are based on an assessment of, and are subject to, a variety of factors deemed relevant by the Trustee and Hilcorp; and involve risks and uncertainties. However, whether actual results and developments will conform with such expectations and predictions is subject to a number of risks and uncertainties which could affect the future results of the energy industry in general, and the Trust and Hilcorp in particular, and could cause those results to differ materially from those expressed in such forward-looking statements. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on Hilcorp’s business and the Trust. Such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in such forward-looking statements. The Trust undertakes no obligation to publicly update or revise any forward-looking statements, except as required by applicable law.

## SAN JUAN BASIN ROYALTY TRUST

PNC Bank, National Association, Trustee  
 2200 Post Oak Blvd., Floor 18  
 Houston, Texas 77056  
 Toll-free telephone: (866) 809-4553  
 Outside U.S. telephone: (904) 230-3401  
[www.sjbrt.com](http://www.sjbrt.com)  
[sjt@pnc.com](mailto:sjt@pnc.com)

## PAYING AGENT / TRANSFER AGENT / REGISTRAR

Computershare Investor Services  
[www.computershare.com](http://www.computershare.com)  
 Customer Service: (877) 373-6374