

SAN JUAN BASIN ROYALTY TRUST

2024 FIRST QUARTER

TO OUR UNIT HOLDERS

We are pleased to present the 2024 1st 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"). The Trust makes monthly distributions to the Unit Holders of the excess of the preceding month's royalty income received over expenses incurred. Upon receipt, royalty income is invested in short-term investments until its subsequent distribution.

Royalty income distributed by Hilcorp to the Trust ("Royalty Income"), which consists of 75% of the monthly net proceeds attributable to the Royalty, was approximately \$5.1 million for the three months ended March 31, 2024 compared to \$36.4 million during the same period in 2023. The average natural gas price decreased from \$10.53 per Mcf for the three months ended March 31, 2023, to \$3.19 per Mcf for the three months ended March 31, 2024. Production of natural gas from the Subject Interests decreased from 5,863,499 Mcf for the three months ended March 31, 2023, to 5,595,016 Mcf for the three months ended March 31, 2024.

Distributable income, which is the amount that the Trust distributes to the Unit Holders from the Royalty Income and interest income, less the amount of expenses paid by the Trust and any changes in cash reserves, decreased from \$36.0 million (\$0.771771 per Unit) for the three months ended March 31, 2023, to \$4.1 million (\$0.087806 per Unit) for the three months ended March 31, 2024. The decrease in distributable income was primarily attributable to a sharp decline in natural gas prices.

Based on 46,608,796 Units outstanding, the per-Unit distributions during the first quarter of 2024 were as follows:

January	\$ 0.016270
February	0.030258
March	0.041278
Quarter Total	\$ 0.087806

Interest income decreased for the three months ended March 31, 2024, as compared to the same period in 2023, due to the decrease in Royalty Income and lower returns on short-term investments.

General and administrative expenses increased approximately 110.7%, for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. The changes were primarily attributable to differences in timing of the receipt and payment for certain expenses by the Trust.

Total cash reserves were \$1.4 million as of March 31, 2024. The Trustee is authorized to determine, in its discretion, the amount of cash reserves needed to cover liabilities and contingencies of the Trust. The Trustee previously maintained a cash reserve in the amount of \$1.0 million. However, to cover Trust Expenses during any period of revenue shortfall, which could result from lower commodity prices or increased capital expenditures under Hilcorp's 2024 capital project plan for the Subject Interests, the Trustee has been increasing the cash reserves in March and April of 2024, and will continue to do so in the coming months until the cash reserve balance is \$2.0 million. The Trustee reserved \$400,000 in cash received by the Trust in each of March and April 2024, which brought the balance of cash reserves maintained by the Trustee to \$1.4 million as of March 31, 2024 and \$1.8 million as of April 30, 2024.

The timing and size of capital expenditures by Hilcorp may impact Net Proceeds. Hilcorp's capital expenditures increased approximately \$957,194, from \$33,600 for the three months ended March 31, 2023, to \$990,794 for the three months ended March 31, 2024. The increases in capital costs in the three-month period were primarily attributable to Hilcorp's substantially higher capital project spending budget for 2024 as compared to 2023.

On February 16, 2024, the Trust announced that Hilcorp had provided the Trust with its 2024 capital project plan for the Subject Interests (the "2024 Plan"), and Hilcorp has estimated its 2024 capital expenditures for the Subject Interests to be \$36.0 million. This plan was updated on March 6, 2024, with a reduction of approximately \$2.0 million, bringing the total estimate of 2024 capital expenditures to \$34.0 million. Hilcorp informed the Trust that its 2024 Plan will allocate approximately \$25.0 million of the 2024 Plan's budget toward two drilling projects in the Mancos formation. Approximately \$8.0 million of the 2024 Plan's budget will be allocated to 36 well recompletions and workovers scheduled to be completed in the Mesaverde and Fruitland Coal formations. Approximately \$1.0 million of the 2024 Plan's budget will be allocated to facilities projects related to natural gas compression. Hilcorp further informed the Trust that its planned project status for 2024 is subject to revision if Hilcorp revises its assumptions underlying the 2024 Plan, in which event the actual capital costs may vary from these estimates.

Royalty Income for the three months ended March 31, 2024, is associated with natural gas and oil production from the Subject Interests during the period from November 2023 through January 2024.

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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 March 31, 2024, and 2023 were as follows:

	For the Three Months Ended March 31, 2024		2023	
	Natural Gas (Mcf)	Oil and Condensate (Bbls)	Natural Gas (Mcf)	Oil and Condensate (Bbls)
Production				
Subject Interests	5,595,016	5,821	5,863,499	5,604
Royalty	1,726,619	3,160	3,702,362	3,382
Average Price (per Mcf/Bbl)	\$3.19	\$63.75	\$10.53	\$70.48

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.

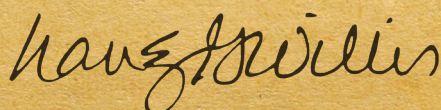
Included in this Report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of March 31, 2024, (Unaudited), and December 31, 2023, and the Condensed Statements of Distributable Income and of Changes in Trust Corpus for the three months ended March 31, 2024 and 2023. (Unaudited).

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.sjbtr.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 March 31, 2024 are as follows:

	January	February	March
Gross Income	\$ 0.024171	\$ 0.041369	\$ 0.059922
Interest Income	\$ 0.000133	\$ 0.000122	\$ 0.000124
Severance Tax	(\$ 0.003525)	(\$ 0.005528)	(\$ 0.007180)
Administration Expense	(\$ 0.004509)	(\$ 0.005705)	(\$ 0.011588)
Distributable Income	\$ 0.016270	\$ 0.030258	\$ 0.041278
Percentage Depletion Factor	0.003626	0.006205	0.008988
Cost Depletion Factor	0.002438	0.004178	0.011354

Argent Trust Company, Trustee



NANCY WILLIS
Director, Royalty Trust Services



CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Assets		
Cash and Short-term Investments	\$ 3,323,927	\$ 1,574,347
Net Overriding Royalty Interest in Producing Oil and Gas Properties (net of accumulated amortization of \$130,571,755 and \$130,522,279 at March 31, 2024 and December 31, 2023, respectively)	2,703,773	2,753,249
	\$ 6,027,700	\$ 4,327,596
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders	\$ 1,923,927	\$ 574,347
Cash Reserves	1,400,000	1,000,000
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	2,703,773	2,753,249
	\$ 6,027,700	\$ 4,327,596

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended March 31,	
	2024	2023
Royalty Income	\$ 5,091,060	\$ 36,416,704
Interest Income	17,655	36,936
Total Income	5,108,715	36,453,640
General and Administrative Expenses	(1,016,171)	(482,364)
Distributable Income	\$ 4,092,544	\$ 35,971,276
Distributable Income Per Unit (46,608,796 Units)	\$ 0.087806	\$ 0.771771

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended March 31,	
	2024	2023
Trust Corpus, Beginning of Period	\$ 2,753,249	\$ 2,968,707
Amortization of Net Overriding Royalty Interest	(49,476)	(110,615)
Distributable Income	4,092,544	35,971,276
Distributions Declared	(4,092,544)	(35,971,276)
Trust Corpus, End of Period	\$ 2,703,773	\$ 2,858,092
Distributions Declared (Per Unit)	\$ 0.087806	\$ 0.771771

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 March 31, 2024, as filed with the U.S. Securities and Exchange Commission on May 14, 2024.



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 Argent Trust Company, 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

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