

SAN JUAN BASIN ROYALTY TRUST

2024 SECOND QUARTER

TO OUR UNIT HOLDERS

We are pleased to present the 2024 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"). 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.

The Royalty Income distributed to the Trust for the three and six months ended June 30, 2024, was lower than that distributed during the same period of 2023, due primarily to a decline in natural gas prices and an increase in production costs, including capital expenditures and lease operating expenses. The average natural gas price decreased from \$3.69 per Mcf for the three months ended June 30, 2023, to \$1.92 per Mcf for the three months ended June 30, 2024. Production of natural gas from the Subject Interests decreased from 5,613,332 Mcf for the three months ended June 30, 2023, to 5,457,753 Mcf for the three months ended June 30, 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 \$8.1 million (\$0.173518 per Unit) for the three months ended June 30, 2023, to \$1.1 million (\$0.022864 per Unit) for the three months ended June 30, 2024. The decrease in distributable income was primarily attributable to a sharp decline in natural gas prices and increased capital expenditures.

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

April	\$ 0.022864
May	\$ 0.000000
June	\$ 0.000000
Quarter Total	\$ 0.022864

Interest income decreased for the three and six months ended June 30, 2024, as compared to the same periods in 2023 primarily due to the decrease in Royalty Income.

General and administrative expenses increased approximately 40% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The increase was primarily attributable to differences in timing of the receipt and payment of certain expenses by the Trust.

Total cash reserves were \$1.47 million as of June 30, 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 has resulted and could continue to result from lower commodity prices or increased capital expenditures under Hilcorp's 2024 project plan for the Subject Interests, the Trustee increased the cash reserves in March and April of 2024, such that total cash reserves were \$1.8 million as of April 30, 2024. Cash reserves of \$249,344 and \$82,913, along with interest income, were utilized to pay the balance of Trust administrative expenses remaining (after applying interest income) for May and June 2024, respectively, when the Trust did not receive any Royalty Income. Prior to any distributions to Unitholders, the Trustee plans to replenish the cash reserves and continue to increase the cash reserves to \$2.0 million.

The timing and size of capital expenditures by Hilcorp have and will continue to impact Net Proceeds. Hilcorp's capital expenditures increased approximately \$707,669, or 479%, for the three months ended June 30, 2024, compared to the three months ended June 30, 2023. The increase in capital costs in the three-month period was primarily attributable to the significantly higher capital project spending budget for Hilcorp's 2024 Plan (as defined below), 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. Hilcorp informed The Trustee that there were seven workover wells completed, two new wells in progress, and six workover wells in progress during the six months ended June 30, 2024.

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The Conveyance provides that any excess Production Costs applicable to the Subject Interests over the amount of Gross Proceeds from such properties must be recovered from future Net Proceeds before Royalty Income is again paid to the Trust. The Trust is not obligated to reimburse Hilcorp for any excess Production Costs if future Gross Proceeds from the Subject Interests are insufficient to cover such costs. For the three and six months ended June 30, 2024, Production Costs exceeded Gross Proceeds by approximately \$1,655,045 (\$1,241,284 net to the Trust). There were no excess Production Costs for the three months ended June 30, 2023. These excess Production Costs are to be recovered in future periods when the Gross Proceeds exceed Production Costs for such period.

Royalty Income for the three months ended June 30, 2024, is associated with natural gas and oil production from the Subject Interests during the period from February 2024 through April 2024.

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, 2024, and 2023 were as follows:

	For the Three Months Ended June 30,			
	2024		2023	
	Natural Gas (Mcf)	Oil and Condensate (Bbls)	Natural Gas (Mcf)	Oil and Condensate (Bbls)
Production				
Subject Interests	5,457,753	8,822	5,613,332	9,105
Royalty	(439,460)	5,592	2,244,610	5,892
Average Price (per Mcf/Bbl)	\$1.92	\$71.17	\$3.69	\$66.09

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, 2024, (Unaudited), and December 31, 2023, and the Condensed Statements of Distributable Income and of Changes in Trust Corpus for the three months ended June 30, 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.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 four months ended June 30, 2024 are as follows:

	March (Revised)	April	May	June
Gross Income	\$ 0.059922	\$ 0.045645	\$ 0.000000	\$ 0.000000
Interest Income	\$ 0.000124	\$ 0.000528	\$ 0.000067	\$ 0.000203
Severance Tax	(\$ 0.007180)	(\$ 0.005848)	(\$ 0.000000)	(\$ 0.000000)
Administration Expense ⁽¹⁾	(\$ 0.003006)	(\$ 0.008609)	(\$ 0.005417)	(\$ 0.001982)
Reconciliation Item ⁽¹⁾⁽²⁾	(\$ 0.008582)	(\$ 0.008852)	\$ 0.005350	\$ 0.001779
Distributable Income	\$ 0.041278	\$ 0.022864	\$ 0.000000	\$ 0.000000
Percentage Depletion Factor	0.008988	0.006847	0.000000	0.000000
Cost Depletion Factor	0.011354	0.009500	0.000000	0.000000

⁽¹⁾ March administration expenses were decreased by \$400,000 and a reconciliation item line was added to reflect the increase of \$400,000 to the expense reserve.

⁽²⁾ The reconciliation item for April reflects an increase of \$400,000 to the expense reserve. The reconciliation item amounts for May and June reflect the decrease to the expense reserve of \$249,344 and \$82,913, respectively, to pay trust expenses for each month.

Argent Trust Company, Trustee



NANCY WILLIS
Director, Royalty Trust Services

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Assets		
Cash and Short-term Investments	\$ 1,467,743	\$ 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)	2,677,617	2,753,249
	\$ 4,145,360	\$ 4,327,596
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders	\$ —	\$ 574,347
Cash Reserves	1,467,743	1,000,000
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	2,677,617	2,753,249
	\$ 4,145,360	\$ 4,327,596

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

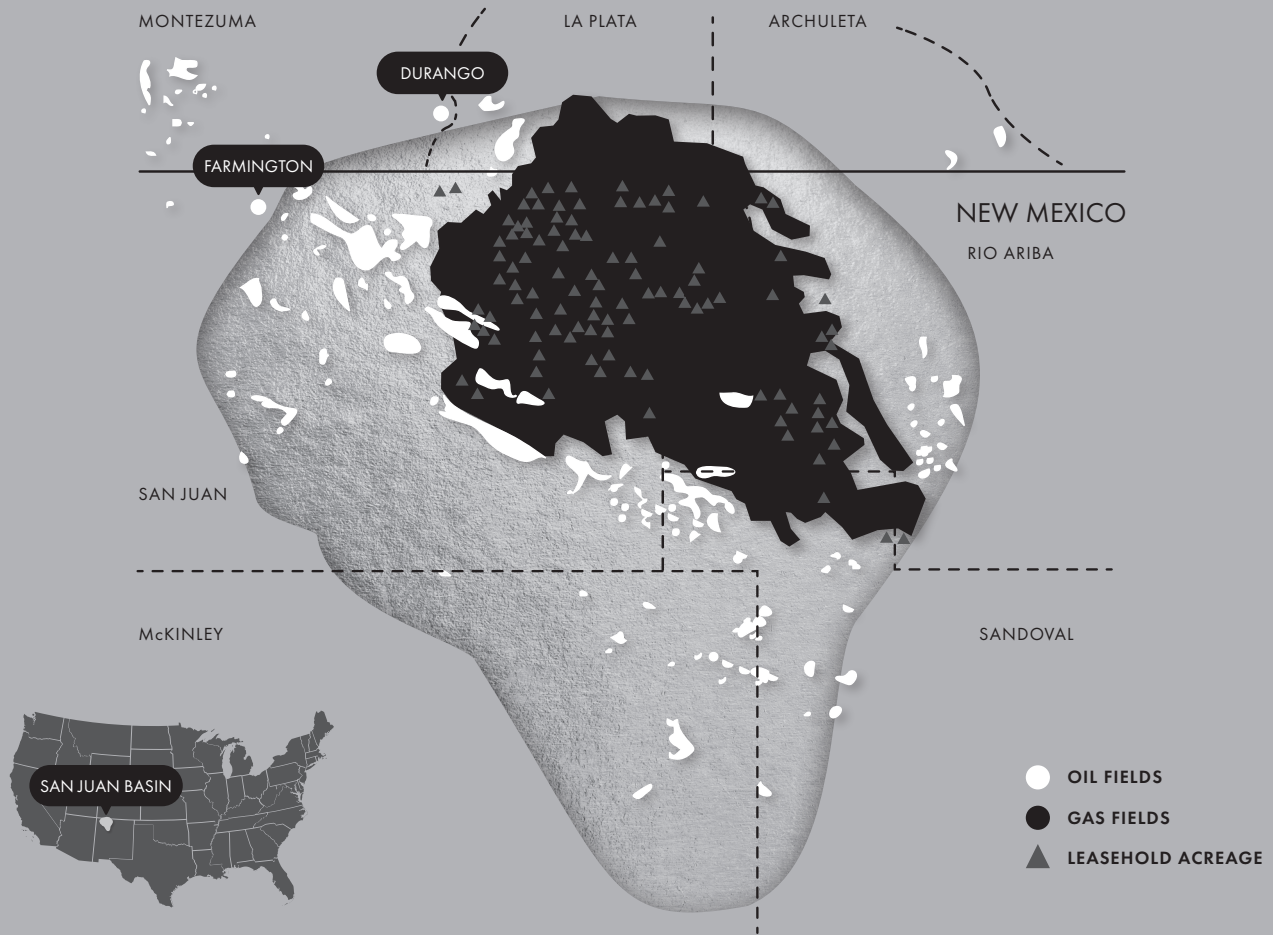
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Royalty Income	\$ 1,854,914	\$ 8,519,333	\$ 6,945,974	\$ 44,936,036
Interest Income	37,213	62,365	54,868	99,301
Total Income	1,892,127	8,581,698	7,000,842	45,035,337
General and Administrative Expenses	(826,442)	(494,195)	(1,842,622)	(976,558)
Distributable Income	\$ 1,065,685	\$ 8,087,503	\$ 5,158,221	\$ 44,058,779
Distributable Income Per Unit (46,608,796 Units)	\$ 0.022864	\$ 0.173519	\$ 0.110671	\$ 0.945289

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Trust Corpus, Beginning of Period	\$ 2,703,773	\$ 2,858,093	\$ 2,753,249	\$ 2,968,707
Amortization of Net Overriding Royalty Interest	(26,156)	(45,442)	(75,632)	(156,056)
Distributable Income	1,065,685	8,087,503	5,158,207	44,058,779
Distributions Declared	(1,065,685)	(8,087,503)	(5,158,207)	(44,058,779)
Trust Corpus, End of Period	\$ 2,677,617	\$ 2,812,651	\$ 2,677,617	\$ 2,812,651
Distributions Declared (Per Unit)	\$ 0.022864	\$ 0.173518	\$ 0.110671	\$ 0.945289

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, 2024, as filed with the U.S. Securities and Exchange Commission on August 14, 2024.

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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.

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