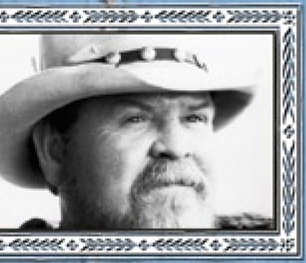

CARSON BLAIR ❦ Equipped with a cowboy hat, beard and boots, Carson Blair embodies the true New Mexico Cowboy. From the beautiful landscapes of Santa Fe, Carson designs jewelry that attracts the likes of Clint Eastwood, Willie Nelson and Melanie Griffith. His rustic charm, innovative spirit and creativity exemplify the cultural talents that this rich region has to offer.

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Except for historical information contained in this report, the statements in this report are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. 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 and uncertainties about estimates of reserves. These and other risks are described in the Trust's reports and other filings with the Securities and Exchange Commission.

San Juan Basin Royalty Trust ❦ TexasBank, Trustee
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❦
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SAN JUAN BASIN ROYALTY TRUST ★ 1980–2005

2005 FIRST QUARTER REPORT

TO UNIT HOLDERS

The San Juan Basin Royalty Trust (the "Trust") received Royalty Income of $39,242,287 and interest income of $28,437 during the first quarter of 2005. There was no change in cash reserves. After deducting administrative expenses of $534,508, Distributable Income for the quarter was $38,736,216 ($.831092 per Unit). In the first quarter of 2004, Royalty Income was $21,196,352, interest income was $8,692, there was no change in cash reserves, administrative expenses were $513,163 and Distributable Income was $20,691,881 ($.443948 per Unit). Based on 46,608,796 Units outstanding, the per-Unit distributions during the first quarter of 2005 were as follows:

January	29.5960 cents
February	23.6512 cents
March	29.8620 cents
Quarter Total	**83.1092 cents**

The Royalty Income distributed in the first quarter of 2005 was higher than that distributed in the first quarter of 2004, primarily due to an increase in the average gas price from $4.17 per Mcf for the first quarter of 2004 to $6.01 per Mcf for the first quarter of 2005. In addition, in March 2005, Burlington Resources Oil & Gas Company LP ("BROG") included an aggregate of $833,851 in calculating the Trust's March 2005 royalty payment. This represented the Trust's 75% interest on late payment of gross proceeds and settlement of certain other audit exceptions. Interest earnings for the quarter ended March 31, 2005, as compared to the quarter ended March 31, 2004, were higher, primarily due to an increase in funds available for investment pending distribution as well as an increase in interest rates. Administrative expenses were higher primarily as a result of differences in timing in the receipt and payment of these expenses, but also as a result of complying with the new internal control over financial reporting and other requirements of the Sarbanes-Oxley Act of 2002.

BROG has informed the Trustee that the New Mexico Oil and Gas Proceeds Withholding Tax Act (the "Withholding Tax Act") requires remitters who pay certain oil and gas proceeds from production on New

Mexico properties on or after October 1, 2003, to withhold income taxes from such proceeds in the case of certain nonresident recipients. The Trustee, on advice of counsel, has observed that "net profits interests," such as the Royalty, and other types of interests, the extent of which cannot be determined with respect to a specific share of the oil and gas production, are excluded from the withholding requirements of the Withholding Tax Act. Unit holders are reminded to consult with their tax advisors regarding the applicability of New Mexico income tax to distributions received from the Trust by a Unit holder.

The capital costs attributable to the Underlying Properties for the first quarter of 2005 were reported by BROG as approximately $5.94 million. BROG's capital expenditure budget for the Underlying Properties for 2005 is estimated at $17 million of which approximately $659,000 has been spent; however, BROG reports that based on its actual capital requirements, its mix of projects and swings in the price of natural gas, the actual capital expenditures for 2005 could range from $15 million to $25 million. Capital expenditures were approximately $9.45 million for the first quarter of 2004. In 2004, approximately $22.3 million in capital expenditures were deducted in calculating Royalty Income. In February 2005, BROG informed the Trustee that for 2005 it anticipates 401 projects, including the drilling of 71 new wells to be operated by BROG and 31 wells to be operated by third parties. Of the new BROG operated wells, 19 are projected to be conventional wells completed in the Pictured Cliffs, Mesaverde and/or Dakota formations, and the remaining 52 are projected as coal seam wells completed in the Fruitland Coal formation. A total of 21 of the wells operated by third parties are projected to be conventional wells and the remaining 10 are projected to be coal seam wells. BROG projects approximately $12 million to be spent on the new wells, and $5 million is to be expended in working over existing wells and in the maintenance and improvement of production facilities. BROG has announced that the budget for 2005 reflects the commencement of a shift toward increased development of conventional gas and a winding down of its program for infill drilling in the Fruitland Coal formation.

BROG indicates its budget for 2005 reflects continued, significant development of conventional formations, including infill drilling to the Mesaverde and Dakota formations, development of the Fruitland Coal formation and multiple formation completions. A majority of the new wells for 2005 are projected to be drilled on certain of the Underlying Properties in which the fractional working interest included in the Underlying Properties is relatively low, but many of the recompletions and restimulations are scheduled on other properties included in the Underlying Properties in which such working interest is relatively high.

BROG has informed the Trustee that lease operating expenses and property taxes were $4,676,449 and $156,178, respectively, for the first quarter of 2005, as compared to $3,998,055 and $126,800, respectively, for the first quarter of 2004.

BROG has reported to the Trustee that during the first quarter of 2005, three gross (0.12 net) coal seam miscellaneous projects, one gross (0.87 net) coal seam well and one gross (0.002 net) payadd were completed on the Underlying Properties.

Two gross (0.08 net) coal seam miscellaneous projects, 38 gross (5.19 net) coal seam wells, three gross (1.03 net) coal seam recompletions, 65 gross (6.42 net) conventional wells, 11 gross (1.74 net) payadds, one gross (0.75 net) recompletion, and four gross (2.24 net) restimulations were in progress at March 31, 2005.

There were five gross (0.17 net) coal seam wells, one gross (0.82 net) coal seam recompletion, 10 gross (6.33 net) conventional wells, three gross (0.007 net) payadds, one gross (0.44 net) recompletion and four gross (3.37 net) restimulations completed on the Underlying Properties as of March 31, 2004. Three gross (0.12 net) coal seam miscellaneous projects, 78 gross (11.97 net) coal seam wells, 10 gross (0.27 net) conventional wells, five gross (1.77 net) payadds, eight gross (5.86 net) recompletions, and 12 gross (8.06 net) restimulations were in progress at March 31, 2004.

"Gross" acres or wells, for purposes of this discussion, means the entire ownership interest of all parties in such properties, and BROG's interest therein is referred to as the "net" acres or wells. A "payadd" is the completion of an additional production interval in an existing completed zone in a well.

Royalty Income for the quarter ended March 31, 2005 is associated with actual gas and oil production during November 2004 through January 2005 from the Underlying Properties. Gas and oil sales from the Underlying Properties for the quarters ended March 31, 2005 and 2004 were as follows:

	2005	2004
GAS:		
Total Sales (Mcf)	11,362,316	11,029,233
Mcf per Day	$123,503	$119,883
Average Price (per Mcf)	$6.01	$4.17
OIL:		
Total Sales (Bbls)	18,589	14,855
Bbls per Day	202	161
Average Price (per Bbl)	$42.89	$28.06

Gas and oil sales attributable to the Royalty for the quarters ended March 31, 2005 and 2004 were as follows:

	2005	2004
Gas Sales (Mcf)	7,033,761	5,505,696
Oil Sales (Bbls)	11,541	7,327

Sales volumes attributable to the Royalty are determined by dividing the net profits received by the Trust and attributable to oil and gas, respectively, by the prices received for sales volumes from the Underlying Properties, taking into consideration production taxes attributable to the Underlying Properties. Since the oil and gas sales attributable to the Royalty are based on an allocation formula that is dependent on such factors as price and cost, including capital expenditures, the aggregate production volumes from the Underlying Properties may not provide a meaningful comparison to volumes attributable to the Royalty.

During the first quarter of 2005, average gas prices were $1.84 higher than the average prices reported during the first quarter of 2004. The average price per barrel of oil during the first quarter of 2005 was $14.83 per barrel higher than that received for the first quarter of 2004 due to increases in oil prices in world markets generally, including the posted prices applicable to oil sales attributable to the Royalty.

BROG entered into two contracts for the sale of all volumes of gas produced from the Underlying Properties. These contracts provided for the sale of such gas to Duke Energy and Marketing L.L.C. and PNM Gas Services, respectively, at various delivery points through March 31, 2005, and from year-to-year thereafter until terminated by either party on twelve months' notice. Effective January 1, 2004, the rights and obligations of Duke Energy and Marketing L.L.C. were assumed by ConocoPhillips Company ("ConocoPhillips") pursuant to an Assignment and Novation Agreement. By correspondence dated March 25, 2004, BROG notified ConocoPhillips of BROG's election to terminate such contract as of March 31, 2005. BROG then prepared a form of request for proposal and circulated it to a number of potential purchasers, including ConocoPhillips, inviting them to bid for the purchase of the gas currently sold under the contract expiring March 31, 2005. Effective as of April 1, 2005, BROG entered into two new contracts for the sale of all volumes of gas produced from the Underlying Properties and formerly sold to ConocoPhillips. These new contracts provide for (i) the sale of such gas to ChevronTexaco Natural Gas, a division of Chevron U.S.A. Inc. and Coral Energy Resources, L.P., respectively, (ii) the delivery of such gas at various delivery points through March 31, 2007, and from year-to-year thereafter until terminated by either party on twelve months' notice, and (iii) the sale of such gas at prices which fluctuate in accordance with the published indices for gas sold in the San Juan Basin of northwestern New Mexico. With respect to BROG's contract with PNM Gas Services, BROG and PNM Gas Services have entered into a letter agreement dated January 31, 2005, pursuant to which the parties waive the right to terminate the underlying contract as of March 31, 2006, so that the term of that contract will continue until at least March 31, 2007, and from year-to-year thereafter until terminated by either party upon twelve months' notice to the other. Unit holders are referred to Note 6 of the Notes to Financial Statements in the Trust's 2004 Annual Report for further information concerning the marketing of gas produced from the Underlying Properties.

Confidentiality agreements with purchasers of gas produced from the Underlying Properties prohibit public disclosure of certain terms and conditions of gas sales contracts with those entities, including specific pricing terms and gas receipt points. Such disclosure could compromise the ability to compete effectively in the marketplace for the sale of gas produced from the Underlying Properties.

San Juan Basin

Condensed Statements of Assets, Lia

and Trust Corpus

ASSETS

Cash and Short-Term Investments

Net Overriding Royalty Interest in Producing Oil and Gas Properties
(net of accumulated amortization of $107,362,620 and $106,600,7
at March 31, 2005 and December 31, 2004, respectively)

TOTAL

LIABILITIES AND TRUST CORPUS

Distribution Payable to Unit Holders

Cash Reserves

Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized a

TOTAL

These Financial Statements should be read in conjunction with the accompanying statements and notes thereto included

(1) In March, 2005, as part of the ongoing negotiations between the Trust and BROG concerning a number
of interest on late payments of gross proceeds and in settlement of certain audit issues. Of that amoun
expenses allocated to the Trust.

Included in this report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of March 31, 2005 (Unaudited), and December 31, 2004, and the Unaudited Condensed Statements of Distributable Income and of Change in Trust Corpus for the three months ended March 31, 2005 and 2004.

Unit holders of record for the first quarter of 2005 will continue to receive an individualized tax information letter on a quarterly and an annual basis. Unit holders owning units in nominee name may obtain monthly tax information from the Trust's website at www.sjbrt.com or from the Trustee upon request.

TexasBank, Trustee

By: LA Anderson

Lee Ann Anderson

Vice President and Trust Officer

ROYALTY TRUST

BILITIES	THREE MONTHS ENDED: { UNAUDITED } 03.31.2005	12.31.2004
	$ 14,033,190	$ 10,140,045
707		
	25,912,908	26,674,821
	$39,946,098	**$ 36,814,866**
	$ 13,918,332	$ 10,025,187
	114,858	114,858
nd Outstanding	25,912,908	26,674,821
	$39,946,098	**$ 36,814,866**

in the Trust's 2004 Annual Report.

of revenue and expense audit issues, $833,851 was included in BROG's distribution to the Trust in payment

, $822,077 was allocated to the Trust as additional revenue and $11,774 was deducted from lease operating

Condensed Statements of Distributa

Royalty Income
Interest Income
Total Revenue
General and Administrative Expenses

Distributable Income
Distributable Income per Unit (46,608,796 Units)

Condensed Statements of Changes in Trust Corpus

Trust Corpus, Beginning of Period
Amortization of Net Overriding Royalty Interest
Distributable Income
Distribution Declared
Trust Corpus, End of Period

Calculation of Royalty Income

GROSS PROCEEDS FROM THE UNDERLYING PROPERTIES:

Gas
Oil

Other
TOTAL

LESS PRODUCTION COSTS:

Severance Tax – Gas
Severance Tax – Oil
Lease Operating and Property Tax
Other
Capital Expenditures
TOTAL

Less Excess Production and Interest from Prior Year
Net Profits
Net Overriding Royalty Interest
Royalty Income

THREE MONTHS ENDED:
{ UNAUDITED }

BLE INCOME	03.31.2005	03.31.2004
	$ 39,242,287	$ 21,196,352
	28,437	8,692
	39,270,724	21,205,044
	534,508	513,163
	$ 38,736,216	$ 20,691,881
	$ 0.831092	$ 0.443948

THREE MONTHS ENDED:

	03.31.2005	03.31.2004
	$ 26,674,821	$ 29,822,820
	-761,913	-691,520
	38,736,216	20,691,880
	-38,736,216	-20,691,880
	$ 25,912,908	$ 29,131,300

THREE MONTHS ENDED:

	03.31.2005	03.31.2004
	$ 68,336,883	$ 46,020,762
	797,200	416,764
	69,134,083	46,437,526
	1,096,102 (1)	—
	$ 70,230,185	**$ 46,437,526**
	7,050,782	4,552,824
	86,061	44,260
	4,832,627 (1)	4,124,855
	—	—
	5,937,666	9,453,785
	17,907,136	**18,175,724**
	—	—
	52,323,049	28,261,802
	75%	75%
	$ 39,242,287	**$ 21,196,352**