

FIRST QUARTER REPORT 2017

SAN JUAN BASIN ROYALTY TRUST

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TO OUR UNIT HOLDERS

We are pleased to present the 2017 1st Quarter Report of the San Juan Basin Royalty Trust (the "Trust"). The principal asset of the Trust is a 75% net overriding royalty interest (the "Royalty") 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") owned by Burlington Resources Oil & Gas Company LP ("Burlington"), which is a wholly-owned subsidiary of ConocoPhillips.

Royalty income distributed to the Trust, which consists of monthly net proceeds attributable to the Royalty, was \$8,608,220 for the three months ended March 31, 2017, compared to \$3,033,512 during the same period in 2016. The increase in royalty income is primarily attributable to higher natural gas prices along with lower capital expenditures and operating costs.

General and administrative expenses decreased approximately \$0.56 million or 55% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The decrease was primarily due to reduced audit costs and legal costs incurred related to the Burlington litigation.

Interest income was higher for the three months ended March 31, 2017 as compared to the same period in 2016 primarily due to increased funds available for investment.

Distributable income increased by approximately \$6.4 million or 356% to \$8.1 million (\$0.174796 per Unit) for the three months ended March 31, 2017 from \$1.8 million (\$0.038335 per Unit) for the three months ended March 31, 2016. The increase in distributable income was primarily attributable to an increase in royalty income over the period and decreased general and administrative expenses.

Based on 46,608,796 Units outstanding, the per-Unit distributions during the first quarter of 2017 were as follows:

January	\$ 0.040326
February	0.063447
March	0.071023
Quarter Total	\$ 0.174796

Total cash reserves for litigation expenses were approximately \$1.0 million as of March 31, 2017. The Trustee did not increase the cash reserves during the first quarter of 2017 and does not anticipate any increases in 2017.

ConocoPhillips announced 2017 capital plan for the Subject Interests anticipates capital expenditures of \$1.7 million, of which \$0.64 million is allocated to 10 maintenance and facilities projects, \$0.42 million is allocated to three well recompletions, and \$0.64 million is allocated to 10 facilities projects attributable to the budgets for prior years. ConocoPhillips reports that based on its actual capital requirements, the pace of regulatory approvals, the mix of projects and swings in the price of natural gas, the actual capital expenditures for 2017 are subject to change. Primarily due to depressed pricing for natural gas, ConocoPhillips has not allocated any capital expenditures for 2017 to its drilling program in the San Juan Basin. Existing wells will continue to be operated.

Royalty income for the quarter ended March 31, 2017 is associated with actual oil and natural gas production during November 2016 through January 2017 from the Subject Interests. The Trust recognizes production during the month in which the related net proceeds attributable to the Royalty are paid to the Trust. Production of oil and natural gas and related average sales prices attributable to each of the Subject Interests and the Royalty for the three months ended March 31, 2017 and 2016, were as follows:

	For the Three Months Ended March 31,			
	2017	2016	2017	2016
	Natural Gas (Mcf)	Oil and Condensate (Bbls)	Natural Gas (Mcf)	Oil and Condensate (Bbls)
Production				
Subject Interests	6,605,953	13,100	7,087,350	16,571
Royalty	3,161,814	6,093	1,803,975	4,373
Average Price (per Mcf/Bbl)	\$2.93	\$35.77	\$1.80	\$27.54

Sales volumes attributable to the Royalty are determined by dividing the net profits by the Trust from the sale of oil and natural gas, 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 oil and natural gas 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.

On July 31, 2014, the Trustee filed a lawsuit against Burlington in New Mexico State Court. The Trust asserts claims for breach of contract and breach of the implied covenant of good faith and fair dealing, and seeks a declaratory judgment arising out of a number of unresolved revenue and expense audit exceptions asserted by the Trust's auditors. More particularly, the Trust claims that Burlington failed to properly account for and pay net overriding royalty interests to the Trust with respect to oil and natural gas production from numerous properties in the San Juan Basin of northwestern New Mexico. The Trust seeks monetary relief (including actual and punitive damages, costs, expenses, interest and attorney fees) in excess of \$12 million, along with specific performance of certain contractual obligations, declaratory relief and a judgment for other relief to which it may show itself to be justly entitled. To facilitate the continued settlement discussions and to provide additional time to complete discovery if agreement is not reached on settlement terms, the previous March 2017 non-jury trial setting was moved to January 16, 2018. The parties intend to continue settlement discussions and, if necessary, complete discovery within the timeframe set forth in the new pre-trial scheduling order.

In an April 13, 2017 news release, ConocoPhillips announced that it had entered into a definitive agreement to sell its interests in the San Juan Basin to an affiliate of Hilcorp Energy Company for up to \$3.0 billion in total proceeds, comprised of \$2.7 billion in cash and a contingent payment of \$300 million. The news release stated that the transaction is subject to the satisfaction of specific conditions precedent, including regulatory approval, and is expected to close in the third quarter of 2017. It cannot be determined at this time whether the transaction will close as expected or, if the closing occurs, the purchaser's plans (if any) to operate the Subject Interests. The sale may increase the Trust's general and administrative expenses in the form of increased accounting, audit, legal, and administrative costs.

Included in this report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of March 31, 2017, (Unaudited), and December 31, 2016, and the Condensed Statements of Distributable Income and of Changes in Trust Corpus for the three months ended March 31, 2017 and 2016. (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.

Income and expense (per Unit) and depletion factors for the three months ended March 31, 2017 are as follows:

	January	February	March
Gross income	\$ 0.049504	\$ 0.073685	\$ 0.082816
Interest income	\$ 0.000010	\$ 0.000012	\$ 0.000008
Severance tax	(\$ 0.005180)	(\$ 0.007672)	(\$ 0.008462)
Administration expense	(\$ 0.004008)	(\$ 0.002578)	(\$ 0.003339)
Distributable Income	\$ 0.040326	\$ 0.063447	\$ 0.071023
Percentage depletion factor	0.007426	0.011053	0.012422
Cost depletion factor	0.012513	0.014663	0.014072

Compass Bank, Trustee

BY: JOSHUA R. PETERSON
Vice President and Senior Trust Officer



CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	March 31, 2017	December 31, 2016
	(Unaudited)	
Assets		
Cash and Short-Term Investments	\$ 4,310,292	\$ 3,932,658
Net Overriding Royalty Interest in Producing Oil and Natural Gas Properties (net of accumulated amortization of \$125,812,242 and \$125,491,149 at March 31, 2017 and December 31, 2016, respectively)	7,463,286	7,784,379
	\$ 11,773,578	\$ 11,717,037
Liabilities And Trust Corpus		
Distribution Payable to Unit Holders	\$ 3,310,292	\$ 2,932,658
Cash Reserves	1,000,000	1,000,000
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	7,463,286	7,784,379
	\$ 11,773,578	\$ 11,717,037

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended March 31,	
	2017	2016
Royalty Income	\$ 8,608,220	\$ 3,033,512
Interest Income	1,383	658
Total Income	8,609,603	3,034,170
Expenditures – General and Administrative	(462,593)	(1,022,436)
Increase in Cash Reserves	0	(225,000)
Distributable Income	\$ 8,147,010	\$ 1,786,734
Distributable Income per Unit (46,608,796 Units)	\$ 0.174796	\$ 0.038335

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended March 31,	
	2017	2016
Trust Corpus, Beginning of Period	\$ 7,784,379	\$ 8,724,387
Amortization of Net Overriding Royalty Interest	(321,093)	(150,524)
Distributable Income	8,147,010	1,786,734
Distributions Declared	(8,147,010)	(1,786,734)
Trust Corpus, End of Period	\$ 7,463,286	\$ 8,573,863

These Condensed Financial Statements should be read in conjunction with the Condensed Financial Statements and notes thereto included in the Trust's Form 10-Q filing for the quarterly period ending March 31, 2017.

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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

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