

TO OUR UNIT HOLDERS



We are pleased to present the 2018 2nd Quarter Report (this "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 Hilcorp San Juan L.P. ("Hilcorp") and previously owned by Burlington Resources Oil & Gas Company LP ("Burlington"), a wholly-owned subsidiary of ConocoPhillips.

Royalty income of the Trust, which consists of monthly net proceeds attributable to the Royalty, was \$2,990,520 for the three months ended June 30, 2018, compared to \$6,450,981 during the same period in 2017. The decrease in royalty income is primarily attributable to lower natural gas prices and to reductions in revenue due to Hilcorp's true-ups of estimated versus actual revenue and severance tax numbers (see discussion below).

Distributable income decreased by approximately \$3.45 million or 58% to \$2.53 million (\$0.054322 per Unit) for the three months ended June 30, 2018 from \$5.98 million (\$0.128333 per Unit) for the three months ended June 30, 2017, which included aggregate true-ups for prior reported periods in 2018 by Hilcorp of \$1.74 million that decreased royalty income from \$4.73 million to \$2.99 million. The decrease in distributable income is primarily attributable to lower natural gas prices and to reductions in revenue due to Hilcorp's true-ups of prior reported estimated versus actual revenue and severance tax numbers.

Based on 46,608,796 Units outstanding as of August 9, 2018, the per-Unit distributions during the first quarter of 2018 were as follows:

April	\$0.039193
May	0.014531
June	0.000598
Quarter Total	\$0.054322

Interest income increased by approximately \$2.5 thousand or approximately 168% to \$3.95 thousand for the three months ended June 30, 2018 from approximately \$1.48 thousand for the three months ended June 30, 2017. Interest income was higher primarily due to higher yields on short-term investments held by the Trust.

General and administrative expenses decreased approximately \$8 thousand or approximately 2% for the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The decrease was primarily attributable to differences in timing in the receipt and payment of certain expenses by the Trust.

Total cash reserves were \$1.00 million as of June 30, 2018. The Trustee did not increase the cash reserves during 2017 and does not anticipate any increases in 2018, although it cannot guarantee that the Trustee will not increase such cash reserves in the future.

Hilcorp has informed the Trust that its 2018 budget for capital expenditures for the Subject Interests is estimated to be \$0.54 million and that it plans to continue to operate all existing wells.

Royalty income for the quarter ended June 30, 2018 is associated with actual oil and natural gas production for February 2018 and March 2018 (estimated then subsequently true-up) and estimated oil and natural gas production for April 2018 from the Subject Interests. 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 June 30, 2018 and 2017 were as follows:

	For the Three Months Ended June 30,			
	2018		2017	
	Natural Gas (Mcf)	Oil and Condensate (Bbls)	Natural Gas (Mcf)	Oil and Condensate (Bbls)
Production				
Subject Interests	8,708,810	18,134	6,238,641	16,531
Royalty	2,656,035	11,595	2,598,338	6,986
Average Price (per Mcf/Bbl) ¹	\$1.97	\$51.02	\$2.63	\$38.56
Average Price (per Mcf/Bbl) ²	\$1.65	\$48.89	\$2.63	\$38.56

¹ Reflects Average Price (per Mcf/Bbl) before revenue true-up.

² Reflects Average Price (per Mcf/Bbl) after revenue true-up.

Portions of the production numbers and average sales prices in the table above for the three months ended June 30, 2018 consist of estimated oil and natural gas gross proceeds and true-ups (see discussion below).

The Trust recognizes production during the month in which the related net proceeds attributable to the Royalty are 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 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.

Gross Proceeds and Severance Tax Estimates/True-ups. The sale of the Subject Interests from Burlington to Hilcorp closed on July 31, 2017. The Trust has been advised by Hilcorp that during the transition period since its acquisition of the Subject Interests that there has been a delay in the transfer of historical information and knowledge from Burlington to Hilcorp. During this transition, the Trust has been advised by Hilcorp that it has recorded estimates of cash revenues and expenses based on the best information available. Hilcorp has informed the Trust that it believes that its estimates have been prepared in accordance with the Conveyance. Hilcorp's process of reconciling actual revenue and severance tax numbers versus previously reported estimated numbers (which the Trust refers to as "true-ups" or "actualizations") from prior periods during fiscal 2017 are still occurring and being reported in 2018. Thus, distributions to the Trust from Hilcorp in any given month may be subject to adjustment based upon prior months' actualizations, plus interest due to the Trust. Generally, there is a two or three month lag in Hilcorp actualizing previously reported estimated financial information; however, Hilcorp has notified the Trustee that as of August 9, 2018, it will still need to actualize the previously reported estimated natural gas production (and for the Trust distribution month of January 2018, oil production) and related financial information for the trust distribution months of December 2017, January 2018 and June 2018, and, therefore, possibly adjust future distributions of net proceeds to reflect such true-ups plus interest on such amounts (as required by the Conveyance) to the extent an underpayment has occurred. Hilcorp has agreed to waive the interest on any overpayments (as required by the Conveyance) that are determined following such true-ups until June of 2019. For a more detailed discussion of Hilcorp's estimation and then subsequent true-up process with respect to the Trust's distributions, please see the Trust's Quarterly Report on Form

10-Q for the quarterly period ending June 30, 2018, as filed with the U.S. Securities and Exchange Commission on August 9, 2018.

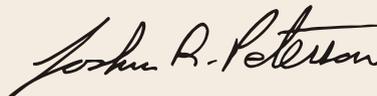
Included in this Report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of June 30, 2018, (Unaudited), and December 31, 2017, and the Condensed Statements of Distributable Income and of Changes in Trust Corpus for the three months ended June 30, 2018 and 2017 (Unaudited).

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 three months ended June 30, 2018 are as follows:

	April	May	June
Gross Income	\$ 0.049551	\$ 0.020606	\$ 0.004729
Interest Income	\$ 0.000027	\$ 0.000023	\$ 0.000035
Severance Tax	(\$ 0.007291)	(\$ 0.002930)	(\$ 0.000504)
Administration Expense	(\$ 0.003094)	(\$ 0.003168)	(\$ 0.003662)
Distributable Income	\$ 0.039193	\$ 0.014531	\$ 0.000598
Percentage Depletion Factor	0.007433	0.003091	0.000709
Cost Depletion Factor	0.010504	0.008893	0.007771

Compass Bank, Trustee



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



CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2018	December 31, 2017
	(Unaudited)	
Assets		
Cash and Short-Term Investments	\$ 1,027,877	\$ 4,415,851
Net Overriding Royalty Interest in Producing Oil and Natural Gas Properties (net of accumulated amortization of \$127,118,178 and \$126,698,148 at June 30, 2018 and December 31, 2017, respectively)	6,157,350	6,577,380
	\$ 7,185,227	\$10,993,231
Liabilities And Trust Corpus		
Distribution Payable to Unit Holders	\$ 27,877	\$ 3,415,851
Cash Reserves	1,000,000	1,000,000
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	6,157,350	6,577,380
	\$ 7,185,227	\$10,993,231

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Royalty Income	\$ 2,990,520	\$ 6,450,981	\$ 9,637,333	\$15,059,201
Interest Income	3,954	1,476	9,242	2,859
Total Income	2,994,474	6,452,457	9,646,575	15,062,060
General and Administrative Expenses	(462,585)	(471,025)	(887,287)	(933,619)
Increase in Cash Reserves	--	--	--	--
Distributable Income	\$ 2,531,889	\$ 5,981,432	\$ 8,759,288	\$14,128,441
Distributable Income per Unit (46,608,796 Units)	\$ 0.054322	\$ 0.128333	\$ 0.187932	\$ 0.303129

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Trust Corpus, Beginning of Period	\$ 6,336,043	\$ 7,463,286	\$ 6,577,380	\$ 7,784,379
Amortization of Net Overriding Royalty Interest	(178,693)	(256,878)	(420,030)	(577,971)
Distributable Income	2,531,889	5,981,432	8,759,288	14,128,441
Distributions Declared	(2,531,889)	(5,981,432)	(8,759,288)	(14,128,441)
Trust Corpus, End of Period	\$ 6,157,350	\$ 7,206,408	\$ 6,157,350	\$ 7,206,408

These Condensed Financial Statements and the other information presented in this Report should be read in conjunction with the information presented 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, 2018, as filed with the U.S. Securities and Exchange Commission on August 9, 2018.



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 Compass Bank, 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

Compass Bank, Trustee
 300 West Seventh Street, Suite B
 Fort Worth, Texas 76102
 Toll-free: 866.809.4553
 Outside U.S. telephone: 904.230.3401
www.sjbrt.com
sjt.us@bbva.com

PAYING AGENT / TRANSFER AGENT / REGISTRAR

Computershare Investor Services
www.computershare.com
 Customer Service: 312.360.5154