San Juan Basin Royalty Trust

2009 Second Quarter Report to Unit holders

The San Juan Basin Royalty Trust (the "Trust") received Royalty income of $2,474,109 and interest income of $806 during the second quarter of 2009. There was no change in cash reserves. After deducting administrative expenses of $686,688, distributable income for the quarter was $1,788,227 ($0.038367 per Unit). In the second quarter of 2008, Royalty income was $35,612,146, interest income was $19,733, there was no change in cash reserves, administrative expenses were $592,778 and distributable income was $35,039,101 ($0.751770 per Unit). Based on 46,608,796 Units outstanding, the per-Unit distributions during the second quarter of 2009 were as follows:

April	$.006145
May	.026271
June	.005951
Quarter Total	$.038367

The Royalty income distributed in the second quarter of 2009 was lower than that distributed in the second quarter of 2008, primarily due to a decrease in the average gas price from $8.51 per Mcf for the second quarter of 2008 to $2.82 per Mcf for the second quarter of 2009. Gas volumes, however, increased in the quarter ended June 30, 2009 as compared to the quarter ended June 30, 2008. Interest income was lower for the quarter ended June 30, 2009 as compared to the quarter ended June 30, 2008, primarily due to a decrease in funds available for investment and to lower interest rates. Administrative expenses were higher in 2009 primarily as a result of differences in timing in the receipt and payment of these expenses and also to increased costs associated with the litigation described below.

The capital costs attributable to the Underlying Properties for the second quarter of 2009 and deducted by Burlington Resources Oil & Gas Company LP ("BROG") in calculating Royalty income were approximately $11 million. BROG has informed the Trust that the 2009 budget for capital expenditures for the Underlying Properties is $25.2 million. In addition, BROG estimates that during 2009 it will incur capital expenses in the amount of approximately $12.1 million attributable to the capital budgets for 2008 and prior years. Approximately 12% of the planned expenditures attributable to the 2009 budget will be on Fruitland Coal formation projects with the remainder to be spent on conventional projects. BROG 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 2009 could range from $10 million to $45 million.

BROG anticipates 431 projects in 2009 at an estimated cost of $25.2 million. Approximately $6 million of that budget is allocable to 49 new wells, including 39 wells scheduled to be dually completed in the Mesaverde and Dakota formations and four wells projected to be drilled to formations producing coal seam gas. Approximately $7.1 million will be spent on workovers and facilities projects. Of the $12.1 million attributable to the budgets for prior years, approximately $6.9 million is allocable to new wells, and the $5.2 million balance will be applied to miscellaneous capital projects such as workovers and operated facility projects. BROG also anticipates that the possible implementation of new rules minimizing surface disturbances, requiring the implementation of closed-loop systems for the disposal of drilling fluids and cuttings, and restricting the use of open reserve pits could reduce the number of projects due to increased compliance costs.

BROG has informed the Trust that lease operating expenses and property taxes were $7,813,298 and $213,289, respectively, for the second quarter of 2009, as compared to $7,736,102 and $276,732, respectively, for the second quarter of 2008. BROG reports that lease operating expenses were higher in the second quarter of 2009 compared to the second quarter of 2008 primarily because demand-related increases in the cost of contract services and materials have not yet been mitigated by the decline in natural gas sales prices. New drilling results in increases in salt water disposal as well as compression and other operating costs. In addition, many joint operating agreements call for the increase or decrease in rates charged for the drilling and operation of wells based upon an overhead adjustment factor published annually by the Council for Petroleum Accountants Societies. That factor was set at +7.5% effective as of April 1, 2009.

BROG has reported to the Trustee that during the second quarter of 2009, eight gross (5.71 net) coal seam wells and 19 gross (4.93 net) conventional wells were completed on the Underlying Properties. Eight gross (4.03 net) coal seam wells and 20 gross (4.83 net) conventional wells were in progress at June 30, 2009.

There were, based on recently revised information from BROG, 15 gross (6.84 net) coal seam wells and 25 gross (1.88 net) conventional wells completed on the Underlying Properties as of June 30, 2008. As revised by BROG, one gross (0.84 net) coal seam well and 11 gross (0.96 net) conventional wells were in progress as of June 30, 2008.

There were 3,903 gross (1,137 net) producing wells being operated subject to the Royalty as of December 31, 2008, calculated on a well bore basis and not including multiple completions as separate wells.

“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 productive interval in an existing completed zone in a well.

Royalty income for the quarter ended June 30, 2009 is associated with actual gas and oil production during February 2009 through April 2009 from the Underlying Properties. Gas and oil sales from the Underlying Properties for the three months ended June 30, 2009 and 2008 were as follows:

	Three Months Ended June 30,	
	2009	**2008**
Gas:		
Total sales (Mcf)	8,511,072	7,837,532
Mcf per day	95,630	87,084
Average price (per Mcf)	$ 2.82	$ 8.51
Oil:		
Total sales (Bbls)	15,293	10,677
Bbls per day	172	119
Average price (per Bbl)	$ 36.58	$ 94.81

Gas and oil sales attributable to the Royalty for the quarters ended June 30, 2009 and 2008 were as follows:

	Three Months Ended June 30,	
	2009	**2008**
Gas sales (Mcf)	949,249	4,529,496
Oil sales (Bbls)	1,514	6,141

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 second quarter of 2009, average gas prices were $5.69 per Mcf lower than the average prices reported during the second quarter of 2008 due in part to the global economic contraction which has depressed energy demand and contributed to lower natural gas wellhead prices, including the posted index prices applicable to gas sold from the San Juan Basin. The average price per barrel of oil during the second quarter of 2009 was $58.23 per barrel lower than that received for the second quarter of 2008.

BROG previously entered into three contracts for the sale of all volumes of gas produced from the Underlying Properties to ChevronTexaco Natural Gas, a division of Chevron U.S.A. Inc. ("ChevronTexaco"), Coral Energy Resources, L.P. ("Coral"), and PNM Gas Services ("PNM"), respectively. In March 2008, both ChevronTexaco and Coral notified BROG of their election to terminate their respective contracts effective March 31, 2009. Requests for proposal were circulated to potential purchasers of the packages of gas covered by the expiring contracts. Neither BROG nor PNM gave notice of termination with respect to the PNM contract and, by agreement of the parties, the term of that contract has been extended through at least March 31, 2011. On December 11, 2008, the New Mexico Public Regulatory Commission approved the sale of the gas utility assets of PNM to New Mexico Gas Company, Inc. ("NMGC") and, effective as of January 30, 2009, the PNM contract was assigned to and assumed by NMGC.

BROG has now entered into four new contracts effective April 1, 2009, for the sale of all gas produced from the Underlying Properties other than the gas covered by the NMGC contract. The new purchasers are Chevron Natural Gas, a division of Chevron USA, Inc., Pacific Gas and Electric Company, BP Energy Company and Macquarie Cook Energy LLC. All four of the new contracts and the pre-existing NMGC contract provide for (i) the delivery of such gas at various delivery points through March 31, 2011 and from year-to-year thereafter, until terminated by either party on 12 months' notice; and (ii) 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. Although the primary term of the Chevron contract continues until March 31, 2011, a portion of that contract will be remarketed for sale after March 2010.

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.

On April 28, 2008, the Trust filed a suit against BROG relating to the Arbitration Award in its favor issued in November 2005, in the amount of $7,683,699. The litigation is styled San Juan Basin Royalty Trust vs. Burlington Resources Oil & Gas Company, L.P., No. D1329-CV-08-751, in the District Court of Sandoval County, New Mexico, 13th Judicial District. The Trust alleges breach of contract and breach of the covenant of good faith and fair dealing and seeks a judgment for damages in the amount of $5,025,000, plus interest and punitive damages. The purpose of the arbitration was to resolve certain compliance audit issues. The arbitrator ruled in favor of the Trust on all five of the issues submitted to arbitration. BROG filed suit in Harris County, Texas alleging that the award should be modified or vacated, and seeking to recover its attorneys' fees. The trial court denied BROG's motion to vacate, granted the Trust's application to confirm and rendered a final judgment in favor of the Trust. BROG paid the award as it related to four of the five issues and appealed the award as to the fifth. In August 2007, the appellate court reversed the judgment of the trial court and vacated the award as it related to the unpaid balance.

With respect to that fifth issue which was the subject of the appeal, the Trust had asked for damages based on either of two alternative claims. The appellate court ruled that the alternative claim selected by the arbitrator in awarding the Trust approximately $5,000,000 was not technically included within the scope of what the parties intended to submit to arbitration. The appellate court did not rule on whether or not the arbitrator properly decided the fifth issue in favor of the Trust. The litigation filed in New Mexico seeks recovery on the claim which had been resolved in favor of the Trust by the arbitrator.

The appellate court also remanded the case to the District Court, where BROG pursued its claim for attorneys' fees and costs in the amount of approximately $200,000. Following a trial on the merits of BROG's claims conducted on June 3, 2009, the District Court ruled in favor of the Trust and ordered that BROG should take nothing in its claims against the Trust. BROG has requested that the trial court make findings of fact and conclusions of law in support of its ruling in favor of the Trust, and it is possible that BROG will appeal that ruling.

In that New Mexico litigation, certain motions for summary judgment filed by BROG were to be heard on June 15, 2009. However, at that hearing, the District Judge determined that he had a potential conflict of interest. As a result, this case has been transferred to another district judge sitting in Sandoval County, New Mexico. The trial on the merits was originally set for April 2010 but will be rescheduled.

Included in this report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of June 30, 2009 (Unaudited), and December 31, 2008, and the Unaudited Condensed Statements of Distributable Income and of Change in Trust Corpus for the three months ended June 30, 2009 and 2008.

Unit holders of record for the second quarter of 2009 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.

Compass Bank, Trustee

By: LEE ANN ANDERSON
Vice President and Senior Trust Officer

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CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

ASSETS	**June 30, 2009**	**December 31, 2008**
	(Unaudited)	
Cash and short-term investments	$ 433,162	$ 7,449,767
Net overriding royalty interest in producing oil and gas properties (net of accumulated amortization of $115,703,394 and $115,348,030 at June 30, 2009 and December 31, 2008, respectively)	17,572,134	17,927,498
	$ 18,005,296	$ 25,377,265
LIABILITIES AND TRUST CORPUS		
Distribution payable to Unit Holders	$ 277,373	$ 7,293,978
Cash reserves	155,789	155,789
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding	17,572,134	17,927,498
	$ 18,005,296	$ 25,377,265

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2009	**2008**	**2009**	**2008**
Royalty income	$ 2,474,109	$ 35,612,146	$ 12,024,685	$ 61,188,564
Interest income	806	19,733	3,411	184,112
Total Revenue	2,474,915	35,631,879	12,028,096	61,372,676
General and administrative expenditures	686,688	592,778	1,270,433	1,202,852
Distributable income	$ 1,788,227	$ 35,039,101	$ 10,757,663	$ 60,169,824
Distributable income per Unit (46,608,796 Units)	$ 0.038367	$ 0.751770	$ 0.230807	$ 1.290954

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
Trust corpus, beginning of period...	$17,680,989	$19,438,062	$17,927,498	$19,880,888
Amortization of net overriding royalty interest	(108,855)	(462,141)	(355,364)	(904,967)
Distributable income......................	1,788,227	35,039,101	10,757,663	60,169,824
Distributions declared....................	(1,788,227)	(35,039,101)	(10,757,663)	(60,169,824)
Trust corpus, end of period............	$17,572,134	$18,975,921	$17,572,134	$18,975,921

Calculation of Royalty Income

Royalty income received by the Trust for the three months and six months ended June 30, 2009 and 2008, respectively, was computed as shown in the following table:

CALCULATION OF ROYALTY INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
Gross proceeds of sales from the Underlying Properties:				
Gas proceeds............................	$ 24,014,580	$ 66,685,312	$ 58,609,441	$119,793,526 (1)
Oil proceeds.............................	559,382	1,012,317	1,004,117	2,137,110
Total ………………………..	24,573,962	67,697,629	59,613,558	121,930,636
Less production costs:				
Severance tax – gas..................	2,178,181	6,028,156	5,304,435	11,464,632
Severance tax – oil...................	56,179	99,567	98,975	217,479
Other..	1,020		1,020	
Lease operating expense and property tax.........................	8,026,587	8,012,834	17,296,146	16,342,118
Capital expenditures	11,013,183	6,074,210	20,880,069	12,321,655
Total..	21,275,150	20,214,767	43,580,645	40,345,884
Net profits...............................	3,298,812	47,482,862	16,032,913	81,584,752
Net overriding royalty interest	75%	75%	75%	75%
Royalty income	$ 2,474,109	$ 35,612,146	$ 12,024,685	$ 61,188,564

(1) In March 2008, gas proceeds were reduced by $6,562,104 as the amount BROG determined to be the Trust's portion of BROG's settlement of a legal matter with the Minerals Management Service and the Bureau of Indian Affairs.

Glossary of Terms

Distributable Income: An amount paid to Unit holders equal to the Royalty income received by the Trustee during a given period plus interest, less the general and administrative expenses of the Trust, adjusted by any changes in cash reserves.

Royalty: The principal asset of the Trust; the 75% net overriding royalty interest conveyed to the Trust on November 3, 1980, by Southland Royalty Company, the predecessor to BROG, which was carved out of the Underlying Properties.

Underlying Properties: The working, royalty and other interests owned by Southland Royalty Company, the predecessor to BROG, in properties located in the San Juan Basin of northwestern New Mexico, out of which the Royalty was carved.

Units of Beneficial Interest: The units of ownership of the Trust, equal to the number of shares of common stock of Southland Royalty Company outstanding at the close of business on November 3, 1980.

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 are 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.

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