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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To Unit Holders

The San Juan Basin Royalty Trust received royalty income of $24,332,317 and interest income of $9,359 during the third quarter of 2003. After deducting administrative expenses of $520,244, distributable income for the quarter was $23,821,432 ($.511093 per Unit). In the third quarter of 2002, royalty income was $12,549,272, interest income was $6,560, administrative expenses were $259,497 and distributable income was $12,296,335 ($.263820 per Unit). The tax credit relating to production from coal seam and tight sand wells totaled approximately $.04 per Unit for the third quarter of 2002. Although both houses of Congress are presently considering energy legislation, including provisions to extend the Section 29 credit in various ways, whether such provisions will be enacted into law and if so, the effect thereof on the Trust and the Unit holders is, at present, unknown. For further information concerning this tax credit, Unit holders should refer to the Trust's Annual Report for 2002. Based on 46,608,796 Units outstanding, the per-Unit distributions during the third quarter of 2003 were as follows:

July	*14.5119 cents*
August	*17.4068 cents*
September	*19.1906 cents*
Quarter Total	*51.1093 cents*

The royalty income distributed in the third quarter of 2003 was higher than that distributed in the third quarter of 2002, primarily due to an increase in the average gas price from $2.28 per Mcf for the third quarter of 2002 to $3.90 per Mcf for the third quarter of 2003. Interest earnings for the quarter ended September 30, 2003, as compared to the quarter ended September 30, 2002, were higher, primarily due to an increase in funds available for investment. Administrative expenses were higher, primarily as a result of differences in timing in the receipt and payment of these expenses, and because administrative expenses in the third quarter of 2003 included expenses incurred in negotiations involving Burlington Resources Oil & Gas Company LLP ("BROG") and the Trust undertaken to resolve certain joint interest auditing issues.

BROG has informed the Trustee that the New Mexico Oil and Gas Proceeds 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. If it is determined that such withholding requirement applies to the Trust, the royalty income received by the Trust, and thus the distributions made to Unit holders by the Trust, will decrease. The Trustee is in communication with BROG and with state taxing authorities regarding the new withholding requirement and its applicability to distributions made by the Trust. 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 third quarter of 2003 were reported by BROG as approximately $4.3 million. BROG's capital expenditure budget for the Underlying Properties for 2003 is estimated at $18 million of which approximately $8.2 million 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 2003 could be as high as $22 million. Capital expenditures were approximately $2.1 million for the third quarter of 2002. Approximately $21.5 million in capital expenditures were deducted in calculating the Royalty for the year ended December 31, 2002. In February 2003, BROG informed the Trust that for 2003 it anticipates 351 projects, including the drilling of 38 new wells to be operated by BROG and 26 new wells to be operated by third parties. Of the new BROG-operated wells, 14 are projected to be conventional wells completed in the Pictured Cliffs, Mesaverde and/or Dakota formations, and the remaining 24 are projected as coal seam wells completed in the Fruitland Coal formation. A total of 21 of the new wells operated by third parties are projected to be conventional wells and the remaining five are projected to be coal seam wells. BROG projects approximately $10.6 million to be spent on the new wells, and the balance of the budget to be expended in working over existing wells and in the maintenance and improvement of production facilities.

BROG indicates its budget for 2003 reflects continued, significant developments in which the Trust's net overriding royalty interest is relatively high, as well as a sustained focus in conventional formations, including infill drilling to the Mesaverde and Dakota formations, development of the Fruitland Coal formation and multiple formation completions.

In October 2002, the New Mexico Oil Conservation Division approved 160-acre spacing in a selected portion of the Fruitland Coal formation. BROG has informed the Trust that, principally as a result of this approval, its budget for 2003 reflects a focus on the Fruitland Coal formation. The New Mexico Oil Conservation Division has asked BROG and other interested parties to study whether the change in spacing requirements should be expanded to cover other portions of the Fruitland Coal formation.

BROG has informed the Trust that lease operating expenses and property taxes were $3,917,464 and $135,000, respectively, for the third quarter of 2003, as compared to $3,974,830 and ($187,356), respectively, for the third quarter of 2002. The negative property tax allocation corrected property taxes previously allocated by BROG to the Trust in error.

BROG has informed the Trustee that during the third quarter of 2003, 16 gross (2.94 net) coal seam wells, two gross (.92 net) recavitations, 11 gross (4.71 net) conventional wells, 11 gross (1.49 net) payadds, five gross (1.45 net) recompletions, and 11 gross (8.8 net) restimulations were completed on the Underlying Properties.

Thirty-six gross (15.98 net) coal seam wells, four gross (.12 net) coal seam miscellaneous capital projects, one gross (.002 net) recavitation, 11 gross (1.16 net) coal seam recompletions, 47 gross (13.2 net) conventional wells, 12 gross (3.93 net) payadds, 17 gross (4.19 net) recompletions, and 10 gross (2.77

net) restimulations were in progress at September 30, 2003.

During the third quarter of 2002, 24 (5.78 net) conventional new wells, one gross (0.05 net) payadd and 11 gross (4.25 net) recompletions were completed on the Underlying Properties. There was one gross (.41 net) coal seam miscellaneous project, two gross (.91 net) new coal seam wells, two gross (1.12 net) coal seam recompletions, and three gross (.01 net) coal seam restimulations completed during the third quarter of 2002.

"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 September 30, 2003, is associated with actual gas and oil production during May 2003 through July 2003 from the Underlying Properties. Gas and oil sales from the Underlying Properties for the three months ended September 30, 2003 and 2002, were as follows:

	2003	2002
Gas:		
Total Mcf	*11,432,834*	*11,997,442*
Mcf per day	*124,270*	*130,406*
Average Price (per Mcf)	*$3.90*	*$2.28*
Oil:		
Total Bbls	*17,023*	*22,377*
Bbls per day	*185*	*243*
Average Price (per Bbl)	*$24.74*	*$21.95*

Gas and oil sales attributable to the Royalty for the three months ended September 30, 2003 and 2002, were as follows:

	2003	2002
Gas – Mcf	*6,819,487*	*6,831,526*
Oil – Bbls	*10,161*	*12,772*

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 third quarter of 2003, average gas prices were $1.62 higher than the average prices reported during the third quarter of 2002. The average price per barrel of oil during the third quarter of 2003 was $2.79 per barrel higher than that received for the third quarter of 2002 due to increases in oil prices in world markets generally, including the posted prices applicable to oil sales attributable to the Royalty.

BROG has entered into two contracts for the sale of all volumes of gas subject to the Royalty (the "Trust gas"). These contracts provide for (i) the sale of all Trust gas in two packages to Duke Energy and Marketing, L.L.C. and PNM Gas Services, (ii) the delivery of Trust gas at various delivery points through March 31, 2005, and from year-to-year thereafter until terminated by either party on 12 months' notice, and (iii) the sale of Trust gas at prices which fluctuate in accordance with published indices for gas sold in the San Juan Basin of New Mexico. Unit holders are referred to Note 6 of the Notes to Financial Statements in the Trust's 2002 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.

In June 2000, the Trust and BROG entered into a partial settlement of claims relating to a gas imbalance with respect to production from mineral properties currently operated by BROG. Under the terms of the partial settlement, BROG paid the Trust $3,490,000 to settle the imbalance insofar as it relates to some of the wells located on the Underlying Properties. The remainder of the imbalance is to be addressed through volume adjustments whereby the Trust's Royalty will be increased by the proceeds from 50% of the overproduced parties' interest, on a monthly basis, until the imbalance is corrected. The Trustee and its consultants remain in communication with BROG in order to determine the estimated value of the volume adjustments and the time during which the remainder of the imbalance will be corrected. BROG indicates that the volume adjustments commenced in August 2000. The Trust's consultants continue to monitor those adjustments.

Included in this report are the Condensed Statements of Assets, Liabilities and Trust Corpus as of September 30, 2003 (Unaudited), and December 31, 2002, and the Unaudited Condensed Statements of Distributable Income and of Changes in Trust Corpus for the three months ended September 30, 2003 and 2002.

Unit holders of record for the third quarter of 2003 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 Web site at www.sjbrt.com, or from the Trustee upon request.

TexasBank, Trustee

By: LA Anderson

Lee Ann Anderson

Vice President and Trust Officer

Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2003	December 31, 2002
Assets	*(Unaudited)*	
Cash and Short-term Investments	*$ 9,059,373*	*$ 4,274,790*
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of $102,529,118 and $99,577,622 at September 30, 2003, and December 31, 2002, respectively)	*30,746,410*	*33,697,906*
	$39,805,783	*$37,972,696*
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders	*$ 8,944,515*	*4,159,932*
Cash Reserves	*114,858*	*114,858*
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	*30,746,410*	*33,697,906*
	$39,805,783	*$37,972,696*

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Royalty Income	*$24,332,317*	*$12,549,272*	*$70,294,774*	*$26,034,196*
Interest Income	*9,359*	*6,560*	*32,613*	*9,410*
Decrease in Cash Reserves	*–*	*–*	*–*	*76,762*
	24,341,676	*12,555,832*	*70,327,387*	*26,120,368*
General and Administrative Expenditures	*520,244*	*259,497*	*1,389,073*	*1,282,218*
Increase in Cash Reserves	*–*	*–*	*–*	*–*
Distributable Income	*$23,821,432*	*$12,296,335*	*$68,938,314*	*$ 24,838,150*
Distributable Income per Unit (46,608,796 Units)	*$ .511093*	*$ .263820*	*$ 1.479085*	*$ .532907*

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Trust Corpus, Beginning of Period	*$31,722,360*	*$36,354,315*	*$33,697,906*	*$37,859,749*
Amortization of Net Overriding Royalty Interest	*(975,950)*	*(1,462,771)*	*(2,951,496)*	*(2,968,205)*
Distributable Income	*23,821,432*	*12,296,335*	*68,938,314*	*24,838,150*
Distributions Declared	*(23,821,432)*	*(12,296,335)*	*(68,938,314)*	*(24,838,150)*
Trust Corpus, End of Period	*$30,746,410*	*$34,891,544*	*$30,746,410*	*$34,891,544*

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's 2002 Annual Report.