

# San Juan Basin Royalty Trust

2525 Ridgmar Boulevard, Suite 100  
Fort Worth, Texas 76116  
Telephone 866/809-4553

January 31, 2004

## IMPORTANT TAX INFORMATION

### TO UNIT HOLDERS:

We enclose the following material which provides Unit holders with information necessary to compute the 2003 Federal income tax consequences of owning Units:

- (a) Grantor Trust Schedule A for 2003.
- (b) Information and Instructions.
- (c) Supplemental Tax Tables and Worksheet.

TexasBank, Trustee

By: 

Vice President and Trust Officer

# San Juan Basin Royalty Trust

**EIN 75-6279898**

## SCHEDULE A To FORM 1041, GRANTOR TRUST For Year Ended December 31, 2003

Federal and State Income Tax Information  
See Instructions Before Filing

### PART I ROYALTY INFORMATION PER UNIT

<u>Source</u>	(a) <u>Gross Income</u>	(b) <u>Severance Tax</u>	(c) <u>Net Royalty Payment</u>	(d) <u>Cost Depletion Factor*</u>	(e) <u>Non- conventional Source Fuel Credit</u>	(f) <u>Production</u>
<b>SAN JUAN BASIN PROPERTIES – NEW MEXICO</b>						
1. Oil .....	\$0.024160	\$0.002176	\$0.021984	–	–	0.001338 BBLs
2. Gas .....	<u>2.164620</u>	<u>0.212790</u>	<u>1.951830</u>	–	–	0.556174 MCF
3. Total Oil and Gas For Year .....	<u>\$2.188780</u>	<u>\$0.214966</u>	<u>\$1.973814</u> <b>A</b>	0.118758	\$ 0.018459	

\*Percentage Depletion per Unit of \$0.328316 may be claimed for Units purchased after October 11, 1990, if greater than Cost Depletion.

### PART II OTHER INCOME AND EXPENSE PER UNIT

<u>Item</u>	<u>Total</u>
1. Interest Income .....	\$. 0.000941 <b>B</b>
2. Administration Expense .....	\$. 0.036116 <b>C</b>

### PART III RECONCILIATION OF TAXABLE INCOME AND CASH DISTRIBUTION PER UNIT

<u>Item</u>	<u>Total</u>
1. Taxable Income Per Unit, Excluding Depletion ( <b>A + B - C</b> ) .....	\$. 1.938639
2. Reconciling Items .....	<u>0.000005</u>
3. Cash Distribution Per Unit .....	<u>\$. 1.938644</u>

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## I. FEDERAL INCOME TAX INFORMATION

### 1. Reporting of Income and Deductions.

(a) *Direct Ownership Reporting.* The San Juan Basin Royalty Trust (the "Trust") is a Grantor Trust for Federal income tax purposes. Each Unit holder of the Trust is taxable on his pro rata share of the income and expenses of the Trust as if he were the direct owner of a pro rata share of the Trust income and assets. Thus, the taxable year for reporting a Unit holder's share of the Trust's income and expense is controlled by his taxable year and his method of accounting, not by the taxable year and method of accounting of the Trust. Therefore, a cash-basis Unit holder should report his pro rata share of income or expense of the Trust, received or paid by the Trust, during his tax year. An accrual-basis Unit holder should report his pro rata share of income or expense of the Trust accrued during his tax year. **In either case, the income to be reported in a tax year is reflected on checks distributed in February of that year, through January of the next year.**

(b) *Taxable Year. Units held through a broker or nominee:* Unit holders owning Units through a broker or nominee who report on a calendar year basis and who have owned the same number of Units throughout such calendar year should refer to Schedule A on page 2. Unit holders who purchased or sold Units in the calendar year should refer to the information on pages 8 through 10. Unit holders who report on the basis of a fiscal year other than the calendar year may contact the Trustee for further information. **Units held directly:** An individualized letter summarizing taxable income for the calendar year is enclosed.

#### (c) *Types and Reporting of Trust Income and Deductions.*

(i) The Trust holds a net overriding royalty in oil and gas properties known as the San Juan Basin Properties-New Mexico (hereinafter referred to as the Royalty). In general, the net overriding royalty income is computed monthly based on proceeds realized in the preceding month by the owner of the interests from which the Royalty was created from oil and gas produced in an earlier month less the applicable costs and expenses, and is received by the Trustee on the last day of the monthly period. The gross amount of net overriding royalty income received by the Trust from the Royalty during the period covered is reported in Column (a) of Part I.

(ii) Severance tax paid by the Trust during the period covered is reported in Column (b) of Part I.

(iii) Nonconventional source fuel credit available during the period covered is reported in Column (e) of Part 1. This information is relevant only for taxpayers (primarily individuals) who report income and deductions on the cash method.

Under IRC Section 29, Unit holders are allowed a credit against income tax for sales of certain fuels produced from nonconventional sources (e.g., coal seam gas) prior to January 1, 2003. Specifically, the Section 29 credit applies to coal seam gas produced and sold to an unrelated party prior to January 1, 2003, from wells drilled or spudded after December 31, 1979, and prior to January 1, 1993. The Section 29 credit is equal to \$3.00 per barrel of oil equivalent (i.e., 5.8 MMBTUs) adjusted for inflation since 1979 by the GNP annual implicit price deflator. The credit is subject to phase out as the average price of oil rises above certain inflation adjusted levels, which are not currently applicable.

Even though the Section 29 credit does not apply to gas sold in 2003, Schedule A reflects a Section 29 credit amount applicable to proceeds received in 2003 for qualified gas sold in 2002 and earlier years. The Internal Revenue Service has issued a private letter ruling to another taxpayer to the effect that cash basis taxpayers may claim the credit for sales of qualified gas in a later year in which the proceeds from such sales are received. A private letter ruling, however, may be relied on only by the taxpayer who requested the ruling. Accordingly, the Trust has applied for a similar ruling, but has not received the ruling at this time. The Trust will notify its Unit holders as soon as it receives the ruling or determines that a ruling will not be issued. While tax counsel believes that a favorable ruling will be issued in due course, each cash basis Unit holder should consult with his own tax advisor in determining whether to claim the credit on his 2003 tax return.

The Section 29 credit allowable for any taxable year cannot exceed the excess (if any) of the taxpayer's regular tax liability for such taxable year, as reduced by the taxpayer's foreign tax credits and certain nonrefundable credits, over the taxpayer's tentative minimum tax liability for that year. Any amount of Section 29 credit disallowed for the tax year solely because of the tentative minimum tax liability limitation will increase his credit for prior year minimum tax liability, which may be carried forward indefinitely (but subject again to the foregoing limits) as a credit against the taxpayer's regular tax liability. Subject to the foregoing, there is no provision for the carryback or carryforward of the Section 29 credit in any other circumstances. Hence, a Trust Unit holder may not receive the full benefit of such credit depending on his particular circumstances.

(iv) Interest income received by the Trustee during the period covered is reported as Item 1 of Part II.

(v) Administration expenses are paid on the last day of the month in which they accrue. The amount so accrued and paid during the period covered is reported as Item 2 of Part II.

(d) *Unit Multiplication.* Because each schedule reflects only results on a per-Unit basis, it will be necessary to multiply the gross royalty income, severance tax and nonconventional source fuel credit shown in Part I and the interest income and administration expense shown in Part II by the number of Units owned by a Unit holder during the applicable period to obtain the amount to be reported on his tax return. Income, expenses (other than depletion), and credits may be computed directly from the appropriate schedules. Cost depletion per Unit must be computed as provided in the Computation of Depletion instructions below.

(e) *Individual Taxpayers.* For Unit holders who hold the Units as an investment and who file Form 1040 for a period beginning in 2003, it is suggested that the items of income and deduction computed from the appropriate schedules be reported in the following manner:

<b>Item</b>	<b>Form 1040</b>
Gross Royalty Income	Line 4, Part I, Schedule E
Depletion	Line 20, Part I, Schedule E
Severance Tax	Line 16, Part I, Schedule E
Nonconventional Source Fuel Credit	Line 52, Form 1040
Interest Income	Line 1, Part I, Schedule B
Administration Expenses	Line 18, Part I, Schedule E

On the following pages we have reproduced page 1 of Schedule E, page 2 of Form 1040 and Schedule B, and identified the specific location of each item of income, expense and credit listed above. These pages are entitled "Individual Unit Holder's Specific Location of Items of Income, Expense and Credit on Schedules E and B, and Form 1040." The IRS has not issued a form on which taxpayers can report the nonconventional source fuel credit. Attach a separate schedule to your 2003 tax return showing how you figured the credit. The schedule should include your name and taxpayer identification number, the total amount of the credit from the San Juan Basin Trust for 2003, and calculation of the credit by multiplying the number of your Units by the per Unit applicable factor. Include the credit in the amount of total credits on Line 52, Form 1040, check box (c) on Line 52 and write "FNS" on the line to the right of box (c).

For the convenience of Unit holders who acquired or sold Units during 2003, Tables 1 through 7 are enclosed to assist in the computation of gross royalty income, severance tax, nonconventional source fuel credit, interest income, administration expenses, and depletion. These tables are only for those Unit holders who have a calendar year as their taxable year.

(f) *Nominee Reporting.* Nominees and brokers should report the distributions from the Trust as royalty income on Form 1099-MISC. The taxable amount before depletion should be reported per the attached schedules. In years where there are no reconciling items, the net taxable income excluding depletion, see instruction 2, will equal the cash distributions from the Trust.

**2. Computation of Depletion.** Each Unit holder's allowable depletion on Units acquired before October 12, 1990 is his cost depletion with respect to the Royalty. For Units acquired after October 11, 1990 each Unit holder's allowable depletion is the greater of cost depletion or percentage depletion with respect to the Royalty.

(a) *Percentage Depletion.* The tax law allows percentage depletion on proven properties acquired after October 11, 1990. For Units acquired after such date, the Unit holder should compute both percentage depletion and cost depletion from each property, and claim the larger amount as a deduction on his or her income tax return. The percentage depletion factors are provided in Table 7.

For Unit holders who acquired their Units before October 12, 1990, no percentage depletion is allowable under the exemption for independent producers and royalty owners provided by IRC Section 613A(c), because the Royalties were proven properties at the time of their transfer. No percentage depletion is allowable under the exemption for certain gas wells provided by IRC Section 613A(b), because none of the gross income from the Royalties constitutes income from "fixed contract gas" under that section.

# Individual Unit Holder's Specific Location of Items of Income, Expense and Credit on Schedules E and B, and Form 1040

SCHEDULE E (Form 1040)		Supplemental Income and Loss (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)				OMB No. 1545-0074 <b>2003</b> Attachment Sequence No. <b>13</b>
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040 or Form 1041. ▶ See instructions for Schedule E (Form 1040).				Your social security number
Name(s) shown on return						.....
<b>Part I</b> <b>Income or Loss From Rental Real Estate and Royalties</b> <small>Note.</small> If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-2). Report farm rental income or loss from Form 4835 on page 2, line 40.						
<b>1</b>	<b>Show the kind and location of each rental real estate property:</b>	<b>2</b> For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days or • 10% of the total days rented at fair rental value? (See page E-3)			<b>Yes</b>	<b>No</b>
<b>A</b>	.....	<b>A</b>				
<b>B</b>	.....	<b>B</b>				
<b>C</b>	.....	<b>C</b>				
<b>Income:</b>		<b>Properties</b>			<b>Totals</b> <small>(Add columns A, B, and C.)</small>	
		<b>A</b>	<b>B</b>	<b>C</b>		
<b>3</b>	Rents received . . . . .	<b>3</b>			<b>3</b>	
<b>4</b>	Royalties received . . . . .	<b>4</b>			<b>4</b>	
<b>Expenses:</b>						
<b>5</b>	Advertising . . . . .	<b>5</b>				
<b>6</b>	Auto and travel (see page E-4) . . . . .	<b>6</b>				
<b>7</b>	Cleaning and maintenance . . . . .	<b>7</b>				
<b>8</b>	Commissions . . . . .	<b>8</b>				
<b>9</b>	Insurance . . . . .	<b>9</b>				
<b>10</b>	Legal and other professional fees . . . . .	<b>10</b>				
<b>11</b>	Management fees . . . . .	<b>11</b>				
<b>12</b>	Mortgage interest paid to banks, etc. (see page E-4) . . . . .	<b>12</b>			<b>12</b>	
<b>13</b>	Other interest . . . . .	<b>13</b>				
<b>14</b>	Repairs . . . . .	<b>14</b>				
<b>15</b>	Supplies . . . . .	<b>15</b>				
<b>16</b>	Taxes . . . . .	<b>16</b>				
<b>17</b>	Utilities . . . . .	<b>17</b>				
<b>18</b>	Other (list) ▶ ..... ..... .....	<b>18</b>				
<b>19</b>	Add lines 5 through 18 . . . . .	<b>19</b>			<b>19</b>	
<b>20</b>	Depreciation expense or depletion (see page E-4) . . . . .	<b>20</b>			<b>20</b>	
<b>21</b>	Total expenses. Add lines 19 and 20 . . . . .	<b>21</b>			<b>21</b>	
<b>22</b>	Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6198. . . . .	<b>22</b>				
<b>23</b>	Deductible rental real estate loss. <b>Caution.</b> Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2 . . . . .	<b>23</b>				
<b>24</b>	<b>Income.</b> Add positive amounts shown on line 22. <b>Do not include any losses.</b> . . . . .	<b>24</b>				
<b>25</b>	<b>Losses.</b> Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here . . . . .	<b>25</b>				
<b>26</b>	<b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2 . . . . .	<b>26</b>				

Gross Royalty Income

Severance Tax

Administration Expenses

Depletion

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. 08

Interest Income

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address

Table with columns for Amount and rows for interest entries.

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

2 Add the amounts on line 1
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

5 List name of payer

Table with columns for Amount and rows for dividend entries.

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm,

Tax and Credits

Standard Deduction for—

People who checked any box on line 36a or 36b or who can be claimed as a dependent, see page 34.

All others: Single or Married filing separately, \$4,750; Married filing jointly or Qualifying widower, \$9,500; Head of household, \$7,000

Main tax calculation table with lines 35-54.

Other Taxes

Table with lines 55-60 for other taxes.

Payments

If you have a qualifying child, attach Schedule EIC.

Table with lines 61-68 for payments.

Refund

Direct deposit? See page 56 and fill in 70b, 70c, and 70d.

Table with lines 69-71 for refund.

Amount You Owe

Table with lines 72-73 for amount you owe.

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 58)? Yes. Complete the following. No

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature table for taxpayer and preparer.

Paid Preparer's Use Only

Table for paid preparer's use only.

Table for interest or ordinary dividends, or (b) had for of, or a transferor to, a foreign trust.

Nonconventional Source Fuel Credit

(b) *Cost Depletion.* To compute cost depletion, each Unit holder who owned the same number of Units throughout all 12 months of the calendar year should multiply his basis in the Royalty (reduced by prior years' depletion, if any) by the factor indicated on Column (d) of Part I of Schedule A on page 2, which factor was obtained by dividing the estimated quantity of reserves at the beginning of the year into the quantity produced and sold during the period.

A Cost Depletion Worksheet is enclosed to assist Unit holders in computing their cost depletion deduction. The Worksheet is divided into two parts. Part A pertains to Units that have been held the entire calendar year and Part B pertains to Units that were acquired or sold during the year. Unit holders who use Part B should obtain their cost depletion factors for their applicable period of ownership in 2003 from Table 6. Notes are contained in the Specific Instructions for Cost Depletion Worksheet to explain certain aspects of the depletion calculation.

**3. Reconciliation of Net Income and Cash Distributions.** The difference between the per-Unit taxable income for a period and the per-Unit cash distributions, if any, reported for such period (even though distributed in a later period) is attributable to adjustments in Part III, Line 2 of Schedule A on page 2, labelled Reconciling Items. The Reconciling Items consist of items which are not currently deductible, such as increases in the cash reserves established by the Trustee for the payment of future expenditures, capital items and items which do not constitute taxable income such as reductions in previously established cash reserves. It is expected that normally the Reconciling Items will be negligible.

**4. Adjustments to Basis.** Each Unit holder should reduce his tax basis in the Royalty and in his Units by the amount of depletion allowable with respect to such Royalty.

**5. Federal Income Tax Reporting of Units Sold.** The sale, exchange, or other disposition of a Unit is a taxable transaction for Federal income tax purposes. Gain or loss is computed under the usual tax principles as the difference between the selling price and the adjusted basis of a Unit. The adjusted basis in a Unit is the original cost or other basis of the Unit reduced (but not below zero) by any depletion which reduced the adjusted basis of the interest in the Royalty represented by such Unit. For Unit holders who acquired their Units after 1986, upon subsequent disposition of such Unit, a portion of the gain (if any) will be recaptured as ordinary income to the extent of the depletion which reduced the adjusted basis of such Unit. Unit holders should consult their tax advisers for further information.

**6. Portfolio Income.** Royalty Income is generally considered portfolio income under the passive loss rules enacted by the Tax Reform Act of 1986. Therefore, it appears that Unit holders should not consider the taxable income from the Trust to be passive income in determining net passive income or loss. Unit holders should consult their tax advisers for further information.

**7. Tax Shelter Registration.** A tax shelter registration number is not a requirement for the San Juan Basin Royalty Trust. The rules for tax shelter registration apply only to those entities whose public offering occurred after August 31, 1984. Since the San Juan Basin Royalty Trust was established in 1980, the Trust is not subject to the 1984 rule.

**8. Unrelated Business Taxable Income.** The royalty income from the San Juan Basin Royalty Trust is not considered unrelated business taxable income.

## II. STATE INCOME TAX RETURNS

All revenues from the Trust are from sources within New Mexico, which has an income tax calculated similarly to the Federal income tax. Royalty income of the Trust will be subject to New Mexico income tax. Unit holders should consult their tax advisers regarding state income tax filing requirements. The website for the New Mexico Taxation & Revenue Department is [www.state.nm.us/tax](http://www.state.nm.us/tax).

## III. TAX ISSUES

The Trustee is provided Section 29 tax credit information related to Trust Properties by Burlington Resources Oil & Gas Company. In 1999, the Tenth Circuit Court upheld the position of the IRS and the Tax Court that nonconventional fuel such as coal seam gas does not qualify for the Section 29 credit unless the producer eventually receives a formal certification from the FERC. The FERC's certification authority expired effective January 1, 1993. However, a petition was filed in December of 1999 requesting that the FERC reinstitute the certification process, and on July 14, 2000, the FERC issued a final ruling amending its regulations to reinstate certain regulations involving well category determinations for all wells and tight formation areas that could qualify for the Section 29 tax credit. Burlington has informed the Trustee that approximately 99% of the coal seam volumes produced from wells burdened by the Trust are from wells which have already been certified and that Burlington will continue to seek certification of all qualified wells.



To our knowledge, all other major Federal income tax issues relating to the Trust have been resolved by the Internal Revenue Service in a manner consistent with the tax consequences described in these instructions.

## Supplemental Tax Tables and Worksheet

In addition to Schedule A and Instructions, the Supplemental Tax Tables and Worksheet are provided for certain Unit holders. The Supplemental Tax Tables and Worksheet are comprised of seven tables and a Cost Depletion Worksheet.

For purposes of computing income, expenses (excluding cost depletion), and credits, Tables 1-7 should only be used by calendar-year Unit holders who acquired, sold or exchanged Units during 2003. Unit holders who have a taxable year other than December 31 should continue to use Schedules B-1 through B-12. Unit holders who have held Units the entire year should use Schedule A.

To assist all Unit holders in calculating their cost depletion deduction, Table 6 and the Cost Depletion Worksheet are provided. Notes are contained in the Specific Instructions for the Cost Depletion Worksheet to explain and assist in preparing a Unit holder's cost depletion deduction.

A brief example illustrating the computation of the income, expenses (excluding cost depletion), and credit should be helpful. Assume a Unit holder acquires 1,000 Units on May 7, 2003 and sells these Units on November 7, 2003. For these Units the Unit holder received cash distributions for May through October; therefore, the income, expenses, and credit attributable to these Units will be for this same period. To use each table (1-7) a Unit holder should go down the left-hand column to the specific month when the Units were purchased and across the page to the column which corresponds to the month for which the last cash distribution was received. In the above example, the Unit holder should go down the left-hand column to the fifth line and across the page to the column titled October. This procedure would be repeated on each of the six tables. The income, expense, and credit in the above example are summarized below.

<b>Description</b>	<b>Table</b>	<b>Per Unit</b>	<b>x</b>	<b>Units</b>	<b>=</b>	<b>Amount</b>
Gross Royalty Income	1	1.179430	x	1,000	=	\$1,179.43
Severance Tax	2	0.113606	x	1,000	=	113.61
Interest Income	4	0.000479	x	1,000	=	0.48
Administration Expense	5	0.020014	x	1,000	=	20.01
Percentage Depletion	7	0.176914	x	1,000	=	176.91

\*Percentage Depletion may be claimed for Units purchased after October 11, 1990, if greater than Cost Depletion. Taxpayers should consult their tax advisors regarding deductibility of percentage depletion.



# San Juan Basin Royalty Trust

**Table 1**

**2003 Gross Royalty Income  
(Cumulative \$ per Unit)**

**For a Unit**  
**acquired of record**                      **And the last cash distribution on such Unit was**  
**during the month of:**                      **attributable to the monthly record date for the month of:**

	2003											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.113227	0.248228	0.473934	0.653736	0.948879	1.094178	1.257781	1.454520	1.669882	1.833166	2.020122	2.188780
February		0.135001	0.360707	0.540509	0.835652	0.980951	1.144554	1.341293	1.556655	1.719939	1.906895	2.075553
March			0.225706	0.405508	0.700651	0.845950	1.009553	1.206292	1.421654	1.584938	1.771894	1.940552
April				0.179802	0.474945	0.620244	0.783847	0.980586	1.195948	1.359232	1.546188	1.714846
May					0.295143	0.440442	0.604045	0.800784	1.016146	1.179430	1.366386	1.535044
June						0.145299	0.308902	0.505641	0.721003	0.884287	1.071243	1.239901
July							0.163603	0.360342	0.575704	0.738988	0.925944	1.094602
August								0.196739	0.412101	0.575385	0.762341	0.930999
September									0.215362	0.378646	0.565602	0.734260
October										0.163284	0.350240	0.518898
November											0.186956	0.355614
December												0.168658

**Table 2**

**2003 Severance Tax  
(Cumulative \$ per Unit)**

**For a Unit**  
**acquired of record**                      **And the last cash distribution on such Unit was**  
**during the month of:**                      **attributable to the monthly record date for the month of:**

	2003											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.011288	0.024585	0.046740	0.064634	0.093986	0.108047	0.123641	0.140687	0.161697	0.178240	0.197211	0.214966
February		0.013297	0.035452	0.053346	0.082698	0.096759	0.112353	0.129399	0.150409	0.166952	0.185923	0.203678
March			0.022155	0.040049	0.069401	0.083462	0.099056	0.116102	0.137112	0.153655	0.172626	0.190381
April				0.017894	0.047246	0.061307	0.076901	0.093947	0.114957	0.131500	0.150471	0.168226
May					0.029352	0.043413	0.059007	0.076053	0.097063	0.113606	0.132577	0.150332
June						0.014061	0.029655	0.046701	0.067711	0.084254	0.103225	0.120980
July							0.015594	0.032640	0.053650	0.070193	0.089164	0.106919
August								0.017046	0.038056	0.054599	0.073570	0.091325
September									0.021010	0.037553	0.056524	0.074279
October										0.016543	0.035514	0.053269
November											0.018971	0.036726
December												0.017755

**Table 3**

**2003 Nonconventional Source Fuel Credit  
(Cumulative \$ per Unit)**

**For a Unit**  
**acquired of record**                      **And the last cash distribution on such Unit was**  
**during the month of:**                      **attributable to the monthly record date for the month of:**

	2003											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.009130	0.018459	0.018459	0.018459	0.018459	0.018459	0.018459	0.018459	0.018459	0.018459	0.018459	0.018459
February		0.009329	0.009329	0.009329	0.009329	0.009329	0.009329	0.009329	0.009329	0.009329	0.009329	0.009329
March			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
April				0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
May					0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
June						0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
July							0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
August								0.000000	0.000000	0.000000	0.000000	0.000000
September									0.000000	0.000000	0.000000	0.000000
October										0.000000	0.000000	0.000000
November											0.000000	0.000000
December												0.000000

# San Juan Basin Royalty Trust

**Table 4**

**2003 Interest Income  
(Cumulative \$ per Unit)**

**For a Unit**  
**acquired of record**      **And the last cash distribution on such Unit was**  
**during the month of:**      **attributable to the monthly record date for the month of:**

	2003											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000050	0.000101	0.000160	0.000301	0.000371	0.000499	0.000559	0.000616	0.000700	0.000780	0.000781	0.000941
February		0.000051	0.000110	0.000251	0.000321	0.000449	0.000509	0.000566	0.000650	0.000730	0.000731	0.000891
March			0.000059	0.000200	0.000270	0.000398	0.000458	0.000515	0.000599	0.000679	0.000680	0.000840
April				0.000141	0.000211	0.000339	0.000399	0.000456	0.000540	0.000620	0.000621	0.000781
May					0.000070	0.000198	0.000258	0.000315	0.000399	0.000479	0.000480	0.000640
June						0.000128	0.000188	0.000245	0.000329	0.000409	0.000410	0.000570
July							0.000060	0.000117	0.000201	0.000281	0.000282	0.000442
August								0.000057	0.000141	0.000221	0.000222	0.000382
September									0.000084	0.000164	0.000165	0.000325
October										0.000080	0.000081	0.000241
November											0.000001	0.000161
December												0.000160

**Table 5**

**2003 Trust Administration Expense  
(Cumulative \$ per Unit)**

**For a Unit**  
**acquired of record**      **And the last cash distribution on such Unit was**  
**during the month of:**      **attributable to the monthly record date for the month of:**

	2003											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.001308	0.004656	0.009019	0.012834	0.015162	0.018641	0.021591	0.027273	0.029803	0.032848	0.034540	0.036116
February		0.003348	0.007711	0.011526	0.013854	0.017333	0.020283	0.025965	0.028495	0.031540	0.033232	0.034808
March			0.004363	0.008178	0.010506	0.013985	0.016935	0.022617	0.025147	0.028192	0.029884	0.031460
April				0.003815	0.006143	0.009622	0.012572	0.018254	0.020784	0.023829	0.025521	0.027097
May					0.002328	0.005807	0.008757	0.014439	0.016969	0.020014	0.021706	0.023282
June						0.003479	0.006429	0.012111	0.014641	0.017686	0.019378	0.020954
July							0.002950	0.008632	0.011162	0.014207	0.015899	0.017475
August								0.005682	0.008212	0.011257	0.012949	0.014525
September									0.002530	0.005575	0.007267	0.008843
October										0.003045	0.004737	0.006313
November											0.001692	0.003268
December												0.001576

**Table 7**

**2003 Percentage Depletion Factors  
(Cumulative)**

**For a Unit**  
**acquired of record**      **And the last cash distribution on such Unit was**  
**during the month of:**      **attributable to the monthly record date for the month of:**

	2003											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.016984	0.037234	0.071090	0.098060	0.142331	0.164126	0.188666	0.218177	0.250481	0.274974	0.303017	0.328316
February		0.020250	0.054106	0.081076	0.125347	0.147142	0.171682	0.201193	0.233497	0.257990	0.286033	0.311332
March			0.033856	0.060826	0.105097	0.126892	0.151432	0.180943	0.213247	0.237740	0.265783	0.291082
April				0.026970	0.071241	0.093036	0.117576	0.147087	0.179391	0.203884	0.231927	0.257226
May					0.044271	0.066066	0.090606	0.120117	0.152421	0.176914	0.204957	0.230256
June						0.021795	0.046335	0.075846	0.108150	0.132643	0.160686	0.185985
July							0.024540	0.054051	0.086355	0.110848	0.138891	0.164190
August								0.029511	0.061815	0.086308	0.114351	0.139650
September									0.032304	0.056797	0.084840	0.110139
October										0.024493	0.052536	0.077835
November											0.028043	0.053342
December												0.025299

## Specific Instructions for Cost Depletion Worksheet

**Note 1:** The original basis of your Units must be determined from your records and generally will be the amount paid for the Units including broker's commissions or the fair market value of such Units on the date they were distributed (November 3, 1980). However, there could be other taxable events which cause the original basis to be revised. For example, the original basis of Units passing through an estate will be changed to reflect the fair market value of the Units on date of death. Please consult your tax adviser concerning your original basis.

**Note 2:** When Units are acquired, sold or exchanged during the year, the cost depletion factor is calculated using *one* of the following procedures:

(a) **UNITS ACQUIRED PRIOR TO 2003 AND SOLD DURING 2003.**

Example: A Unit holder acquired Units prior to 2003 that he sold in June 2003. To calculate his cost depletion for the year, the Unit holder would use the cost depletion factor for January through May obtained from Table 6. In this example, the cost depletion factor would be .054096.

(b) **UNITS ACQUIRED AND SOLD DURING 2003.**

Example: A Unit holder acquired Units in February 2003 and sold them in November 2003. To calculate her cost depletion for the year, the Unit holder would use the cost depletion factor for February through October obtained from Table 6. In this example, the cost depletion factor would be .090363.

(c) **UNITS ACQUIRED DURING 2003 AND STILL OWNED AT THE END OF 2003.**

Example: A Unit holder acquired Units in March 2003 and still owned them at the end of 2003. To calculate his cost depletion for the year, the Unit holder would use the cost depletion factor for March 2003 through December 2003 obtained from Table 6. In this example, the cost depletion factor would be .099070.

Table 6

**2003 Cost Depletion Factors  
(Cumulative)**

**For a Unit acquired of record during the month of:**      **And the last cash distribution on such Unit was attributable to the monthly record date for the month of:**

		2003											
		January	February	March	April	May	June	July	August	September	October	November	December
January	_____	0.009449	0.019688	0.034789	0.043263	0.054096	0.062387	0.072253	0.080244	0.091350	0.099812	0.109762	0.118758
February	_____		0.010239	0.025340	0.033814	0.044647	0.052938	0.062804	0.070795	0.081901	0.090363	0.100313	0.109309
March	_____			0.015101	0.023575	0.034408	0.042699	0.052565	0.060556	0.071662	0.080124	0.090074	0.099070
April	_____				0.008474	0.019307	0.027598	0.037464	0.045455	0.056561	0.065023	0.074973	0.083969
May	_____					0.010833	0.019124	0.028990	0.036981	0.048087	0.056549	0.066499	0.075495
June	_____						0.008291	0.018157	0.026148	0.037254	0.045716	0.055666	0.064662
July	_____							0.009866	0.017857	0.028963	0.037425	0.047375	0.056371
August	_____								0.007991	0.019097	0.027559	0.037509	0.046505
September	_____									0.011106	0.019568	0.029518	0.038514
October	_____										0.008462	0.018412	0.027408
November	_____											0.009950	0.018946
December	_____												0.008996

## San Juan Basin Royalty Trust

### 2003 Cost Depletion Worksheet

The following may help you calculate your cost depletion to be reported on your Federal Income Tax Return.

A. If you *owned* the Units for the *entire year*, your cost depletion would be calculated as follows:

	Original Basis (NOTE 1)	Depletion Allowed or Allowable in Prior Years	Original Basis Less Depletion Allowed or Allowable in Prior Years	=	x	Cost Depletion Factor	=	Cost Depletion
San Juan Basin	-	-	-	=	x	.118758	=	=

B. If you *sold or acquired* the Units during *the year*, your cost depletion for the portion of the year that you held the Units would be calculated as follows:

	Original Basis (NOTE 1)	Depletion Allowed or Allowable in Prior Years	Original Basis Less Depletion Allowed or Allowable in Prior Years	=	x	Partial Year Cost Depletion Factor (NOTE 2)	=	Cost Depletion
San Juan Basin	-	-	-	=	x	-	=	=

(Notes 1 and 2 are contained in the Specific Instructions for the Cost Depletion Worksheet.)