

San Juan Basin Royalty Trust

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

January 31, 2006

IMPORTANT TAX INFORMATION

TO UNIT HOLDERS:

We enclose the following material, which provides Unit holders with information necessary to compute the 2005 Federal income tax consequences of owning Units:

- (a) Grantor Trust Schedule A for 2005.
- (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, 2005

Federal and State Income Tax Information
 See Instructions Before Filing

**PART I
 ROYALTY INFORMATION PER UNIT**

Source	(a) Gross Income	(b) Severance Tax	(c) Net Royalty Payment	(d) Cost Depletion Factor*	(e) Production
San Juan Basin Properties					
New Mexico					
1. Oil	\$.045930	\$.004821	\$.041109	-	.000925 BBLs
2. Gas	<u>3.621263</u>	<u>.361318</u>	<u>3.259945</u>	-	.570720 MCF
3. Total Oil and Gas for Year	<u>\$3.667193</u>	<u>\$.366139</u>	<u>\$ 3.301054 A</u>	.105388	

* Percentage Depletion Per Unit of \$0.550079 may be claimed for Units purchased after October 11, 1990, if greater than Cost Depletion.

**PART II
 OTHER INCOME AND EXPENSE PER UNIT**

Item	Total
1. Interest Income	.003591 B
2. Administrative Expense	.052899 C

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

Item	Total
1. Taxable Income Per Unit, Excluding Depletion (A+B-C)	\$3.251746
2. Reconciling Items	<u>.000001</u>
3. Cash Distribution Per Unit	<u>\$3.251747</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 payments 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) Interest income received by the Trustee during the period covered is reported as Item 1 of Part II.
 - (iv) 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 percentage depletion 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 and expenses (other than depletion) 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 2005, it is suggested that the items of income and deduction computed from the appropriate schedules be reported in the following manner:

Item	Form 1040
Gross Royalty Income	Line 4, Part I, Schedule E
Depletion	Line 20, Part I, Schedule E
Severance Tax	Line 16, Part I, Schedule E
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 and page 2 of Schedule B of Form 1040 and identified the specific location of each item of income and expense above. These pages are entitled "Individual Unit Holder's Specific Location of Items of Income and Expense on Schedules E and B."

For the convenience of Unit holders who acquired or sold Units during 2005, Tables 1 through 6 are enclosed to assist in the computation of gross royalty income, severance tax, 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 3.

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.

- (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 2005 from Table 6. Notes are contained in the Specific Instructions for Cost Depletion Worksheet to explain certain aspects of the depletion calculation.

**Individual Unit Holder's
Specific Location of Items of Income and Expense
On Schedule E**

**SCHEDULE E
(Form 1040)**

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

2005
Attachment
Sequence No. **13**

Department of the Treasury
Internal Revenue Service (99)
Name(s) shown on return

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property:	2 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.)	Yes	No
		A	
		B	
C			

Gross Royalty Income _____

Severance Tax _____
Administration Expenses _____

Depletion _____

	Properties			Totals (Add columns A, B, and C.)
	A	B	C	
3 Rents received	3			3
4 Royalties received	4			4
Expenses:				
5 Advertising	5			
6 Auto and travel (see page E-4)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see page E-4)	12			12
13 Other interest	13			
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Other (list) ▶	18			
19 Add lines 5 through 18	19			19
20 Depreciation expense or depletion (see page E-4)	20			20
21 Total expenses. Add lines 19 and 20	21			
22 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-5 to find out if you must file Form 6198	22			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	()	()	()
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			24
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25	()	()	25 ()
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, 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	26			26

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, labeled 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.
9. **Units held in an IRA.** In most cases, payments from Units held in an IRA are tax-deferred, and no tax reporting is required. However, Unit holders should consult their tax advisers regarding their particular circumstances.

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. Forms and instructions can be printed from the website. For information and general assistance with filing your New Mexico return, call (505) 827-0827.

III.

TAX ISSUES

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. For purposes of computing income and expenses (excluding cost depletion), Tables 1-6 should only be used by calendar-year Unit holders who acquired, sold or exchanged Units during 2005. 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. The Supplemental Tax Tables and Worksheet are comprised of six tables and a Cost Depletion Worksheet.

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.

EXAMPLE:

A brief example illustrating the computation of the income, expenses, and depletion deduction should be helpful. Assume a Unit holder purchased 1,000 Units for \$37,700 (the holder's Basis) on May 10, 2005 and sold these Units on November 8, 2005. For these Units, the Unit holder received cash distributions for May through October; therefore, the income, expenses and depletion deduction attributable to these Units will be for this same period.

To use each table (1-6) a Unit holder should go down the left-hand column to the specific month when the Units were purchased and then 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 (May) and across the page to the column titled October. This procedure would be repeated on each of the six tables.

The income, expense and depletion deduction calculations for the above example are summarized below:

<u>DESCRIPTION</u>	<u>TABLE</u>	<u>PER UNIT</u>	<u>X</u>	<u>UNITS OR BASIS</u>	<u>=</u>	<u>AMOUNT</u>
Gross Royalty Income	1	1.650871	X	1,000 UNITS	=	\$1,650.87
Severance Tax	2	0.164564	X	1,000 UNITS	=	164.56
Interest Income	4	0.001801	X	1,000 UNITS	=	1.81
Administration Expense	5	0.025438	X	1,000 UNITS	=	25.44
Percentage Depletion*	3	0.247631	X	1,000 UNITS	=	247.63
Cost Depletion**	6	0.050631	X	\$37,700 BASIS	=	\$1,908.79

* Percentage Depletion may be claimed for Units purchased after October 11, 1990, *if greater than Cost Depletion*. For units acquired after such date, the Unit holder should compute both percentage depletion and cost depletion and claim the larger amount. Taxpayers should consult their tax advisors regarding deductibility of percentage depletion.

** See Specific Instructions for the Cost Depletion Worksheet on page 11 and the Cost Depletion Worksheet on page 12.

San Juan Basin Royalty Trust

Table 1
2005 Gross Royalty Income
(Cumulative \$ per Unit)

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:

		2005											
		January	February	March	April	May	June	July	August	September	October	November	December
January	___	0.336918	0.602040	0.939291	1.185330	1.483254	1.776841	2.090480	2.339548	2.562047	2.836201	3.210050	3.667193
February	_____		0.265122	0.602373	0.848412	1.146336	1.439923	1.753562	2.002630	2.225129	2.499283	2.873132	3.330275
March	_____			0.337251	0.583290	0.881214	1.174801	1.488440	1.737508	1.960007	2.234161	2.608010	3.065153
April	_____				0.246039	0.543963	0.837550	1.151189	1.400257	1.622756	1.896910	2.270759	2.727902
May	_____					0.297924	0.591511	0.905150	1.154218	1.376717	1.650871	2.024720	2.481863
June	_____						0.293587	0.607226	0.856294	1.078793	1.352947	1.726796	2.183939
July	_____							0.313639	0.562707	0.785206	1.059360	1.433209	1.890352
August	_____								0.249068	0.471567	0.745721	1.119570	1.576713
September	_____									0.222499	0.496653	0.870502	1.327645
October	_____										0.274154	0.648003	1.105146
November	_____											0.373849	0.830992
December	_____												0.457143

Table 2
2005 Severance Tax
(Cumulative \$ per Unit)

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:

		2005											
		January	February	March	April	May	June	July	August	September	October	November	December
January	___	0.037580	0.061932	0.097343	0.120550	0.149337	0.177615	0.208863	0.236536	0.258386	0.285114	0.321231	0.366139
February	_____		0.024352	0.059763	0.082970	0.111757	0.140035	0.171283	0.198956	0.220806	0.247534	0.283651	0.328559
March	_____			0.035411	0.058618	0.087405	0.115683	0.146931	0.174604	0.196454	0.223182	0.259299	0.304207
April	_____				0.023207	0.051994	0.080272	0.111520	0.139193	0.161043	0.187771	0.223888	0.268796
May	_____					0.028787	0.057065	0.088313	0.115986	0.137836	0.164564	0.200681	0.245589
June	_____						0.028278	0.059526	0.087199	0.109049	0.135777	0.171894	0.216802
July	_____							0.031248	0.058921	0.080771	0.107499	0.143616	0.188524
August	_____								0.027673	0.049523	0.076251	0.112368	0.157276
September	_____									0.021850	0.048578	0.084695	0.129603
October	_____										0.026728	0.062845	0.107753
November	_____											0.036117	0.081025
December	_____												0.044908

Table 3
2005 Percentage 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:

		2005											
		January	February	March	April	May	June	July	August	September	October	November	December
January	_____	0.050538	0.090306	0.140894	0.177800	0.222489	0.266527	0.313573	0.350933	0.384308	0.425431	0.481508	0.550079
February	_____		0.039768	0.090356	0.127262	0.171951	0.215989	0.263035	0.300395	0.333770	0.374893	0.430970	0.499541
March	_____			0.050588	0.087494	0.132183	0.176221	0.223267	0.260627	0.294002	0.335125	0.391202	0.459773
April	_____				0.036906	0.081595	0.125633	0.172679	0.210039	0.243414	0.284537	0.340614	0.409185
May	_____					0.044689	0.088727	0.135773	0.173133	0.206508	0.247631	0.303708	0.372279
June	_____						0.044038	0.091084	0.128444	0.161819	0.202942	0.259019	0.327590
July	_____							0.047046	0.084406	0.117781	0.158904	0.214981	0.283552
August	_____								0.037360	0.070735	0.111858	0.167935	0.236506
September	_____									0.033375	0.074498	0.130575	0.199146
October	_____										0.041123	0.097200	0.165771
November	_____											0.056077	0.124648
December	_____												0.068571

Table 4
2005 Interest Income
(Cumulative \$ per Unit)

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:

		2005											
		January	February	March	April	May	June	July	August	September	October	November	December
January	_____	0.000161	0.000400	0.000609	0.000891	0.001111	0.001401	0.001721	0.002061	0.002365	0.002692	0.003076	0.003591
February	_____		0.000239	0.000448	0.000730	0.000950	0.001240	0.001560	0.001900	0.002204	0.002531	0.002915	0.003430
March	_____			0.000209	0.000491	0.000711	0.001001	0.001321	0.001661	0.001965	0.002292	0.002676	0.003191
April	_____				0.000282	0.000502	0.000792	0.001112	0.001452	0.001756	0.002083	0.002467	0.002982
May	_____					0.000220	0.000510	0.000830	0.001170	0.001474	0.001801	0.002185	0.002700
June	_____						0.000290	0.000610	0.000950	0.001254	0.001581	0.001965	0.002480
July	_____							0.000320	0.000660	0.000964	0.001291	0.001675	0.002190
August	_____								0.000340	0.000644	0.000971	0.001355	0.001870
September	_____									0.000304	0.000631	0.001015	0.001530
October	_____										0.000327	0.000711	0.001226
November	_____											0.000384	0.000899
December	_____												0.000515

Table 5
2005 Trust Administration Expense
(Cumulative \$ per Unit)

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:

		2005											
		January	February	March	April	May	June	July	August	September	October	November	December
January	_____	0.003540	0.008038	0.011468	0.020047	0.025507	0.028925	0.032111	0.036771	0.041494	0.045485	0.049048	0.052899
February	_____		0.004498	0.007928	0.016507	0.021967	0.025385	0.028571	0.033231	0.037954	0.041945	0.045508	0.049359
March	_____			0.003430	0.012009	0.017469	0.020887	0.024073	0.028733	0.033456	0.037447	0.041010	0.044861
April	_____				0.008579	0.014039	0.017457	0.020643	0.025303	0.030026	0.034017	0.037580	0.041431
May	_____					0.005460	0.008878	0.012064	0.016724	0.021447	0.025438	0.029001	0.032852
June	_____						0.003418	0.006604	0.011264	0.015987	0.019978	0.023541	0.027392
July	_____							0.003186	0.007846	0.012569	0.016560	0.020123	0.023974
August	_____								0.004660	0.009383	0.013374	0.016937	0.020788
September	_____									0.004723	0.008714	0.012277	0.016128
October	_____										0.003991	0.007554	0.011405
November	_____											0.003563	0.007414
December	_____												0.003851

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 2005 AND SOLD DURING 2005.*

Example: A Unit holder acquired Units prior to 2005 that he sold in June 2005. 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 .047213.

(b) *UNITS ACQUIRED AND SOLD DURING 2005.*

Example: A Unit holder acquired Units in February 2005 and sold them in November 2005. 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 .078545.

(c) *UNITS ACQUIRED DURING 2005 AND STILL OWNED AT THE END OF 2005.*

Example: A Unit holder acquired Units in March 2005 and still owned them at the end of 2005. To calculate his cost depletion for the year, the Unit holder would use the cost depletion factor for March 2005 through December 2005 obtained from Table 6. In this example, the cost depletion factor would be .086702.

Table 6
2005 Cost Depletion Factors
(Cumulative)

For a Unit acquired of record during the month of:	2005											
And the last cash distribution on such Unit was attributable to the monthly record date for the month of:	January	February	March	April	May	June	July	August	September	October	November	December
January	0.009725	0.018686	0.029233	0.037639	0.047213	0.056038	0.064888	0.073354	0.080028	0.088270	0.096614	0.105388
February		0.008961	0.019508	0.027914	0.037488	0.046313	0.055163	0.063629	0.070303	0.078545	0.086889	0.095663
March			0.010547	0.018953	0.028527	0.037352	0.046202	0.054668	0.061342	0.069584	0.077928	0.086702
April				0.008406	0.017980	0.026805	0.035655	0.044121	0.050795	0.059037	0.067381	0.076155
May					0.009574	0.018399	0.027249	0.035715	0.042389	0.050631	0.058975	0.067749
June						0.008825	0.017675	0.026141	0.032815	0.041057	0.049401	0.058175
July							0.008850	0.017316	0.023990	0.032232	0.040576	0.049350
August								0.008466	0.015140	0.023382	0.031726	0.040500
September									0.006674	0.014916	0.023260	0.032034
October										0.008242	0.016586	0.025360
November											0.008344	0.017118
December												0.008774

San Juan Basin Royalty Trust
2005 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	.105388	=	

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.)