San Juan Basin Royalty Trust

2009 First Quarter Report to Unit holders

The San Juan Basin Royalty Trust (the "Trust") received Royalty income of $9,550,576 and interest income of $2,605 during the first quarter of 2009. There was no change in cash reserves. After deducting administrative expenses of $583,745, distributable income for the quarter was $8,969,436 ($0.192440 per Unit). In the first quarter of 2008, Royalty income was $25,576,418, interest income was $164,379, there was no change in cash reserves, administrative expenses were $610,074 and distributable income was $25,130,723 ($0.539184 per Unit). Based on 46,608,796 Units outstanding, the per-Unit distributions during the first quarter of 2009 were as follows:

January	$.041447
February	.098890
March	.052103
Quarter Total	$.192440

The Royalty income distributed in the first quarter of 2009 was lower than that distributed in the first quarter of 2008. The average gas price decreased from $6.97 per Mcf for the first quarter of 2008 to $4.04 per Mcf for the first quarter of 2009. Gas volumes decreased slightly in the quarter ended March 31, 2009 as compared to the quarter ended March 31, 2008. Burlington Resources Oil & Gas Company LP ("BROG") has informed the Trust that the decrease in reported volumes was due primarily to the natural production decline curve. Interest income was lower for the quarter ended March 31, 2009 as compared to the quarter ended March 31, 2008, primarily due to additional interest BROG paid to the Trust in the first quarter of 2008 as a result of the granting of certain audit exceptions, and also due to higher interest rates in the first quarter of 2008. Administrative expenses were lower in 2009 primarily as a result of differences in timing in the receipt and payment of these expenses.

The capital costs attributable to the Underlying Properties for the first quarter of 2009 and deducted by BROG in calculating Royalty income were approximately $9.9 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 $8,992,827 and $276,732, respectively, for the first quarter of 2009, as compared to $8,083,988 and $245,295, respectively, for the first quarter of 2008. BROG reports that lease operating expenses were higher in the first quarter of 2009 compared to the first 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 and compression costs. Additionally, the overhead rate determined by the Council of Petroleum Accountants Societies was adjusted in April 2008 to 7.7%, from the previous rate of 6.4%.

BROG has reported to the Trustee that during the first quarter of 2009, 11 gross (5.18 net) coal seam wells and 27 gross (3.77 net) conventional wells were completed on the Underlying Properties. Seven gross (3.48 net) coal seam wells and 20 gross (2.58 net) conventional wells were in progress at March 31, 2009.

There were three gross (2.56 net) coal seam wells and 23 gross (0.41 net) conventional wells completed on the Underlying Properties as of March 31, 2008. Four gross (1.44 net) coal seam wells and 21 gross (1.42 net) conventional wells were in progress at March 31, 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 March 31, 2009 is associated with actual gas and oil production during November 2008 through January 2009 from the Underlying Properties. Gas and oil sales from the Underlying Properties for the three months ended March 31, 2009 and 2008 were as follows:

	Three Months Ended March 31,	
	2009	**2008**
Gas:		
Total sales (Mcf)	8,558,550	8,559,117
Mcf per day	93,028	93,033
Average price (per Mcf)	$ 4.04	$ 6.97
Oil:		
Total sales (Bbls)	10,982	12,698
Bbls per day	119	138
Average price (per Bbl)	$ 40.50	$ 88.58

Gas and oil sales attributable to the Royalty for the quarters ended March 31, 2009 and 2008 were as follows:

	Three Months Ended March 31,	
	2009	**2008**
Gas sales (Mcf)	2,522,083	4,723,823
Oil sales (Bbls).....................................	3,302	6,922

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 first quarter of 2009, average gas prices were $2.93 per Mcf lower than the average prices reported during the first quarter of 2008 due to decreases in gas prices in domestic markets generally, including the posted index prices applicable to gas sold from the San Juan Basin. The average price per barrel of oil during the first quarter of 2009 was $48.08 per barrel lower than that received for the first 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 the gas covered by 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 joint interest 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. The appellate court also remanded the case to the District Court, where BROG is pursuing its claim for attorneys' fees and costs in the amount of approximately $200,000. On September 8, 2008, Burlington filed a motion for summary judgment. The Trust has filed its response opposing that motion and its own cross-motion for summary judgment. On December 15, 2008, BROG's motion for summary judgment was denied. The Trust's motion remains pending. 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.

On February 11, 2009, the Trust filed its First Amended Complaint for Breach of Contract and the Covenant of Good Faith and Fair Dealing whereby, among other things, the Trust pointed out the existence of a tolling agreement as applicable to BROG's allegation that the Trust's claim is barred by the passage of time. In March, BROG filed two motions for summary judgment, one alleging the Trust's claim is time-barred and the second alleging that the decision of the Texas appellate court bars prosecution of the claim in the pending New Mexico suit. On April 7, 2009, the Trust filed its responses to those motions for summary judgment. Discovery is under way. The hearing on BROG's motions for summary judgment has been set for June 15, 2009. The trial on the merits is currently scheduled for April 2010.

Included in this report are the Condensed Statements of Assets, Liabilities and Trust corpus as of March 31, 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 March 31, 2009 and 2008.

Unit holders of record for the first 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

SAN JUAN BASIN ROYALTY TRUST

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and short-term investments	$ 2,584,262	$ 7,449,767
Net overriding royalty interest in producing oil and gas properties (net of accumulated amortization of $115,594,539 and $115,348,030 at March 31, 2009 and December 31, 2008, respectively)	17,680,989	17,927,498
	$ 20,265,251	$ 25,377,265
LIABILITIES AND TRUST CORPUS		
Distribution payable to Unit Holders	$ 2,428,473	$ 7,293,978
Cash reserves	155,789	155,789
Trust corpus - 46,608,796 Units of beneficial interest authorized and outstanding	17,680,989	17,927,498
	$ 20,265,251	$ 25,377,265

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended March 31,	
	2009	**2008**
Royalty income	$ 9,550,576	$ 25,576,418
Interest income	2,605	164,379
Total Revenue	9,553,181	25,740,797
General and administrative expenditures	(583,745)	(610,074)
Distributable income	$ 8,969,436	$ 25,130,723
Distributable income per Unit (46,608,796 Units)	$ 0.192440	$ 0.539184

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended March 31,	
	2009	2008
Trust corpus, beginning of period	$ 17,927,498	$ 19,880,888
Amortization of net overriding royalty interest	(246,509)	(442,826)
Distributable income	8,969,436	25,130,723
Distributions declared	(8,969,436)	(25,130,723)
Total corpus, end of period	$ 17,680,989	$ 19,438,062

Royalty income received by the Trust for the three months ended March 31, 2009 and 2008, respectively, was computed as shown in the following table:

CALCULATION OF ROYALTY INCOME

	Three Months Ended March 31,	
	2009	2008
Gross proceeds of sales from the Underlying Properties:		
Gas proceeds	$ 34,594,861	$ 53,108,214
Oil proceeds	444,735	1,124,793
Total	35,039,596	54,233,007
Less production costs:		
Severance tax – Gas	3,126,253	5,436,476
Severance tax – Oil	42,796	117,911
Lease operating expense and property tax	9,269,559	8,329,283
Capital expenditures	9,866,887	6,247,446
Total	22,305,495	20,131,116
Net profits	12,734,101	34,101,891
Net overriding royalty interest	75%	75%
Royalty income	$ 9,550,576	$ 25,576,418

These financial statements should be read in conjunction with the condensed financial statements and notes thereto included in the Trust's Form 10-Q filing for the quarterly period ending March 31, 2009.

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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