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 $26,051,389 and interest income of $15,801 during the second quarter of 2003. After deducting administrative expenses of $448,456, distributable income for the quarter was $25,618,734 ($.549655 per Unit). In the second quarter of 2002, royalty income was $9,559,569, interest income was $2,104, administrative expenses were $546,871 and distributable income was $9,014,802 ($.193414 per Unit). The tax credit relating to production from coal seam and tight sand wells totaled approximately $.03 per Unit for the second quarter of 2002. Although both houses of Congress have passed an energy bill, the final form of the legislation is not yet known. Unless the final legislation extends this tax credit relating to production from coal seam and tight sand wells, there will be no tax credit associated with the second quarter of 2003. 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 second quarter of 2003 were as follows:

April	*15.8234 cents*
May	*26.3534 cents*
June	*12.7887 cents*
Quarter Total	*54.9655 cents*

The royalty income distributed in the second quarter of 2003 was higher than that distributed in the second quarter of 2002, primarily due to an increase in the average gas price from $2.18 per Mcf for the second quarter of 2002 to $4.48 per Mcf for the second quarter of 2003. Interest earnings for the quarter ended June 30, 2003, as compared to the quarter ended June 30, 2002, were higher, primarily due to an increase in funds available for investment. Administrative expenses were lower primarily as a result of differences in timing in the receipt and payment of these expenses, but also because administrative expenses in the second quarter of 2002 included expenses incurred in an arbitration proceeding involving Burlington Resources Oil & Gas Company LP ("BROG") and the Trust undertaken to resolve certain gas marketing issues.

The capital costs attributable to the properties from which the Trust's Royalty was carved (the "Underlying Properties") for the second quarter of 2003 were reported by BROG as approximately $2.9 million. BROG's capital expenditure budget for the Underlying Properties for 2003 is estimated at $14.2 million; 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 range from $10 million to $22 million. Capital expenditures were approximately $3.4 million for the second quarter of 2002. In 2002, approximately $21.5 million in capital expenditures were deducted in calculating the Royalty. In February 2003, BROG informed the Trust that for 2003 it anticipates 351 projects, including 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 predicted to be coal seam wells. BROG projects approximately $10.6 million to be spent on the new wells, and $3.6 million 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 February 2002, BROG informed the Trust that the New Mexico Oil Conservation Division had approved plans for 80-acre infill drilling of the Dakota formation in the San Juan Basin. In October 2002, the New Mexico Oil Conservation Division approved reduced, 160-acre spacing in selected portions 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. Eighty-acre spacing has been permitted in the Mesaverde formation since 1977.

BROG has informed the Trust that lease operating expenses and property taxes were $3,902,841 and $135,000, respectively, for the second quarter of 2003, as compared to $3,663,386 and $71,100, respectively, for the second quarter of 2002.

BROG has informed the Trustee that during the second quarter of 2003, five gross (2.54 net) conventional wells, 19 gross (.81 net) payadds, 13 gross (9.54 net) restimulations, and eight gross (2.50 net) coal seam wells were completed on the Underlying Properties. Fifty-four gross (16.04 net) conventional wells, 19 gross (5.27 net) payadds, 20 gross (5.55 net) recompletions, 18 gross (11.51 net) restimulations, 39 gross (14.25 net) coal seam wells, one gross (.002 net) recavitation, and five gross (.17 net) recompletions were in progress at June 30, 2003.

Twelve gross (5.16 net) conventional wells, seven gross (1.93 net) conventional recompletions, three gross (2.29 net) coal seam wells, and five gross (1.97 net) coal seam recompletions were completed at June 30, 2002. Sixty-five gross (19.41 net) conventional wells, four gross (0.22 net) conventional recompletions, six gross (2.98 net) coal seam wells, and six gross (3.22 net) coal seam recompletions were in progress as of June 30, 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 June 30, 2003, is associated with actual gas and oil production during February 2003 through April 2003 from the Underlying Properties. Gas and oil sales from the Underlying Properties for the three months ended June 30, 2003 and 2002, were as follows:

	2003	2002
Gas:		
Total Mcf	10,454,608	11,129,745
Mcf per day	117,468	125,053
Average Price (per Mcf)	$4.48	$2.18
Oil:		
Total Bbls	24,381	28,204
Bbls per day	274	317
Average Price (per Bbl)	$27.91	$19.14

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

	2003	2002
Gas – Mcf	6,498,418	5,252,787
Oil – Bbls	15,091	13,935

Sales volumes attributable to the Royalty are determined by dividing the net profits received by the Trust and attributable to oil and gas, respectively, by the prices received for sales volumes from the Underlying Properties, taking into consideration production taxes attributable to the Underlying Properties. Since the oil and gas sales attributable to the Royalty are based on an allocation formula that is dependent on such factors as price and cost, including capital expenditures, the aggregate production volumes from the Underlying Properties may not provide a meaningful comparison to volumes attributable to the Royalty.

During the second quarter of 2003, average gas prices were $2.30 higher than the average prices reported during the second quarter of 2002. The average price per barrel of oil during the second quarter of 2003 was $8.77 per barrel higher than that received for the second 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, respectively, (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. Prior to April 1, 2002, the Trust gas was sold under a contract dated November 10, 1999, between BROG and Duke Energy and Marketing L.L.C.

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, gas receipt points, etc. Such disclosure could compromise the ability to compete effectively in the marketplace for the sale of gas produced from the Underlying Properties.

An administrative claim was initiated on March 17, 1997, by the Mineral Management Service of the United States Department of the Interior (the "MMS") against BROG regarding a gas contract settlement dated March 1, 1990, between BROG and certain other parties thereto. The claim alleged that additional royalties were due on production from federal and Indian leases in the state of New Mexico on properties burdened by the Trust. On December 3, 2001, BROG settled this claim by paying the Jicarilla Apache Nation the sum of $2,853,974 and the MMS the sum of $1,224,043. The MMS also retained certain overpayments by BROG in the amount of $1,127,623 as part of the settlement. Certain properties included in this settlement are burdened by the Royalty. BROG previously offset the entire $2,853,974 Jicarilla component of the settlement against amounts otherwise distributed in payment of the Royalty, and deducted $901,776 from the April 2003 distribution to the Trust as the Trust's 75% portion of the remaining $1,224,043 component of the settlement, slightly reduced by agreement of the parties. BROG has indicated that it does not appear that any of the $1,127,623 in overpayments retained by the MMS is attributable to the Trust.

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 June 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 June 30, 2003 and 2002.

Unit holders of record for the second quarter of 2003 will continue to receive an individualized tax information letter on a quarterly and 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: *Lee Ann Anderson*
Lee Ann Anderson
Vice President and Trust Officer

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2003	December 31, 2002
Assets	(Unaudited)	
Cash and Short-term Investments	$ 6,075,502	$ 4,274,790
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of $95,796,483 and $95,415,779 at March 31, 2002, and December 31, 2001, respectively	31,722,360	33,697,906
	$37,797,862	$37,972,696
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders	$ 5,960,644	4,159,932
Cash Reserves	114,858	114,858
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	31,722,360	33,697,906
	$37,797,862	$37,972,696

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Royalty Income	$ 26,051,389	$ 9,559,569	$45,962,457	$13,484,924
Interest Income	15,801	2,104	23,254	2,851
Decrease in Cash Reserves	–	–	–	76,761
	26,067,190	9,561,673	45,985,711	13,564,536
General and Administrative Expenditures	448,456	546,871	868,829	1,022,720
Increase in Cash Reserves	–	–	–	–
Distributable Income	$25,618,734	$ 9,014,802	$45,116,882	$ 12,541,816
Distributable Income per Unit (46,608,796 Units)	$ .549655	$ .193414	$ .967992	$ .269087

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Trust Corpus, Beginning of Period	$ 32,652,361	$ 37,479,045	$33,697,906	$37,859,749
Amortization of Net Overriding Royalty Interest	(930,001)	(1,124,730)	(1,975,546)	(1,505,434)
Distributable Income	25,618,734	9,014,792	45,116,882	12,541,815
Distributions Declared	(25,618,734)	(9,014,792)	(45,116,882)	(12,541,815)
Trust Corpus, End of Period	$31,722,360	$36,354,315	$31,722,360	$36,354,315

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