

San Juan Basin Royalty Trust

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

January 31, 2003

IMPORTANT TAX INFORMATION

TO UNIT HOLDERS:

We enclose the following material which provides Unit holders with information necessary to compute the 2002 Federal income tax consequences of owning Units:

- (a) Grantor Trust Schedule A for 2002.
- (b) Information and Instructions.
- (c) Supplemental Tax Tables and Worksheet.

TEXAS BANK, 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, 2002

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>
SAN JUAN BASIN PROPERTIES – NEW MEXICO						
1. Oil	\$0.018036	\$0.001413	\$0.016623	–	–	0.001061 BBLs
2. Gas	<u>0.882935</u>	<u>0.083122</u>	<u>0.799813</u>	–	–	0.420180 MCF
3. Total Oil and Gas For Year	<u>\$0.900971</u>	<u>\$0.084535</u>	<u>\$0.816436</u> A	0.109929	\$ 0.117920	

PART II OTHER INCOME AND EXPENSE PER UNIT

<u>Item</u>	<u>Total</u>
1. Interest Income	\$. 0.000344 B
2. Administration Expense	\$. 0.037078 C

PART III RECONCILIATION OF TAXABLE INCOME AND CASH DISTRIBUTION PER UNIT

<u>Item</u>	<u>Total</u>
1. Taxable Income Per Unit, Excluding Depletion (A + B - C)	\$. 0.779702
2. Reconciling Items	<u>0.001648</u>
3. Cash Distribution Per Unit	<u>\$. 0.781350</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.

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). 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.

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 2002, 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
Nonconventional Source Fuel Credit	Line 53, 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 2002 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 2002, 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 53, Form 1040, check box (c) on Line 53 and write "FNS" on the line to the right of box (c).

For the convenience of Unit holders who acquired or sold Units during 2002, Tables I through VI 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 Trustee and its independent accountants have estimated the percentage depletion for January through December 2002, and it appears that cost depletion will exceed percentage depletion for all Unit holders. Therefore, the Trust will not provide percentage depletion factors for 2002 income. The Trustee will continue to calculate percentage depletion and will provide such information at the time that percentage depletion exceeds the cost depletion attributable to a Unit.

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 2002 Attachment Sequence No. 13	
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						
Part I Income or Loss From Rental Real Estate and Royalties <small>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 39.</small>						
1	Show the kind and location of each rental real estate property:	2			Yes	No
A	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.)			A	
B				B	
C				C	
		Properties			Totals (Add columns A, B, and C.)	
		A	B	C		
Income:						
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 42 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 39 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 40 on page 2	26			26	

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

Amount

1

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 from Form 8815, line 14. You must attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a

2

3

4

Note. If line 4 is over \$1,500, you must complete Part III.

Part II Ordinary Dividends

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

5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13

Amount

5

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 37a or 37b or who can be claimed as a dependent, see page 34.
All others:
Single \$4,700
Head of household, \$6,900
Married filing jointly or Qualifying widow(er), \$7,850
Married filing separately, \$3,925

Table with columns for line numbers (36-53) and amounts. Includes rows for taxable income, tax, alternative minimum tax, and credits.

Other Taxes

Table with columns for line numbers (56-61) and amounts. Includes rows for self-employment tax, social security and Medicare tax, and advance earned income credit payments.

Payments

If you have a qualifying child, attach Schedule EIC.

Table with columns for line numbers (62-69) and amounts. Includes rows for federal income tax withheld, 2002 estimated tax payments, and earned income credit.

Refund

Direct deposit? See page 56 and fill in 71b, 71c, and 71d.

Table with columns for line numbers (70-72) and amounts. Includes rows for refundable amount and routing number.

Amount You Owe

Table with columns for line numbers (73-74) and amounts. Includes rows for amount you owe and estimated tax penalty.

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

Table for Third Party Designee with columns for name, phone, and PIN.

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.

Table for Sign Here with columns for signature, date, occupation, and phone number.

Table for Spouse's signature with columns for signature, date, occupation, and phone number.

Table for Preparer's signature with columns for signature, date, and SSN or PTIN.

Table for Firm's name with columns for name, EIN, and phone number.

Table with columns for Yes/No and rows for interest or ordinary dividends, OR (b) had, and nature or other authority over a financial securities account.

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 2002 from Table VI. 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.

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.

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 received 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 it will seek certification of all qualified wells. Pending such certification and further developments, the availability of Section 29 tax credits to Unit holders with respect to a minor portion of the Trust's coal seam gas production could remain subject to debate and challenge.

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 six tables and a Cost Depletion Worksheet.

For purposes of computing income, expenses (excluding cost depletion), and credits, Tables I-V should only be used by calendar-year Unit holders who acquired, sold or exchanged Units during 2002. 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 VI 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, 2002 and sells these Units on November 7, 2002. 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 (I-V) 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 five tables. The income, expense, and credit in the above example are summarized below.

Description	Table	Per Unit	x	Units	=	Amount
Gross Royalty Income	I	0.638645	x	1,000	=	\$638.65
Severance Tax	II	0.058987	x	1,000	=	58.99
Nonconventional						
Source Fuel Credit	III	0.085755	x	1,000	=	85.76
Interest Income	IV	0.000192	x	1,000	=	0.19
Administration Expense	V	0.016688	x	1,000	=	16.69

San Juan Basin Royalty Trust

Table I

**2002 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:**

	2002											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000000	0.015673	0.093260	0.107722	0.221767	0.319822	0.414088	0.498692	0.616476	0.746367	0.798219	0.900971
February		0.015673	0.093260	0.107722	0.221767	0.319822	0.414088	0.498692	0.616476	0.746367	0.798219	0.900971
March			0.077587	0.092049	0.206094	0.304149	0.398415	0.483019	0.600803	0.730694	0.782546	0.885298
April				0.014462	0.128507	0.226562	0.320828	0.405432	0.523216	0.653107	0.704959	0.807711
May					0.114045	0.212100	0.306366	0.390970	0.508754	0.638645	0.690497	0.793249
June						0.098055	0.192321	0.276925	0.394709	0.524600	0.576452	0.679204
July							0.094266	0.178870	0.296654	0.426545	0.478397	0.581149
August								0.084604	0.202388	0.332279	0.384131	0.486883
September									0.117784	0.247675	0.299527	0.402279
October										0.129891	0.181743	0.284495
November											0.051852	0.154604
December												0.102752

Table II

**2002 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:**

	2002											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000000	0.001554	0.009042	0.010170	0.020811	0.030503	0.039542	0.046367	0.057910	0.069157	0.073967	0.084535
February		0.001554	0.009042	0.010170	0.020811	0.030503	0.039542	0.046367	0.057910	0.069157	0.073967	0.084535
March			0.007488	0.008616	0.019257	0.028949	0.037988	0.044813	0.056356	0.067603	0.072413	0.082981
April				0.001128	0.011769	0.021461	0.030500	0.037325	0.048868	0.060115	0.064925	0.075493
May					0.010641	0.020333	0.029372	0.036197	0.047740	0.058987	0.063797	0.074365
June						0.009692	0.018731	0.025556	0.037099	0.048346	0.053156	0.063724
July							0.009039	0.015864	0.027407	0.038654	0.043464	0.054032
August								0.006825	0.018368	0.029615	0.034425	0.044993
September									0.011543	0.022790	0.027600	0.038168
October										0.011247	0.016057	0.026625
November											0.004810	0.015378
December												0.010568

Table III

**2002 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:**

	2002											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000000	0.001951	0.011092	0.013627	0.030510	0.044977	0.064305	0.071505	0.086920	0.099382	0.107658	0.117920
February		0.001951	0.011092	0.013627	0.030510	0.044977	0.064305	0.071505	0.086920	0.099382	0.107658	0.117920
March			0.009141	0.011676	0.028559	0.043026	0.062354	0.069554	0.084969	0.097431	0.105707	0.115969
April				0.002535	0.019418	0.033885	0.053213	0.060413	0.075828	0.088290	0.096566	0.106828
May					0.016883	0.031350	0.050678	0.057878	0.073293	0.085755	0.094031	0.104293
June						0.014467	0.033795	0.040995	0.056410	0.068872	0.077148	0.087410
July							0.019328	0.026528	0.041943	0.054405	0.062681	0.072943
August								0.007200	0.022615	0.035077	0.043353	0.053615
September									0.015415	0.027877	0.036153	0.046415
October										0.012462	0.020738	0.031000
November											0.008276	0.018538
December												0.010262

San Juan Basin Royalty Trust

Table IV

**2002 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:**

	2002											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000003	0.000007	0.000016	0.000052	0.000053	0.000061	0.000108	0.000156	0.000201	0.000244	0.000314	0.000344
February		0.000004	0.000013	0.000049	0.000050	0.000058	0.000105	0.000153	0.000198	0.000241	0.000311	0.000341
March			0.000009	0.000045	0.000046	0.000054	0.000101	0.000149	0.000194	0.000237	0.000307	0.000337
April				0.000036	0.000037	0.000045	0.000092	0.000140	0.000185	0.000228	0.000298	0.000328
May					0.000001	0.000009	0.000056	0.000104	0.000149	0.000192	0.000262	0.000292
June						0.000008	0.000055	0.000103	0.000148	0.000191	0.000261	0.000291
July							0.000047	0.000095	0.000140	0.000183	0.000253	0.000283
August								0.000048	0.000093	0.000136	0.000206	0.000236
September									0.000045	0.000088	0.000158	0.000188
October										0.000043	0.000113	0.000143
November											0.000070	0.000100
December												0.000030

Table V

**2002 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:**

	2002											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.001651	0.004546	0.010209	0.013693	0.018351	0.021941	0.025076	0.025344	0.027509	0.030381	0.034116	0.037078
February		0.002895	0.008558	0.012042	0.016700	0.020290	0.023425	0.023693	0.025858	0.028730	0.032465	0.035427
March			0.005663	0.009147	0.013805	0.017395	0.020530	0.020798	0.022963	0.025835	0.029570	0.032532
April				0.003484	0.008142	0.011732	0.014867	0.015135	0.017300	0.020172	0.023907	0.026869
May					0.004658	0.008248	0.011383	0.011651	0.013816	0.016688	0.020423	0.023385
June						0.003590	0.006725	0.006993	0.009158	0.012030	0.015765	0.018727
July							0.003135	0.003403	0.005568	0.008440	0.012175	0.015137
August								0.000268	0.002433	0.005305	0.009040	0.012002
September									0.002165	0.005037	0.008772	0.011734
October										0.002872	0.006607	0.009569
November											0.003735	0.006697
December												0.002962

Table VI

**2002 Cost 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:**

	2002											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000000	0.001167	0.010056	0.012494	0.028142	0.039764	0.052221	0.066015	0.078401	0.092102	0.098538	0.109929
February		0.001167	0.010056	0.012494	0.028142	0.039764	0.052221	0.066015	0.078401	0.092102	0.098538	0.109929
March			0.008889	0.011327	0.026975	0.038597	0.051054	0.064848	0.077234	0.090935	0.097371	0.108762
April				0.002438	0.018086	0.029708	0.042165	0.055959	0.068345	0.082046	0.088482	0.099873
May					0.015648	0.027270	0.039727	0.053521	0.065907	0.079608	0.086044	0.097435
June						0.011622	0.024079	0.037873	0.050259	0.063960	0.070396	0.081787
July							0.012457	0.026251	0.038637	0.052338	0.058774	0.070165
August								0.013794	0.026180	0.039881	0.046317	0.057708
September									0.012386	0.026087	0.032523	0.043914
October										0.013701	0.020137	0.031528
November											0.006436	0.017827
December												0.011391

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 2002 AND SOLD DURING 2002.*

Example: A Unit holder acquired Units prior to 2002 that he sold in June 2002. To calculate his cost depletion for the year, the Unit holder would use the cost depletion factor for January through May obtained from Table VI. In this example, the cost depletion factor would be .028142.

(b) *UNITS ACQUIRED AND SOLD DURING 2002.*

Example: A Unit holder acquired Units in February 2002 and sold them in November 2002. To calculate her cost depletion for the year, the Unit holder would use the cost depletion factor for February through October obtained from Table VI. In this example, the cost depletion factor would be .092102.

(c) *UNITS ACQUIRED DURING 2002 AND STILL OWNED AT THE END OF 2002.*

Example: A Unit holder acquired Units in March 2002 and still owned them at the end of 2002. To calculate his cost depletion for the year, the Unit holder would use the cost depletion factor for March 2002 through December 2002 obtained from Table VI. In this example, the cost depletion factor would be .108762.

San Juan Basin Royalty Trust

2002 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	.109929	=	-

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.)