

San Juan Basin Royalty Trust

300 West Seventh Street, Suite B
Fort Worth, Texas 76102
Telephone toll-free: 1-866-809-4553
Website: www.sjbrt.com

January 31, 2016

IMPORTANT TAX INFORMATION

To Unit holders:

We enclose the following material, which provides Unit holders with some of the information necessary to compute the 2015 federal income tax consequences of owning Units:

- (a) Grantor Trust Schedule A for 2015.
- (b) Information and Instructions.
- (c) Supplemental Tax Tables and Worksheet.

Unit holders are encouraged to read the enclosed material very carefully and to retain it as part of their tax records. The information and instructions contained herein are designed to assist Unit holders who are U.S. citizens in complying with their federal and state tax reporting requirements and should not be construed as advice to any specific Unit holder. Unit holders should also consult any Internal Revenue Service (“IRS”) Forms 1099 and written tax statements issued by certain middlemen (discussed in more detail on page 4) that hold Trust Units on your behalf.

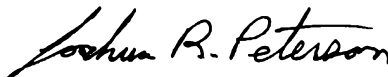
Unit holders will need to determine the following information from their records:

- Number of Units held in 2015 as of each monthly Record Date (the last business day of the month).
- Original basis (the total purchase price of the Units including any commissions paid).
- Amount of depletion allowed or allowable in prior years.
- Dates Units were acquired or sold.

All Unit holders must compute their depletion deduction for federal tax reporting purposes. See “Computation of Depletion” instructions on page 4. For your convenience, simple income/expense and cost depletion calculators are available on the home page and in the tax information section of the San Juan Basin Royalty Trust website: www.sjbrt.com.

Unit holders should consult their own tax advisor regarding all tax compliance matters relating to the Units.

Compass Bank, Trustee



Joshua R. Peterson
Vice President and Senior Trust Officer

SAN JUAN BASIN ROYALTY TRUST

EIN 75-6279898

Cusip # 798241105

**SCHEDULE A TO FORM 1041, GRANTOR TRUST
FOR YEAR ENDED DECEMBER 31, 2015**

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	\$0.018894	\$0.001788	\$0.017106	—	0.000402 BBLs
2. Gas	0.445237	0.045327	0.399910	—	0.170875 MCF
3. Total Oil and Gas for Year	\$0.464131	\$0.047115	\$0.417016 A	0.068183	

*Percentage Depletion per Unit of \$0.069620 may be claimed for Units purchased after October 11, 1990, if the Percentage Depletion amount is greater than the Cost Depletion amount.

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

Item	Total
1. Interest Income	\$0.001760 B
2. Administration Expense	\$0.054031 C

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

Item	Total
1. Taxable Income Per Unit, Excluding Depletion (A + B - C)	\$0.364745
2. Reconciling Items	0.000000
3. Cash Distribution Per Unit	\$0.364745

San Juan Basin Royalty Trust

EIN: 75-6279898

300 West Seventh Street, Suite B
Fort Worth, Texas 76102
Telephone toll-free: 1-866-809-4553
E-mail: sjt.us@bbva.com
Website: www.sjbrt.com

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. **The income of the Trust is deemed to have been received or accrued by each Unit holder at the time such income is received or accrued by the Trust on each monthly Record Date (the last business day of each month) rather than when such income is distributed by the Trust (10 business days following each monthly Record Date). In either case, the income to be reported for 2015 is associated with amounts distributed in February 2015 through January 2016.** Because the Trust is a grantor trust for federal income tax purposes, proper classification of Trust income and expense will be dependent upon the relevant facts and circumstances of each Unit holder. Accordingly, Unit holders should consult their own tax advisors regarding all tax compliance matters relating to the Units.

- (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 in direct registration or certificate form: An individualized letter summarizing taxable income for the calendar year is enclosed.

- (c) *Types and Reporting of Trust Income and Deductions.* 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. The Trustee receives such net overriding royalty income on the last day of the month.
- (i) *Gross Income.* The gross amount of net overriding royalty income received by the Trust from the Royalty during the 12-month period is reported on a per-Unit basis in Column (a) of Part 1 on page 2.
- (ii) *Severance tax.* Severance tax paid by the Trust during the 12-month period is reported on a per-Unit basis in Column (b) of Part I on page 2.
- (iii) *Interest Income.* Interest income received by the Trustee during the 12-month period is reported on a per-Unit basis as Item 1 of Part II on page 2.
- (iv) *Administration Expenses.* Administration expenses are paid on the last day of the month in which they accrue. The amount so accrued and paid during the 12-month period is reported on a per-Unit basis as Item 2 of Part II on page 2.
- (d) *Unit Multiplication.* Because each schedule reflects only results on a per-Unit basis, each Unit holder must determine the aggregate amounts for all Units held by him to obtain the amounts to report on his tax return. Each Unit holder who held the same number of Units for all 12 months of the calendar year should multiply the gross royalty income and severance tax 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 12-month period to obtain the amounts to be reported on his tax return. For the convenience of Unit holders

who acquired or sold Units during 2015, Tables 1 through 6 are included 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. 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 2015, 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 18, Part I, Schedule E
Severance Tax	Line 16, Part I, Schedule E
Administration Expense	Line 19, Part I, Schedule E
Interest Income	Line 1, Part I, Schedule B

On pages 5 and 6, we have reproduced page one of *Schedule E to Form 1040*, and *Schedule B to Form 1040* and identified the specific location of each item of income and expense listed above.

- (f) *Nominee Reporting.* Nominees, brokers, custodians and certain joint owners holding an interest for a client in street name, referred to herein collectively as “middlemen,” should report the distributions from the Trust as royalty income on *Form 1099-MISC*, and report interest income on *Form 1099-INT*. The taxable amount before depletion should be reported in accordance with the attached schedules. In years where there are no reconciling items, the net taxable income, excluding depletion, will equal the cash distributions from the Trust.
- (g) *WHFIT Classification.* The Trust is a widely-held fixed investment trust (“WHFIT”) classified as a non-mortgage widely held fixed investment trust (“NMWHFIT”) for U.S. federal income tax purposes. Compass Bank, 300 West Seventh Street, Suite B, Fort Worth, Texas 76102, EIN: 63-0476286, telephone number 1-866-809-4553, e-mail address: sjt.us@bbva.com, is the representative of the Trust that will provide tax information in accordance with the applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT and a NMWHFIT. Tax information is also posted by the Trustee at www.sjbrt.com.

Notwithstanding the foregoing, the middlemen holding Trust Units on behalf of Unit holders, and not the Trustee of the Trust, are solely responsible for complying with the information reporting requirements under the U.S. Treasury Regulations with respect to such Trust Units, including the issuance of IRS Forms 1099 and certain written tax statements. Unit holders whose Trust Units are held by middlemen should consult with such middlemen regarding the information that will be received from and reported by the middlemen with respect to the Trust Units.

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, and claim the larger amount as a deduction on his or her income tax return. Unlike cost depletion, the allowance for percentage depletion may continue after the Unit holder’s basis is reduced to zero. The percentage depletion amount for each Unit holder who acquired Units after October 11, 1990 should equal the gross royalty income amount multiplied by 15%. A Unit holder who may be entitled to a percentage depletion deduction should use Table 5 to compute his depletion deduction. The worksheet and instructions provided on pages 11 and 12 assume a Unit holder will take the cost depletion deduction.

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 included on page 12 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 2015 from Table 6. Notes are contained in the Specific Instructions for Cost Depletion Worksheet on page 11 to explain certain aspects of the depletion calculation.

For your convenience, a cost depletion calculator is available on the San Juan Basin Royalty Trust website: www.sjbrt.com

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

SCHEDULE E (Form 1040) <small>Department of the Treasury Internal Revenue Service (999)</small> Name(s) shown on return	Supplemental Income and Loss <small>(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)</small> Attach to Form 1040, 1040NR, or Form 1041. Information about Schedule E and its separate instructions is at www.irs.gov/schedulee .	<small>OMB No. 1545-0074</small> <div style="font-size: 2em; font-weight: bold; text-align: center;">2015</div> <small>Attachment Sequence No. 13</small>																																																																																																																																																						
Your social security number																																																																																																																																																								
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 instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.</small>																																																																																																																																																								
A Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No																																																																																																																																																								
B If "Yes," did you or will you file required Forms 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No																																																																																																																																																								
1a Physical address of each property (street, city, state, ZIP code)																																																																																																																																																								
<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">A</td><td style="width:65%;"></td><td style="width:10%;"></td><td style="width:10%;"></td><td style="width:10%;"></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> </table>			A					B					C																																																																																																																																											
A																																																																																																																																																								
B																																																																																																																																																								
C																																																																																																																																																								
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:5%;">1b</th> <th style="width:65%;">Type of Property (from list below)</th> <th style="width:10%;">Fair Rental Days</th> <th style="width:10%;">Personal Use Days</th> <th style="width:10%;">QJV</th> </tr> <tr> <td>A</td> <td></td> <td>A</td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>B</td> <td></td> <td>B</td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>C</td> <td></td> <td>C</td> <td></td> <td><input type="checkbox"/></td> </tr> </table>			1b	Type of Property (from list below)	Fair Rental Days	Personal Use Days	QJV	A		A		<input type="checkbox"/>	B		B		<input type="checkbox"/>	C		C		<input type="checkbox"/>																																																																																																																																		
1b	Type of Property (from list below)	Fair Rental Days	Personal Use Days	QJV																																																																																																																																																				
A		A		<input type="checkbox"/>																																																																																																																																																				
B		B		<input type="checkbox"/>																																																																																																																																																				
C		C		<input type="checkbox"/>																																																																																																																																																				
2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.																																																																																																																																																								
Type of Property: 1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental 2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe)																																																																																																																																																								
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:5%;">Income:</th> <th style="width:5%;">Properties:</th> <th style="width:10%;">A</th> <th style="width:10%;">B</th> <th style="width:10%;">C</th> </tr> <tr> <td>3 Rents received</td> <td>3</td> <td></td> <td></td> <td></td> </tr> <tr> <td>4 Royalties received</td> <td>4</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="5">Expenses:</td> </tr> <tr><td>5 Advertising</td><td>5</td><td></td><td></td><td></td></tr> <tr><td>6 Auto and travel (see instructions)</td><td>6</td><td></td><td></td><td></td></tr> <tr><td>7 Cleaning and maintenance</td><td>7</td><td></td><td></td><td></td></tr> <tr><td>8 Commissions</td><td>8</td><td></td><td></td><td></td></tr> <tr><td>9 Insurance</td><td>9</td><td></td><td></td><td></td></tr> <tr><td>10 Legal and other professional fees</td><td>10</td><td></td><td></td><td></td></tr> <tr><td>11 Management fees</td><td>11</td><td></td><td></td><td></td></tr> <tr><td>12 Mortgage interest paid to banks, etc. (see instructions)</td><td>12</td><td></td><td></td><td></td></tr> <tr><td>13 Other interest</td><td>13</td><td></td><td></td><td></td></tr> <tr><td>14 Repairs</td><td>14</td><td></td><td></td><td></td></tr> <tr><td>15 Supplies</td><td>15</td><td></td><td></td><td></td></tr> <tr><td>16 Taxes</td><td>16</td><td></td><td></td><td></td></tr> <tr><td>17 Utilities</td><td>17</td><td></td><td></td><td></td></tr> <tr><td>18 Depreciation expense or depletion</td><td>18</td><td></td><td></td><td></td></tr> <tr><td>19 Other (list) ▶</td><td>19</td><td></td><td></td><td></td></tr> <tr><td>20 Total expenses. Add lines 5 through 19</td><td>20</td><td></td><td></td><td></td></tr> <tr><td>21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198</td><td>21</td><td></td><td></td><td></td></tr> <tr><td>22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)</td><td>22</td><td>(</td><td>)</td><td>(</td></tr> <tr><td>23a Total of all amounts reported on line 3 for all rental properties</td><td>23a</td><td></td><td></td><td></td></tr> <tr><td>b Total of all amounts reported on line 4 for all royalty properties</td><td>23b</td><td></td><td></td><td></td></tr> <tr><td>c Total of all amounts reported on line 12 for all properties</td><td>23c</td><td></td><td></td><td></td></tr> <tr><td>d Total of all amounts reported on line 18 for all properties</td><td>23d</td><td></td><td></td><td></td></tr> <tr><td>e Total of all amounts reported on line 20 for all properties</td><td>23e</td><td></td><td></td><td></td></tr> <tr><td>24 Income. Add positive amounts shown on line 21. Do not include any losses</td><td>24</td><td></td><td></td><td></td></tr> <tr><td>25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here</td><td>25</td><td>(</td><td>)</td><td>(</td></tr> <tr><td>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, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2</td><td>26</td><td></td><td></td><td></td></tr> </table>			Income:	Properties:	A	B	C	3 Rents received	3				4 Royalties received	4				Expenses:					5 Advertising	5				6 Auto and travel (see instructions)	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 instructions)	12				13 Other interest	13				14 Repairs	14				15 Supplies	15				16 Taxes	16				17 Utilities	17				18 Depreciation expense or depletion	18				19 Other (list) ▶	19				20 Total expenses. Add lines 5 through 19	20				21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21				22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	()	(23a Total of all amounts reported on line 3 for all rental properties	23a				b Total of all amounts reported on line 4 for all royalty properties	23b				c Total of all amounts reported on line 12 for all properties	23c				d Total of all amounts reported on line 18 for all properties	23d				e Total of all amounts reported on line 20 for all properties	23e				24 Income. Add positive amounts shown on line 21. Do not include any losses	24				25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	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, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26			
Income:	Properties:	A	B	C																																																																																																																																																				
3 Rents received	3																																																																																																																																																							
4 Royalties received	4																																																																																																																																																							
Expenses:																																																																																																																																																								
5 Advertising	5																																																																																																																																																							
6 Auto and travel (see instructions)	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 instructions)	12																																																																																																																																																							
13 Other interest	13																																																																																																																																																							
14 Repairs	14																																																																																																																																																							
15 Supplies	15																																																																																																																																																							
16 Taxes	16																																																																																																																																																							
17 Utilities	17																																																																																																																																																							
18 Depreciation expense or depletion	18																																																																																																																																																							
19 Other (list) ▶	19																																																																																																																																																							
20 Total expenses. Add lines 5 through 19	20																																																																																																																																																							
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21																																																																																																																																																							
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	()	(
23a Total of all amounts reported on line 3 for all rental properties	23a																																																																																																																																																							
b Total of all amounts reported on line 4 for all royalty properties	23b																																																																																																																																																							
c Total of all amounts reported on line 12 for all properties	23c																																																																																																																																																							
d Total of all amounts reported on line 18 for all properties	23d																																																																																																																																																							
e Total of all amounts reported on line 20 for all properties	23e																																																																																																																																																							
24 Income. Add positive amounts shown on line 21. Do not include any losses	24																																																																																																																																																							
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	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, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26																																																																																																																																																							
<small>For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040) 2015</small>																																																																																																																																																								

Gross Royalty Income
Line 4

Severance Tax
Line 16

Depletion
Line 18

Administration Expenses
Line 19

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. The depletion recapture amount is an amount equal to the lesser of (i) the gain on such sale attributable to the disposition of the Royalty or (ii) the sum of the prior depletion deductions taken with respect to the Royalty (but not in excess of the initial basis of such Units allocated to the Royalty). The balance of any gain or any loss from the disposition of a Unit will be a capital gain or loss if such Unit was held by the Unit holder as a capital asset. The capital gain or loss will be long-term, if held more than 12 months or short-term, if held for 12 months or less. 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. **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.
9. **Unrelated Business Taxable Income.** In general, royalty income is not taxable as unrelated business taxable income. However, certain organizations that are generally exempt from tax under IRS Section 501 are subject to tax on certain types of business income defined in IRC Section 512 as unrelated business income. The income of the Trust should not be unrelated business taxable income to such organizations, so long as the Trust Units are not “debt-financed property” within the meaning of IRC Section 514(b). In general, a Trust Unit would be debt-financed if the Trust Unit holder incurs debt to acquire a Trust Unit or otherwise incurs or maintains a debt that would not have been incurred or maintained if the Trust Unit had not been acquired.

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 <http://www.tax.newmexico.gov>.** Forms and instructions can be printed from the website. For information and general assistance with filing a New Mexico return, call (505) 827-0700.

The Trustee has been informed that the New Mexico Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act requires remitters who pay certain oil and gas proceeds from production on New Mexico wells to withhold income taxes from such proceeds in the case of certain nonresident recipients. The Trustee, on advice of New Mexico counsel, has observed that “net profits interests,” such as the Royalty, and other types of interests, the extent of which cannot be determined with respect to a specific share of the oil and gas production as well as amounts deducted from payments that are for expenses related to oil and gas production are excluded from the withholding requirements of the above-described Act.

III.

TAX ISSUES

Under current law, the Trust should be treated as a grantor trust for federal income tax purposes, and the income of the Trust should be taxable to the Unit holders as if amounts owed or paid to the Trust were owed or paid directly to the Unit holders pro rata; and each Unit holder should be entitled to depletion deductions equal to the greater of cost depletion based on his basis in the Units, or under

certain circumstances, percentage depletion. The IRS has issued private letter rulings and technical advice memoranda indicating that royalty trusts similar to the Trust are taxable as grantor trusts. However, no rulings have been issued to the Trust and private rulings issued to other taxpayers do not bind the IRS in connection with the Trust. Hence, there can be no assurance that the IRS will not challenge this treatment.

The information and instructions contained in this booklet are designed to assist Unit Holders who are U.S. Citizens in complying with their federal income tax reporting requirements based on the treatment of the Trust as a grantor trust and should not be construed as tax advice to any specific Unit holder. A Unit holder should consult his own tax advisor regarding all tax compliance matters relating to such Unit holder's Units. 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.

IV.

SUPPLEMENTAL TAX TABLES AND WORKSHEET

For calendar-year Unit holders who acquired, sold or exchanged Units during 2015, Supplemental Tax Tables 1-5 should be used to compute income, expenses, and if applicable, percentage depletion. Unit holders who have a taxable year other than December 31 should continue to use monthly tax Schedules B-1 through B-12 which are available on the Trust's website. Unit holders who have held the same number of Units the entire year and report on the calendar year should use Schedule A on page 2.

To assist all Unit holders in calculating their cost depletion deduction, Table 6 and the Cost Depletion Worksheet are provided on pages 11 and 12. 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. This worksheet assumes a Unit holder will take the cost depletion deduction. Some Unit holders may be entitled to a percentage depletion deduction in lieu of a cost depletion deduction, in which case Table 5 should be used to compute such Unit holder's depletion deduction.

For your convenience, simple income/expense and cost depletion calculators are posted on the San Juan Basin Royalty Trust website: www.sjbtr.com

EXAMPLE:

A brief example to illustrate the computation of the income, expenses, and depletion deduction should be helpful. Assume a Unit holder purchased 1,000 Units for \$10,700 (the holder's Basis) on May 13, 2015 and sold these Units on November 13, 2015. 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) for this example, 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:**

EXAMPLE – FOR ILLUSTRATION ONLY

<u>DESCRIPTION</u>	<u>TABLE</u>	<u>AMOUNT PER UNIT</u>	<u>X</u>	<u>UNITS OR BASIS</u>	<u>=</u>	<u>AMOUNT</u>
Gross Royalty Income	1	0.226530	x	1,000 Units	=	\$226.53
Severance Tax	2	0.022908	x	1,000 Units	=	\$ 22.91
Interest Income	3	0.000024	x	1,000 Units	=	\$ 0.02
Administration Expense	4	0.028575	x	1,000 Units	=	\$ 28.58
Percentage Depletion *	5	0.033980	x	1,000 Units	=	\$ 33.98
Cost Depletion **	6	0.035723	x	\$10,700 Basis	=	\$382.24

* 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 Cost Depletion Worksheet on page 11 and the Cost Depletion Worksheet on page 12.

San Juan Basin Royalty Trust

Table 1
2015 Gross Royalty Income
(Cumulative \$ per Unit)

For a Unit acquired of record during the month of:	2015											
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	0.057223	0.140750	0.175294	0.177491	0.192109	0.229370	0.262307	0.297522	0.358524	0.404021	0.426556	0.464131
February		0.083527	0.118071	0.120268	0.134886	0.172147	0.205084	0.240299	0.301301	0.346798	0.369333	0.406908
March			0.034544	0.036741	0.051359	0.088620	0.121557	0.156772	0.217774	0.263271	0.285806	0.323381
April				0.002197	0.016815	0.054076	0.087013	0.122228	0.183230	0.228727	0.251262	0.288837
May					0.014618	0.051879	0.084816	0.120031	0.181033	0.226530	0.249065	0.286640
June						0.037261	0.070198	0.105413	0.166415	0.211912	0.234447	0.272022
July							0.032937	0.068152	0.129154	0.174651	0.197186	0.234761
August								0.035215	0.096217	0.141714	0.164249	0.201824
September									0.061002	0.106499	0.129034	0.166609
October										0.045497	0.068032	0.105607
November											0.022535	0.060110
December												0.037575

Table 2
2015 Severance Tax
(Cumulative \$ per Unit)

For a Unit acquired of record during the month of:	2015											
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	0.005786	0.014201	0.017716	0.017938	0.019424	0.023207	0.026617	0.030127	0.036184	0.040846	0.043202	0.047115
February		0.008415	0.011930	0.012152	0.013638	0.017421	0.020831	0.024341	0.030398	0.035060	0.037416	0.041329
March			0.003515	0.003737	0.005223	0.009006	0.012416	0.015926	0.021983	0.026645	0.029001	0.032914
April				0.000222	0.001708	0.005491	0.008901	0.012411	0.018468	0.023130	0.025486	0.029399
May					0.001486	0.005269	0.008679	0.012189	0.018246	0.022908	0.025264	0.029177
June						0.003783	0.007193	0.010703	0.016760	0.021422	0.023778	0.027691
July							0.003410	0.006920	0.012977	0.017639	0.019995	0.023908
August								0.003510	0.009567	0.014229	0.016585	0.020498
September									0.006057	0.010719	0.013075	0.016988
October										0.004662	0.007018	0.010931
November											0.002356	0.006269
December												0.003913

Table 3
2015 Interest Income
(Cumulative)

For a Unit acquired of record during the month of:	2015											
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	0.000008	0.000017	0.001715	0.001722	0.001725	0.001726	0.001729	0.001735	0.001740	0.001746	0.001754	0.001760
February		0.000009	0.001707	0.001714	0.001717	0.001718	0.001721	0.001727	0.001732	0.001738	0.001746	0.001752
March			0.001698	0.001705	0.001708	0.001709	0.001712	0.001718	0.001723	0.001729	0.001737	0.001743
April				0.000007	0.000010	0.000011	0.000014	0.000020	0.000025	0.000031	0.000039	0.000045
May					0.000003	0.000004	0.000007	0.000013	0.000018	0.000024	0.000032	0.000038
June						0.000001	0.000004	0.000010	0.000015	0.000021	0.000029	0.000035
July							0.000003	0.000009	0.000014	0.000020	0.000028	0.000034
August								0.000006	0.000011	0.000017	0.000025	0.000031
September									0.000005	0.000011	0.000019	0.000025
October										0.000006	0.000014	0.000020
November											0.000008	0.000014
December												0.000006

Table 4
2015 Trust Administration Expense
(Cumulative \$ per Unit)

For a Unit acquired of record during the month of:	2015											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.002898	0.008182	0.014195	0.016177	0.029312	0.032406	0.036183	0.038926	0.041030	0.044752	0.047889	0.054031
February		0.005284	0.011297	0.013279	0.026414	0.029508	0.033285	0.036028	0.038132	0.041854	0.044991	0.051133
March			0.006013	0.007995	0.021130	0.024224	0.028001	0.030744	0.032848	0.036570	0.039707	0.045849
April				0.001982	0.015117	0.018211	0.021988	0.024731	0.026835	0.030557	0.033694	0.039836
May					0.013135	0.016229	0.020006	0.022749	0.024853	0.028575	0.031712	0.037854
June						0.003094	0.006871	0.009614	0.011718	0.015440	0.018577	0.024719
July							0.003777	0.006520	0.008624	0.012346	0.015483	0.021625
August								0.002743	0.004847	0.008569	0.011706	0.017848
September									0.002104	0.005826	0.008963	0.015105
October										0.003722	0.006859	0.013001
November											0.003137	0.009279
December												0.006142

Table 5
2015 Percentage Depletion Factors
(Cumulative)

For a Unit acquired of record during the month of:	2015											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.008583	0.021112	0.026294	0.026624	0.028817	0.034406	0.039347	0.044629	0.053779	0.060604	0.063984	0.069620
February		0.012529	0.017711	0.018041	0.020234	0.025823	0.030764	0.036046	0.045196	0.052021	0.055401	0.061037
March			0.005182	0.005512	0.007705	0.013294	0.018235	0.023517	0.032667	0.039492	0.042872	0.048508
April				0.000330	0.002523	0.008112	0.013053	0.018335	0.027485	0.034310	0.037690	0.043326
May					0.002193	0.007782	0.012723	0.018005	0.027155	0.033980	0.037360	0.042996
June						0.005589	0.010530	0.015812	0.024962	0.031787	0.035167	0.040803
July							0.004941	0.010223	0.019373	0.026198	0.029578	0.035214
August								0.005282	0.014432	0.021257	0.024637	0.030273
September									0.009150	0.015975	0.019355	0.024991
October										0.006825	0.010205	0.015841
November											0.003380	0.009016
December												0.005636

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 could 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 2015 AND SOLD DURING 2015.

Example: A Unit holder acquired Units prior to 2015 and sold them in June 2015. 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 0.023940.

- (b) UNITS ACQUIRED AND SOLD DURING 2015.

Example: A Unit holder acquired Units in February 2015 and sold them in November 2015. 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 0.050177

- (c) UNITS ACQUIRED DURING 2015 AND STILL OWNED AT THE END OF 2015.

Example: A Unit holder acquired Units in March 2015 and still owned them at the end of 2015. To calculate his cost depletion for the year, the Unit holder would use the cost depletion factor for March through December obtained from Table 6. In this example, the cost depletion factor would be 0.051630.

For your convenience, a cost depletion calculator is available on the San Juan Basin Royalty Trust website: www.sjbtr.com

**Table 6
2015 Cost Depletion Factors
(Cumulative)**

For a Unit acquired of record during the month of:	And the last cash distribution on such Unit was attributable to the monthly record date for the month of:											
	2015											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.007246	0.016553	0.021359	0.021700	0.023940	0.030079	0.035969	0.041857	0.050278	0.057423	0.061432	0.068183
February		0.009307	0.014113	0.014454	0.016694	0.022833	0.028723	0.034611	0.043032	0.050177	0.054186	0.060937
March			0.004806	0.005147	0.007387	0.013526	0.019416	0.025304	0.033725	0.040870	0.044879	0.051630
April				0.000341	0.002581	0.008720	0.014610	0.020498	0.028919	0.036064	0.040073	0.046824
May					0.002240	0.008379	0.014269	0.020157	0.028578	0.035723	0.039732	0.046483
June						0.006139	0.012029	0.017917	0.026338	0.033483	0.037492	0.044243
July							0.005890	0.011778	0.020199	0.027344	0.031353	0.038104
August								0.005888	0.014309	0.021454	0.025463	0.032214
September									0.008421	0.015566	0.019575	0.026326
October										0.007145	0.011154	0.017905
November											0.004009	0.010760
December												0.006751

San Juan Basin Royalty Trust
2015 Cost Depletion Worksheet

The following may help you calculate your cost depletion to be reported on your federal income tax return.

For your convenience, a cost depletion calculator is available on the San Juan Basin Royalty Trust website: www.sjbirt.com

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

	Original Basis (Note 1)	Cost Depletion Allowed or Allowable in Prior Years	=	Original Basis Less Cost Depletion Allowed or Allowable in Prior Years	x	Cost Depletion Factor	=	Cost Depletion
San Juan Basin	—	—	=	—	x	0.068183	=	—

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

	Original Basis (Note 1)	Cost Depletion Allowed or Allowable in Prior Years	=	Original Basis Less Cost 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 on page 11.