



SAN JUAN BASIN ROYALTY TRUST

2024 ANNUAL REPORT

TO OUR UNIT HOLDERS

Argent Trust Company, as trustee (“Trustee”) presents the 2024 Annual Report on Form 10-K of San Juan Basin Royalty Trust (the “Trust”), as filed with the Securities and Exchange Commission (the “Commission”) for the year ended December 31, 2024, without exhibits. The Form 10-K contains important information concerning the operations of the Trust and certain oil and gas reserves (the “Subject Interests”) burdened by and attributable to the 75% net overriding royalty interest (similar to a net profits interest) (the “Royalty”) owned by the Trust. Production figures and other information relating to the Subject Interests in this letter and in the accompanying Annual Report on Form 10-K are based on information provided to the Trust by Hilcorp San Juan L.P. (“Hilcorp”), the present owner of certain oil and gas interests (including those comprising the Subject Interests) originally owned by Southland Royalty Company (“Southland”).

The Trust was established in November 1980 by Southland. Pursuant to the Indenture that governs the operations of the Trust (the “Indenture”), Southland conveyed to the Trust the Royalty that burdens the Subject Interests in properties in the San Juan Basin of northwestern New Mexico.

The Royalty constitutes the principal asset of the Trust. The beneficial interest of the Royalty is divided into 46,608,796 units (the “Units”) representing undivided fractional interests in the beneficial interest of the Royalty. Holders of Units are referred to herein as “Unit Holders.” Under the Indenture, the function of the Trustee is to receive royalty income (“Royalty Income”) equal to 75% of the Net Proceeds attributable to the Subject Interests, to pay all expenses and charges of the Trust, and to distribute the remaining available income to the Unit Holders. Distributable income for 2024 consisted of Royalty Income and interest income of approximately \$7.0 million, less administrative expenses of \$2.1 million. As a result, income distributed to Unit Holders in 2024 was approximately \$5.2 million or \$0.110671 per Unit. The Trust did not make distributions to Unit Holders from May through December of 2024 due to significantly increased capital expenditures and a decline in natural gas prices.

The amount of Gross Proceeds attributable to the Subject Interests depends on prevailing natural gas prices and, to a lesser extent, crude oil prices. As a result, commodity prices affect the amount of Royalty Income available for distribution to the Unit Holders. During 2024, the price of natural gas Gross Proceeds for production from the Subject Interests decreased from an average price for natural gas of \$4.69 per Mcf in 2023 to \$2.07 per Mcf in 2024. The price for oil Gross Proceeds increased from an average price of \$66.34 per Bbl in 2023 to \$68.07 per Bbl in 2024.

Excess Production Costs (“Excess Production Costs”) occur when Production Costs and capital expenditures exceed the Gross Proceeds for a certain period. Excess Production Costs in 2024 were due to significant lease operating expenses and capital expenditures associated with Hilcorp San Juan L.P.’s (“Hilcorp”) 2024 capital project plan. As of December 31, 2024, the Excess Production Costs were \$21,248,008 gross (\$15,936,006 net to the Trust). Hilcorp will not pay Royalty Income to the Trust, and no cash distributions will be made by the Trust until the balance of Excess Production Costs is extinguished, Trust liabilities are paid in full, and the Trust’s cash reserves are replenished.

In each of the months from May 2024 through December 2024, the Trust did not receive any Royalty Income, and interest income received was insufficient to pay Trust liabilities. Due to these circumstances, the Trust used cash reserves to pay the Trust’s liabilities that interest income did not cover. The Trust expects to continue to draw on cash reserves for all Trust liabilities not covered by interest income until such time as the Trust begins receiving Royalty Income again. The Trust is permitted to borrow funds against the Royalty to cover the Trust’s operating expenses until such time as the Trust extinguishes the balance of excess Production Costs incurred in 2024 and receives sufficient Royalty Income to replenish cash reserves. The cash reserve balance was \$760,919 on December 31, 2024. As of March 21, 2025, the balance of cash reserves held by the Trust to cover Trust liabilities was \$258,521.

The anticipated deficit in income to pay the Trust’s liabilities described above raises substantial doubt about the Trust’s ability to continue as a going concern within one year after the issuance date of the financial statements. The Trustee, on behalf of the Trust, is currently evaluating commercial lending options available to the Trust to cover the Trust’s liabilities once cash reserves are depleted.

As of December 31, 2024, proved reserves were estimated by independent engineers to be 62,095 MMcf of natural gas and 132 MBbls of crude oil and condensate. The proved reserves estimates are stated in their entirety and do not take into account the accumulated Excess Production Costs of \$21,248,008 gross (\$15,936,006 net to the Trust) as of December 31, 2024, the balance of which will be recovered from any future Net Proceeds before Royalty Income until the balance of Excess Production Costs is extinguished in full.

Argent Trust Company, Trustee



BY: NANCY WILLIS
Director of Royalty Trust Services

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2024

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Commission File No. 001-08032

San Juan Basin Royalty Trust

(Exact name of registrant as specified in the Amended and Restated San Juan Basin Royalty Trust Indenture)

Texas

(State or other jurisdiction of
incorporation or organization)

75-6279898

(I.R.S. Employer
Identification No.)

Argent Trust Company, Trustee

3838 Oak Lawn Ave.

Suite 1720

Dallas, Texas 75219

(Address of principal executive offices) (Zip Code)

(866) 809-4553

(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Units	SJT	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to Section 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Aggregate market value of the Units held by non-affiliates of the registrant as of June 28, 2024 (the last business day of its most recently completed second fiscal quarter), was approximately \$189,231,712 based on the closing price as quoted on the New York Stock Exchange. As of March 31, 2025, there were 46,608,796 Units of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

<u>GLOSSARY OF OIL AND NATURAL GAS TERMS</u>		i
<u>PART I</u>		1
ITEM 1. <u>BUSINESS</u>		1
ITEM 1A. <u>RISK FACTORS</u>		4
ITEM 1B. <u>UNRESOLVED STAFF COMMENTS</u>		10
ITEM 1C. <u>CYBERSECURITY</u>		10
ITEM 2. <u>PROPERTIES</u>		10
ITEM 3. <u>LEGAL PROCEEDINGS</u>		18
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>		18
<u>PART II</u>		19
ITEM 5. <u>MARKET FOR REGISTRANT’S UNITS, RELATED UNIT HOLDER MATTERS AND ISSUER PURCHASES OF UNITS</u>		19
ITEM 6. <u>RESERVED</u>		19
ITEM 7. <u>TRUSTEE’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>		19
ITEM 7A. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>		25
ITEM 8. <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>		25
ITEM 9. <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>		36
ITEM 9A. <u>CONTROLS AND PROCEDURES</u>		36
ITEM 9B. <u>OTHER INFORMATION</u>		37
ITEM 9C. <u>DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>		37
<u>PART III</u>		37
ITEM 10. <u>DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT</u>		37
ITEM 11. <u>EXECUTIVE COMPENSATION</u>		37
ITEM 12. <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SECURITY HOLDER MATTERS</u>		37
ITEM 13. <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>		38
ITEM 14. <u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>		38
<u>PART IV</u>		39
ITEM 15. <u>EXHIBITS AND FINANCIAL STATEMENT SCHEDULES</u>		39

Information Regarding Forward-Looking Statements

Certain information included in this Annual Report on Form 10-K contains, and other materials filed or to be filed by the San Juan Basin Royalty Trust (the “Trust”) with the Securities and Exchange Commission (the “SEC”) (as well as information included in oral statements or other written statements made or to be made by the Trust) may contain or include forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 27A of the Securities Act of 1933, as amended (the “Securities Act”). Such forward-looking statements may be or may concern, among other things, capital expenditures, drilling activity, development activities, production efforts and volumes, hydrocarbon prices, estimated future net revenues, estimates of reserves, the results of the Trust’s activities, and regulatory matters. Such forward-looking statements generally are accompanied by words such as “may,” “will,” “estimate,” “expect,” “predict,” “project,” “anticipate,” “should,” “assume,” “believe,” “plan,” “intend,” or other words that convey the uncertainty of future events or outcomes. Such statements are based on certain assumptions of Argent Trust Company (as the Trustee (as hereinafter defined)) and certain assumptions of information provided to the Trust by Hilcorp San Juan L.P. (“Hilcorp”), the owner of the Subject Interests (as defined herein). Such statements also are based on an assessment of, and are subject to, a variety of factors deemed relevant by the Trustee and Hilcorp that involve risks and uncertainties. However, whether actual results and developments will conform with such expectations and predictions is subject to a number of risks and uncertainties that could affect the future results of the energy industry in general, and the Trust and Hilcorp in particular, and could cause those results to differ materially from those expressed in such forward-looking statements. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on Hilcorp’s business and the Trust. Such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in such forward-looking statements. The Trust undertakes no obligation to publicly update or revise any forward-looking statements, except as required by applicable law.

Hilcorp Information

As a holder of a net overriding royalty interest, the Trust relies on Hilcorp for information regarding Hilcorp and its affiliates, the Subject Interests (as hereinafter defined), including the operations, acreage, well and completion count, working interests, production volumes, sales revenues, capital expenditures, operating expenses, reserves, drilling plans, drilling results and leasehold terms related to the Subject Interests, and factors and circumstances that have or may affect the foregoing. See Part II, Item 9A Controls and Procedures.

GLOSSARY OF OIL AND NATURAL GAS TERMS

The following defined terms, certain of which have been adopted by the SEC and the Financial Accounting Standards Board are used within this Annual Report on Form 10-K:

Bbl: Barrel, generally 42 U.S. gallons measured at 60 degrees Fahrenheit.

Btu: British thermal unit; the amount of heat necessary to raise the temperature of one pound of water one degree Fahrenheit.

Coal Seam Well: A well completed to a coal deposit found to contain and emit natural gas.

Conventional Well: A well completed to a formation historically found to contain deposits of oil or natural gas (for example, in the San Juan Basin, the Pictured Cliffs, Dakota and Mesaverde formations) and operated in the conventional manner.

Developed Oil and Natural Gas Reserves: Reserves of any category that can be expected to be recovered (i) through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well. See 17 CFR 210.4-10(a)(6).

Distributable Income: An amount paid to Unit Holders equal to the Royalty Income received by the Trustee during a given period plus interest, less the expenses and payment of liabilities of the Trust, adjusted by any changes in cash reserves.

Estimated future net revenues: Computed by applying current oil and natural gas prices (with consideration of price changes only to the extent provided by contractual arrangements and allowed by federal regulation) to estimated future production of proved oil and natural gas reserves as of the date of the latest balance sheet presented, less estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves and assuming continuation of existing economic conditions. See 17 CFR 210.4-10(c)(4)(A). "Estimated future net revenues" are sometimes referred to in this Annual Report on Form 10-K as "estimated future net cash flows."

GAAP: United States generally accepted accounting principles.

Grantor Trust: A trust (or portion thereof) with respect to which the grantor or an assignee of the grantor, rather than the trust, is treated as the owner of the trust properties and is taxed directly on the trust income for federal income tax purposes under Sections 671 through 679 of the Internal Revenue Code of 1986, as amended.

Henry Hub: Henry Hub index.

Lease Operating Expenses: Expenses incurred in the operation of a producing property as apportioned among the several parties in interest.

Mcf: Thousand cubic feet.

MMBtu: Million British thermal units.

MMcf: Million cubic feet.

Multiple Completion Well: A well which produces simultaneously, with or without separate tubing strings, from two or more producing horizons or alternatively from each.

Net Overriding Royalty Interest: A share of gross production from a property, measured by net profits from operation of the property and carved out of the working interest, i.e., a net profits interest.

Natural Gas Liquids (NGL): Those hydrocarbons that are separated from the gas as liquids through the process of absorption, condensation, adsorption, or other methods in gas processing or cycling plants.

Proved developed reserves: Proved natural gas and oil reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well.

Proved natural gas and oil reserves: Those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. See 17 CFR 210.4-10(a)(22).

Proved undeveloped reserves (PUDs): Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for well recompletion. Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years unless specific circumstances justify a longer time. Under no circumstances shall estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

Reasonable certainty: (i) If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered or (ii) if probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease. See 17 CFR 210.4-10(a)(24).

Recompleted Well: A well completed by drilling a separate well bore from an existing casing in order to reach the same reservoir or re-drilling the same well bore to reach a new reservoir.

Reserves: Estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to market, and all permits and financing required to implement the project. See 17 CFR 210.4-10(a)(26).

Undeveloped oil and natural gas reserves: Reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for well recompletion. See 17 CFR 210.4-10(a)(31).

Working Interest: The operating interest under an oil and natural gas lease.

PART I

ITEM 1. BUSINESS

The Trust is an express trust created under the laws of the State of Texas by the San Juan Basin Royalty Trust Indenture entered into on November 1, 1980, between Southland Royalty Company (“Southland”) and The Fort Worth National Bank. Effective as of September 30, 2002, the original indenture was amended and restated, and, effective as of December 12, 2007, the restated indenture was amended and restated (such amended and restated indenture, as further amended by the First Amendment to the Amended and Restated Royalty Trust Indenture dated February 15, 2024, the “Indenture”).

As a result of a series of mergers and other transactions, PNC Bank, National Association (“PNC Bank”), served as the previous Trustee of the Trust from October 8, 2021, through February 14, 2024. Effective February 15, 2024, Argent Trust Company, a Tennessee chartered trust company (“Argent”), became the Trustee of the Trust. The principal office of the Trust is 3838 Oak Lawn Avenue, Suite 1720, Dallas, Texas 75219 (telephone number (866) 809-4553). Argent Trust Company, as successor trustee of the Trust, is subject to the terms and conditions of the Indenture. The defined term “Trustee” as used herein shall refer to PNC Bank (which maintains its offices at 2200 Post Oak Blvd., Floor 18, Houston, TX 77056) for periods from October 8, 2021, until February 14, 2024, and shall refer to Argent Trust Company (which maintains its offices at 3838 Oak Lawn Ave, Suite 1720, Dallas, Texas 75219) for periods on and after February 15, 2024.

Prior to February 15, 2024, PNC Bank served as Trustee of the Trust. Prior to October 8, 2021, other entities served as Trustee of the Trust. *See* Item 8. Financial Statements and Supplementary Data, Note 1. The defined term “Trustee” as used herein shall refer to PNC Bank for periods from October 8, 2021 through February 14, 2024, and shall refer to Argent Trust Company for periods on and after February 15, 2024. For all periods prior to October 8, 2021, use of the defined term “Trustee” herein shall refer to the entity serving as Trustee of the Trust during the applicable time period.

The Conveyance and the Royalty

Pursuant to the Net Overriding Royalty Conveyance (the “Conveyance”) effective November 1, 1980, Southland conveyed to the Trust a 75% net overriding royalty interest (the “Royalty”) that burdens certain of Southland’s oil and natural gas interests (the “Subject Interests”) in properties located in the San Juan Basin of northwestern New Mexico (the “San Juan Basin”). Subsequent to the Conveyance of the Royalty, through a series of sales, assignments and mergers, Hilcorp became Southland’s successor. Hilcorp acquired the Subject Interests from Burlington Resources Oil & Gas Company LP (“Burlington”), an indirect wholly-owned subsidiary of ConocoPhillips, on July 31, 2017. The Royalty functions generally as a net profits interest. Under the terms of the Conveyance, the Trust receives royalty income (“Royalty Income”) equal to 75% of Net Proceeds attributable to the Subject Interests. The term “Net Proceeds,” as used in the Conveyance, means the excess of Gross Proceeds received by Hilcorp during a particular period over production costs for such period. “Gross Proceeds” means the amount received by Hilcorp (or any subsequent owner of the Subject Interests) from the sale of the production attributable to the Subject Interests, subject to certain adjustments (e.g., fuel, gathering, and transportation). “Production costs” generally means costs incurred on an accrual basis by Hilcorp in operating the Subject Interests, including both capital and non-capital costs. For example, these costs include development drilling, production and processing costs, applicable taxes and operating charges. However, Hilcorp informed the Trust that, for wells operated by Hilcorp, it generally did not intend to accrue lease operating expenses to the Trust. Where production costs exceed Gross Proceeds in any month, or over a period of time, the excess amounts are referred to as “Excess Production Costs.” Excess Production Costs are recovered out of future Gross Proceeds prior to the making of further payment to the Trust. The Trust is not otherwise liable for any Production Costs or other costs or liabilities attributable to the Subject Interests or the minerals produced therefrom. If at any time the Trust receives more than the amount due under the Royalty, it is not obligated to return such overpayment, but the amounts payable to it for any subsequent period are reduced by such amount, plus interest, at a rate specified in the Conveyance.

The Royalty constitutes the principal asset of the Trust. The Trust’s beneficial interest in the Royalty is divided into 46,608,796 units (the “Units”) representing undivided fractional interests in the beneficial interest of the Trust equal to the number of shares of the common stock of Southland outstanding as of the close of business on November 3, 1980. Each stockholder of Southland of record at the close of business on November 3, 1980, received one freely tradable Unit for each share of the common stock of Southland then held. Holders of Units are referred to herein as “Unit Holders.”

As of December 31, 2024, 99.8% of the Trust’s estimated proved reserves consisted of natural gas reserves, and 95.1% of the Gross Proceeds from the Subject Interests in 2024 were attributable to the production and sale of natural gas by Hilcorp as well as other proceeds. Accordingly, the market price for natural gas produced and sold from the San Juan Basin heavily influences the amount of Trust income available for distribution to the Unit Holders by the Trust and, by extension, the price of the Units. The market price paid for natural gas is seasonal because there is greater demand for natural gas used for heating purposes in the winter months and more energy requirements for air conditioning in the summer months than during the rest of the year.

The Trustee

The primary function of the Trustee is to collect the Royalty Income, to pay all expenses and charges of the Trust and to distribute the remaining available income to the Unit Holders. The Trust received approximately \$6.9 million and \$53.2 million in Royalty Income from Hilcorp in each of the fiscal years ended December 31, 2024 and 2023, respectively. After deducting administrative expenses and accounting for interest income and any change in cash reserves, the Trust distributed approximately \$5.2 million and \$51.6 million to Unit Holders in each of the fiscal years ended December 31, 2024 and 2023, respectively. The Trust's corpus was approximately \$2.7 million and \$2.8 million as of December 31, 2024 and 2023, respectively. Excess Production Costs of \$21,248,008 gross (\$15,936,006 net to the Trust) were incurred from May through December 2024.

Proceeds from production in the first month are generally received by Hilcorp in the second month, the Royalty Income is paid by Hilcorp to the Trustee in the third month, and distribution by the Trustee to the Unit Holders is made in the fourth month. Unit Holders of record as of the last business day of each month (the "monthly record date") will be entitled to receive the calculated monthly distribution amount for such month on or before ten business days after the monthly record date. The amount of each monthly distribution will generally be determined and announced ten days before the monthly record date. The aggregate monthly distribution amount is the excess of (i) the Royalty Income paid to the Trustee, plus any decrease in cash reserves previously established for liabilities and contingencies of the Trust, over (ii) the expenses and payments of liabilities of the Trust, plus any net increase in cash reserves. The Trust has not made a distribution since April 2024 due to Hilcorp's significant increase in Production Costs and a decline in natural gas pricing.

The Trustee is authorized to determine, in its discretion, the amount of cash reserves needed to cover liabilities and contingencies of the Trust. The Trustee previously maintained a cash reserve in the amount of \$1,000,000. However, to cover Trust Expenses during any period of revenue shortfall, which has resulted and could continue to result from lower commodity prices or increased capital expenditures under Hilcorp's 2024 project plan for the Subject Interests, the Trustee increased the cash reserves in March and April of 2024, such that total cash reserves were \$1,800,000 as of April 30, 2024. Cash reserves of \$1,039,080, along with interest income, were utilized to pay the balance of Trust administrative expenses remaining (after applying interest income) each month from May through December 2024, when the Trust did not receive any Royalty Income. As a result, cash reserves were \$760,919 as of December 31, 2024. Prior to any distributions to Unitholders, the Trustee plans to replenish the cash reserves and continue to increase the cash reserves to \$2,000,000.

Cash being held by the Trustee as cash reserves or pending distribution may be placed, per the Trustee's discretion, in obligations issued by (or unconditionally guaranteed by) the United States or any agency thereof, repurchase agreements secured by obligations issued by the United States or any agency thereof, certificates of deposit of banks having capital, surplus and undivided profits in excess of \$50.0 million or money market funds that have been rated at least AAm by Standard & Poor's and at least Aa by Moody's, subject, in each case, to certain other qualifying conditions. Currently, such funds are placed in interest-bearing money market accounts.

The other powers and duties of the Trustee are set forth in the Indenture and include the prosecution and defense of claims by and against the Trust, the engagement of consultants and professionals and the payment of Trust liabilities. If the Trustee determines that the Trust does not have sufficient funds to pay its liabilities, the Trustee may borrow funds on behalf of the Trust, in which case no distributions will be made to Unit Holders until such borrowings are repaid in full. The Trust has not received Royalty Income since April 2024. The Conveyance provides that any Excess Production Costs applicable to the Subject Interests over the amount of Gross Proceeds from such properties must be recovered from future Net Proceeds before Royalty Income is again paid to the Trust. The balance of Excess Production Costs as of December 31, 2024 was \$21,248,008 gross (\$15,936,006 net to the Trust). As of March 21, 2025 the balance of Excess Production Costs was \$21,739,947 gross (\$16,304,960 net to the Trust). The Trust's cash reserves will likely be depleted before such time as the Excess Production Costs are recovered, and the Trust begins receiving Royalty Income. The Trustee is currently evaluating credit options on behalf of the Trust, the funds from which would be utilized to pay the Trust's administrative expenses until such time as the Excess Production Costs are repaid, and the Trust begins receiving Royalty Income again.

The Trustee may not sell or dispose of any part of the assets of the Trust without the affirmative vote from the Unit Holders of 75% of all of the Units outstanding; however, the Trustee may sell up to 1% of the value of the Royalty (as determined pursuant to the Indenture) during any 12-month period without the consent of the Unit Holders if it determines such a sale is in the best interest of the Unit Holders. The Trust does not operate the Subject Interests and is not empowered to carry on any business activity. The Trust has no employees, officers, or directors. All administrative functions of the Trust are performed by the Trustee.

Under the Indenture, the Trustee may act in its discretion in carrying out its powers and performing its duties and is liable only for fraud or for acts and omissions in bad faith. The Trustee is not liable for any act or omission of its agents or employees unless the Trustee acted in bad faith in its selection and retention of such agents or employees. The Indenture provides that the Trustee and its officers, agents and employees must be indemnified and receive reimbursement of expenses from the assets of the Trust for liabilities and claims incurred in the administration of the Trust, except for liabilities and claims arising from the Trustee's fraud or bad faith.

Because the Trust has no employees, directors, or executive officers, it does not have a business need to focus on its human capital resources.

Successor Trustee

A Special Meeting of the Unit Holders was held on December 1, 2023 (the “December Special Meeting”), where Unit Holders were asked (1) to approve the appointment of Argent Trust Company as successor trustee of the Trust, (2) to approve an amendment to the Indenture to permit a bank or trust company with capital, surplus and undivided profits (as of the end of its last fiscal year prior to its appointment) of at least \$15,000,000 to serve as successor trustee of the Trust, (3) to approve an amendment to the Indenture that would clarify the word “Trustee” to include former trustees of the Trust for indemnification purposes, and (4) to approve an adjournment of the special meeting, if necessary or appropriate to permit solicitation of additional proxies in favor of the above proposals (collectively, the “Proposals”). The Trust issued a press release on December 1, 2023, announcing the December Special Meeting was adjourned to permit the solicitation of additional proxies in favor of proposals (1) through (4) above, as described in the Trust’s definitive proxy statement filed by the Trust with the Securities and Exchange Commission on October 2, 2023 (the “Proxy Statement”).

The Trust again held a special meeting of its Unit Holders on January 16, 2024 (the “January Special Meeting”) where the Unit Holders of the Trust voted to approve the proposals set forth in the Trust’s Proxy Statement, including the appointment of Argent Trust Company as successor trustee of the Trust, following the effective date of PNC Bank’s resignation. Following approval by the Trust’s Unit Holders at the January Special Meeting, the Trust entered into the First Amendment to the Amended and Restated Royalty Trust Indenture of San Juan Basin Royalty Trust to clarify the word “Trustee” as used in the Indenture, would include former trustees of the Trust for indemnification purposes and to permit a bank or trust company with capital, surplus and undivided profits of at least \$15,000,000 to serve as successor trustee of the Trust. The effective date of PNC Bank’s resignation as Trustee and the effective date of Argent Trust Company’s appointment as successor Trustee was February 15, 2024.

Duration of the Trust

The Trust is not subject to any pre-set termination provisions based on a maximum volume of natural gas or oil to be produced or the passage of time. The Trust will terminate if (a) its gross revenue for each of two successive years is less than \$1.0 million per year or, if earlier, (b) the Unit Holders of at least 75% of all the Units outstanding vote in favor of termination. Upon termination of the Trust, the Trustee must sell the Royalty and distribute the proceeds to Unit Holders after satisfying or establishing reserves to satisfy the liabilities of the Trust. The Trust had \$6.9 million of gross revenue in 2024, but it is possible the Trust may not have gross revenue of at least \$1.0 million in 2025. As the new horizontal wells that were drilled by Hilcorp in 2024 have begun producing, it is likely, but not certain, that the Excess Production Costs will be recovered, and the Trust will begin receiving Royalty Income before December 31, 2027. If the Trust does not have gross revenue of at least \$1.0 million in each of 2025 and 2026, then termination provisions in the Indenture would be triggered, unless a meeting of unit holders was called, and the Indenture was amended to prevent the termination from occurring.

Hilcorp

The sale of San Juan Basin assets from Burlington to Hilcorp closed on July 31, 2017. Hilcorp is the operator of the majority of the Subject Interests, and as a result, Hilcorp’s actions could have a material impact on the results of operations and Hilcorp could have interests that conflict with the interests of the Trust and the Unit Holders. The Subject Interests that are not operated by Hilcorp are operated by other operators, some of which may be affiliated with Hilcorp. As an operator, Hilcorp has the obligation under the Conveyance to conduct its operations in accordance with reasonable and prudent business judgment and good oil and natural gas field practices. The development of the Subject Interests is conducted pursuant to operating and similar agreements to which the Trust is not a party and under which the Trust has no control or other rights to determine the location, timing and other key aspects of development and maintenance that may materially impact results of operations. Neither the Trustee nor the Unit Holders can influence or control the operation or future development of the Subject Interests.

Hilcorp’s interests may conflict with those of the Trust and the Unit Holders in situations involving the development, maintenance, operation, or abandonment of the Subject Interests. Hilcorp has the right to abandon any well when, in its opinion, such well ceases to produce or is not capable of producing oil and natural gas in paying quantities, even though such well is still generating revenue for the Unit Holders. Hilcorp reserves the right to not participate in operations on the Subject Interests when it has a right to do so under the applicable operating or similar agreement. Hilcorp may make decisions with respect to expenditures and decisions to allocate resources to projects in other areas that adversely affect the Subject Interests, including reducing expenditures on these properties, which could cause oil and natural gas production to decline at a faster rate and thereby result in lower cash distributions by the Trust in the future. In addition, Hilcorp is not obligated to the Trust to maintain any particular types or amounts of insurance, and insurance may not be commercially available at adequate levels to cover its operational hazards at all times during the life of the Trust. If a well is damaged,

Hilcorp would have no obligation to drill a replacement well or otherwise compensate the Trust for the loss. The Trust does not have insurance or indemnification to protect against losses or delays in receiving proceeds from such events.

Hilcorp is responsible, subject to the terms of an agreement with the Trust, for marketing the production from such properties, either under existing sales contracts or under future arrangements, at the best prices and on the best terms it shall deem reasonably obtainable in the circumstances. Additionally, Hilcorp is obligated under the Conveyance to maintain books and records sufficient to determine the amounts payable to the Trustee.

Additional Information

The principal office of the Trust is located at 3838 Oak Lawn Avenue, Suite 1720, Dallas, TX 75219 (toll-free telephone number 855-588-7839). The Trust makes available (free of charge) its annual, quarterly, and current reports (and any amendments thereto) filed with the SEC through its website at www.sjbrt.com as soon as reasonably practicable after electronically filing or furnishing such material with or to the SEC. The Trust's materials filed with the SEC are available at the SEC's internet site, www.sec.gov. This site contains reports and, as applicable, proxy and information statements, and other information regarding the Trust and other issuers that file electronically with the SEC.

The Trust is a widely held fixed investment trust ("WHFIT") classified as a non-mortgage widely held fixed investment trust ("NMWHFIT") for federal income tax purposes. The Trustee, 3838 Oak Lawn Avenue, Suite 1720, Dallas, TX 75219 (toll-free telephone number 855-588-7839, email address: trustee@sjbrt.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. The tax information is generally posted by the Trustee on the Trust's website: www.sjbrt.com.

ITEM 1A. RISK FACTORS

Although risk factors are described throughout this Annual Report on Form 10-K, the following is a summary of the principal risks associated with an investment in Units of the Trust.

BUSINESS AND OPERATING RISKS

Oil and gas prices fluctuate due to a number of factors, and lower prices will reduce net proceeds to the Trust and distributions to Unit Holders.

The Trust's monthly distributions are highly dependent upon the prices realized from the sale of gas and, to a lesser extent, oil. Oil and gas prices can fluctuate widely in response to a variety of factors that are beyond the control of the Trust and Hilcorp. Factors that contribute to price fluctuation include, among others:

- worldwide and regional economic conditions impacting the global supply of and demand for oil and natural gas;
- the price and quantity of foreign imports and U.S. exports of oil and natural gas;
- political conditions in major oil producing regions, especially in the Middle East and Russia, including the conflicts in Eastern Europe and the Middle East;
- the effects of armed conflict throughout the world on global oil and gas producing regions, countries, sea lanes, thoroughfares and the oil and gas markets;
- expectations about future prices of, or the supply of and demand for oil and natural gas;
- public health concerns, such as COVID-19;
- technological advances affecting energy consumption, energy storage and energy supply;
- the price and availability of and purchaser or consumer preference for alternative fuels;
- the proximity, capacity, cost and availability of gathering, processing and transportation facilities;
- U.S. federal, state and local governmental regulation and taxation;
- government regulations, such as regulation of natural gas transportation and price controls;
- trade barriers and tariffs;

- energy conservation and environmental measures; and
- acts of force majeure.

Lower oil and gas prices may reduce the amount of oil and gas that is economic to produce and reduce Net Proceeds to the Trust. The volatility of energy prices reduces the predictability of future cash distributions to Unit Holders.

Trust reserve estimates depend on many assumptions that may prove to be inaccurate, which could cause both estimated reserves and estimated future revenues to be too high.

The value of the Units of the Trust depends upon, among other things, the amount of reserves attributable to the Royalty and the estimated future value of the reserves. Estimating reserves is inherently uncertain. Ultimately, actual production, revenues and expenditures for the properties underlying the Subject Interests will vary from estimates and those variations could be material. Petroleum engineers consider many factors and make assumptions in estimating reserves. Those factors and assumptions may include:

- historical production from the area compared with production rates from similar producing areas;
- the assumed effect of governmental regulation; and
- assumptions about future commodity price adjustments, production and development costs, severance and excise taxes, and capital expenditures.

Changes in these assumptions can materially change reserve estimates. The reserve data included herein are estimates only and are subject to many uncertainties. Actual quantities of oil and natural gas may differ considerably from the amounts set forth herein. In addition, different reserve engineers may make different estimates of reserve quantities and cash flows based upon the same available data.

Operating risks for Hilcorp and other operators of the properties underlying the Subject Interests can adversely affect Trust distributions.

Royalty Income payable to the Trust is derived from the sale of natural gas and oil production following the gathering and processing of those minerals. These operations are subject to risk inherent in such activities, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution and other environmental risks and litigation concerning routine and extraordinary business activities and events. These risks could result in substantial losses which are deducted in calculating the net proceeds paid to the Trust due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations.

Pandemics and other public health concerns, including a COVID-19 pandemic resurgence or emergence of new COVID-19 variants, are possible and could adversely affect global demand for oil and gas, the operators of the properties underlying the Subject Interests, the Royalty and the cash available for distribution to Unit Holders.

It is not possible to predict the impact a resurgence of COVID-19, the emergence of new strains or variants of COVID-19, or the occurrence of other pandemics or public health concerns may have on global demand for oil and gas. If prices are negatively impacted in the future, it is possible Hilcorp or any third-party operator of the properties underlying the Subject Interests could shut in or curtail production from wells on the properties underlying the Subject Interests or plug and abandon marginal wells that otherwise may have been allowed to continue to produce for a longer period under conditions of higher prices, without the consent of the Trust or the Trust Unit Holders. Substantial declines in and extended periods of decreased economic activity and depressed oil and natural gas prices have previously resulted in and may in future periods result in reductions in the amount of oil and natural gas that is economic to produce from the properties underlying the Subject Interests, reduced net proceeds to which the Trust is entitled, and elimination of cash available for distribution to Trust Unit Holders for an unknown period of time.

To the extent COVID-19, other health concerns, or mitigation efforts related thereto adversely affect production from the properties underlying the Subject Interests or the business, results of operations and financial condition of the operators of the properties underlying the Subject Interests, it may also have the effect of heightening many of the other risks described in this Form 10-K.

A bankruptcy of Hilcorp or any third-party operator could adversely affect the operation of the wells and the development of the proved undeveloped reserves and interrupt or decrease distributions to Trust Unit Holders.

The value of the Royalty and the Trust's ultimate cash available for distribution are highly dependent on Hilcorp's financial condition. The bankruptcy of Hilcorp or any third-party operator of the properties underlying the Subject Interests could impede the

operation of the wells and the development of the proved undeveloped reserves and decrease distributions to the Trust Unit Holders. The ability to develop and operate the properties underlying the Subject Interests depends on Hilcorp's future financial condition and economic performance and access to capital, which in turn will depend upon the supply of and demand for oil and natural gas, prevailing economic conditions and financial, business and other factors, many of which are beyond the control of Hilcorp. Further, Hilcorp is not a reporting company and is not required to file periodic reports with the SEC pursuant to the Exchange Act. Therefore, Trust Unit Holders do not have access to financial information about Hilcorp.

FINANCIAL RISKS

Mineral properties, such as the properties underlying the Subject Interests, are depleting assets and, if Hilcorp or other operators of the properties underlying the Subject Interests do not perform additional development projects, the assets may deplete faster than expected.

The Royalty Income payable to the Trust is derived from the sale of depleting assets. Accordingly, the portion of the distributions to Unit Holders (to the extent of depletion taken) may be considered a return of capital. The reduction in proved reserve quantities is a common measure of depletion. Future maintenance and development projects on the properties underlying the Subject Interests will affect the quantity of proved reserves. The timing and size of these projects will depend primarily on the market prices of natural gas. If Hilcorp does not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently expected by the Trust.

Increased costs of production and development will result in decreased Trust distributions.

Production and development costs attributable to the properties underlying the Subject Interests are deducted in the calculation of net proceeds. Accordingly, higher production and development costs, without concurrent increases in revenues, decrease the share of net proceeds paid to the Trust as Royalty Income. If development and production costs of the properties underlying the Subject Interests exceed the proceeds of production from the properties underlying the Subject Interests ("Excess Production Costs"), such Excess Production Costs are carried forward and the Trust will not receive a share of net proceeds for the properties underlying the Subject Interests until future net proceeds from production from such properties exceed the total of the Excess Production Costs. Development activities may not generate sufficient additional revenue to repay the costs; however, the Trust is not obligated to repay the Excess Production Costs except through future production.

War, military invasions, terrorism and continued geopolitical hostilities could adversely affect the Trust's distributions to its Unit Holders or the market price of its Units.

The outbreak of war, military invasions, terrorist attacks and the threat of such violence, whether domestic or foreign, as well as military or other actions taken in response to such attacks or threats, could cause instability in the global financial, oil and natural gas markets. Such geopolitical hostilities could adversely affect the Trust's distributions to its Unit Holders or the market price of its Units in unpredictable ways, including through the disruption of oil and natural gas supplies and markets, increased volatility in oil and natural gas prices, or the possibility that the infrastructure on which the operators of the properties underlying the Subject Interests rely could be a direct target or an indirect casualty of such violence.

RISKS RELATED TO THE STRUCTURE OF THE TRUST

The Royalty can be sold and the Trust can be terminated in certain circumstances.

The Trust will be terminated and the Trustee must sell the Royalty if holders of at least 75% of the Units approve the sale or vote to terminate the Trust, or if the Trust's gross revenue for each of two successive years is less than \$1,000,000 per year. Following any such termination and liquidation, the net proceeds of any sale will be distributed to the Unit Holders and Unit Holders will receive no further distributions from the Trust. The Trustee cannot provide assurances that any such sale will be on terms acceptable to all Unit Holders. The Trustee cannot provide assurances the Trust will receive Royalty Income in 2025 or 2026 as the Trust must first extinguish the balance of Excess Production Costs associated with Hilcorp's drilling of two horizontal wells during 2024. The balance of Excess Production Costs as of March 21, 2025 was \$21,739,947 gross (\$16,304,960 net to the Trust), and the Trust will not receive Royalty Income until the balance of Excess Production Costs (net to the Trust) is paid in full.

None of the Trustee, the Trust nor the Unit Holders control the operation or development of the properties underlying the Subject Interests.

Neither the Trustee nor the Unit Holders can influence or control the operation or future development of the properties underlying the Subject Interests. The properties underlying the Subject Interests are owned by Hilcorp and Hilcorp operates the majority of such properties and handles the calculation of the net proceeds attributable to the Royalty and the payment of Royalty Income to the Trust.

Unit Holders have limited voting rights.

Voting rights as a Unit Holder are more limited than those of stockholders of most public corporations. For example, there is no requirement for annual meetings of Unit Holders or for an annual or other periodic re-election of the Trustee. Unlike corporations, which are generally governed by boards of directors elected by their equity holders, the Trust is administered by a corporate trustee in accordance with the Indenture and other organizational documents. The Trustee has extremely limited discretion in its administration of the Trust.

RISKS RELATED TO OWNERSHIP OF THE TRUST UNITS

If the Trust cannot meet the New York Stock Exchange continued listing requirements, the NYSE may delist the Trust Units.

Under the continued listing requirements of the NYSE, a company will be considered to be out of compliance with the exchange's minimum price requirement if the company's average closing price over a consecutive 30 trading day period ("Average Closing Price") is less than \$1.00 (the "Minimum Price Requirement"). Under NYSE rules, a company that is out of compliance with the Minimum Price Requirement has a cure period of six months to regain compliance if it notifies the NYSE within 10 business days of receiving a deficiency notice of its intention to cure the deficiency. A company may regain compliance if on the last trading day of any calendar month during the cure period the company has a closing share price of at least \$1.00 and an average closing share price of at least \$1.00 over the 30-trading-day period ending on the last trading day of that month. If at the expiration of the cure period, both a \$1.00 closing share price on the last trading day of the cure period and a \$1.00 average closing share price over the 30-trading-day period ending on the last trading day of the cure period are not attained, the NYSE will commence suspension and delisting procedures. If delisted by the NYSE, a company's shares may be transferred to the over-the-counter ("OTC") market, a significantly more limited market than the NYSE, which could affect the market price, trading volume, liquidity and resale price of such shares. Securities that trade on the OTC markets also typically experience more volatility compared to securities that trade on a national securities exchange. During the cure period, the company's shares would continue to trade on the NYSE, subject to compliance with other continued listing requirements.

The market price for the Trust Units may not reflect the value of the Royalty held by the Trust.

The trading price for publicly traded securities similar to the Trust Units tends to be tied to recent and expected levels of cash distributions as well as oil and natural gas prices. The amounts available for distribution by the Trust vary in response to numerous factors outside the control of the Trust, including prevailing prices for sales of oil and natural gas production from the properties underlying the Subject Interests and the timing and amount of direct operating expenses and development expenses. Consequently, the market price for the Trust Units may not necessarily be indicative of the value that the Trust would realize if it sold the Royalty to a third-party buyer. In addition, such market price may not necessarily reflect the fact that, since the assets of the Trust are depleting assets, a portion of each cash distribution paid with respect to the Trust Units should be considered by investors as a return of capital, with the remainder being considered as a return on investment. As a result, distributions made to a Trust Unit Holder over the life of these depleting assets may not equal or exceed the purchase price paid by the Trust Unit Holder.

The limited liability of Trust Unit Holders is uncertain.

The Trust Unit Holders are not protected from the liabilities of the Trust to the same extent that a shareholder would be protected from a corporation's liabilities. The structure of the Trust does not include the interposition of a limited liability entity such as a corporation or limited partnership which would provide further limited liability protection to Trust Unit Holders. While the Trustee is liable for any excess liabilities incurred if the Trustee fails to ensure that such liabilities are to be satisfied only out of Trust assets, under the laws of Texas, which are unsettled on this point, a Unit Holder may be jointly and severally liable for any liability of the Trust if the satisfaction of such liability was not contractually limited to the assets of the Trust and the assets of the Trust and the Trustee are not adequate to satisfy such liability. As a result, Trust Unit Holders may be exposed to personal liability.

LEGAL, ENVIRONMENTAL, AND REGULATORY RISKS

The operators of the properties underlying the Subject Interests are subject to extensive governmental regulation.

Oil and gas operations have been, and in the future will be, affected by federal, state and local laws and regulations and other political developments, such as price or gathering rate controls and environmental protection regulations. Also, climate change laws and regulations may, in the future, have an increasing impact on oil and natural gas production, gathering, marketing and transportation.

Government action, policies or regulations designed to discourage production, reduce demand for, or promote alternatives to oil and natural gas could impact the price of oil and natural gas produced on the properties underlying the Trust's Subject Interests, directly as intended or through unintended consequences.

Governments around the world are considering actions intended to reduce greenhouse gas emissions by decreasing both the supply of and the demand for oil and natural gas products or the promotion of alternative energy sources. These include the adoption of cap and trade regimes, carbon taxes, trade tariffs, minimum renewable usage requirements, restrictive permitting, increased mileage and other efficiency standards, mandates for sales of electric vehicles, mandates for use of specific fuels or technologies, and other incentives or mandates designed to support transitioning to lower-emission energy sources. Political and other actors and their agents also increasingly seek to advance climate change objectives indirectly, such as by seeking to reduce the availability or increase the cost of financing and investment in the oil and gas sector.

In addition, climate change is the subject of an important public policy debate and the basis for new legislation proposed by the United States Congress and certain states. The United States, depending on which President has been in office, has participated (during the Biden administration) or not (during the two Trump administrations) in the Paris Climate Accord, a voluntary international agreement with the goal of limiting global climate change to not more than 2 degrees Celsius (or less); preparing, maintaining and publishing national greenhouse gas (“GHG”) reduction targets; and announcing a plan to achieve net-zero emissions from overall federal operations by 2050. The Biden administration had also set ambitious domestic targets for curbing climate change, such as making the U.S. power sector carbon-neutral by 2035. While changes in U.S. presidential administrations could increase or lessen the relative impacts of climate policies and regulations on the oil and natural gas industry, the adoption and implementation of any international, federal, or state GHG-emission reduction commitments, legislation, or regulations or other restrictions or imposition of taxes, fees, or limits on emissions of GHGs could result in increased development, operation, and compliance costs, additional operating restrictions on the Underlying Properties, and additional regulatory burdens, and thus decrease revenue to the Trust.

Hilcorp has informed the Trust that it does not believe that actions undertaken by President Biden’s administration to curtail future leases for natural gas and oil drilling on federally owned land, to the extent they are not reconsidered by the Trump Administration, will impact the Subject Interests because, at the present time, they do not impact current leases.

The Biden administration announced in September 2023 that it has moved to shut down future development of oil, gas and mining activity on approximately 4,200 acres in Sandoval County, New Mexico for the next 50 years. On April 18, 2024, Deb Haaland, Secretary of the Interior, issued Public Land Order 7940, protecting this acreage. The Trump Administration may revisit his order. Regardless, Hilcorp has informed the Trust that the proposed tracts are not within the production area of the Subject Interests or part of any future proposed development plans.

Depending on how policies are formulated and applied, such policies could impact the ability and costs of the operators of the properties underlying the Trust’s Subject Interest to supply products, demand for their products, or the competitiveness of hydrocarbon-based products, which in turn, could reduce net proceeds to the Trust. Any policy that increases the costs for operators of the properties underlying the Subject Interests or decreased market prices could have a material impact on the distributable income of the Trust.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in Hilcorp incurring increased costs, additional operating restrictions or delays and fewer potential drilling locations.

In recent years there has been increased public concern regarding an alleged potential for hydraulic fracturing to adversely affect drinking water supplies and to induce seismic events. As a result, from time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. In the event that new federal restrictions relating to the hydraulic fracturing process are adopted in areas where the properties underlying the Subject Interests are located, Hilcorp and outside operators may incur additional costs or permitting requirements to comply with such federal requirements that may be significant and that could result in added delays or curtailment in the pursuit of exploration, development or production activities, which would in turn reduce the oil and natural gas produced from the properties underlying the Subject Interests.

Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to, and litigation concerning, oil and natural gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays or increased operating costs for operators in the production of oil and natural, including from the developing shale plays, or could make it more difficult for Hilcorp and outside operators to perform hydraulic fracturing. The adoption of any federal, state or local laws or the implementation of regulations regarding hydraulic fracturing could potentially cause a decrease in Hilcorp’s completion of new oil and natural gas wells on the properties underlying the Subject Interests and an associated decrease in the cash distributable to Trust Unit Holders.

CYBERSECURITY RISKS

The Trustee may be subject to attempted cybersecurity disruptions from a variety of sources.

The Trustee maintains robust cybersecurity protocols including, but not limited to technological capabilities that prevent and detect disruptions; computer workstations and programs protected with passwords and passphrases, as well as employee training throughout the year on cybersecurity followed up by testing of that knowledge. Other, non-technical protocols include securing of documents and work areas that could contain personal, non-public information and independent verification of information changes by outside vendors. If the measures taken to protect against cybersecurity disruptions prove to be insufficient or if proprietary data is otherwise not protected, the Trustee could be adversely affected. The Trust is also exposed to potential harm from cybersecurity events that may affect the operations of third parties, including suppliers, service providers (including providers of cloud-hosting services for data or applications), and customers. Cybersecurity disruptions could cause physical harm to people or the environment, damage or destroy assets; compromise business systems; result in proprietary information being altered, lost, or stolen; result in employee, customer, or third-party information being compromised; or otherwise disrupt business operations. The Trust could incur significant costs to remedy the effects of a major cybersecurity disruption in addition to costs in connection with resulting regulatory actions, litigations, or reputational harm.

TAX RISKS RELATED TO THE TRUST UNITS

Trust Unit Holders are required to pay U.S. federal income taxes on their share of the Trust's income, even if they do not receive any cash distributions from the Trust.

Trust Unit Holders are treated as if they own the Trust's assets and receive the Trust's income and are directly taxable thereon as though the Trust were not in existence. Because the Trust generates taxable income that can be different in amount than the cash the Trust distributes, Trust Unit Holders are required to pay any U.S. federal income taxes and, in some cases, state and local income taxes, on their share of the Trust's taxable income even if they receive no cash distributions from the Trust. Trust Unit Holders may not receive cash distributions from the Trust equal to their share of the Trust's taxable income or even equal to the actual tax liability that results from that income.

Unit Holders should consult their own tax advisor regarding state tax requirements, if any, applicable to ownership of Trust Units.

The tax treatment of an investment in Trust Units could be affected by recent and potential legislative changes, possibly on a retroactive basis.

U.S. federal tax reform legislation informally known as the Tax Cuts and Jobs Act (TCJA) was enacted December 22, 2017, and made significant changes to the federal income tax rules applicable to both individuals and entities, including changes to the effective tax rate on a Trust Unit Holder's allocable share of certain income from the Trust. The TCJA is complex and Unit Holders should consult their tax advisor regarding the TCJA and its effect on an investment in Trust Units. In addition, the current administration has generally proposed repealing fossil fuel tax subsidies, which could impact certain tax benefits available to Trust Unit Holders.

Any modification to the U.S. federal income tax laws or interpretations thereof may be applied retroactively and could adversely affect the Trust's business, financial condition or results of operations. The Trust is unable to predict whether any changes or other proposals will ultimately be enacted, or whether any adverse interpretations will be used. Any such changes or interpretations could negatively impact the value of an investment in the Trust Units.

A portion of any gain recognized on the disposition of the Trust Units could be taxed as ordinary income.

A Trust Unit Holder who sells his Trust Units will recognize a gain or loss equal to the difference between the amount realized and the Trust Unit Holder's adjusted tax basis in those Trust Units. A substantial portion of any gain recognized may be taxed as ordinary income due to potential recapture items, including depletion recapture.

The Trust generally allocates its items of income, gain, loss and deduction between transferors and transferees of the Trust Units based upon the monthly record date. The IRS may challenge this treatment.

The Trust generally allocates its items of income, gain, loss and deduction between transferors and transferees of the Trust Units each month based upon the ownership of the Trust Units on the monthly record date, instead of the date a particular Trust Unit is transferred. The IRS could disagree with this allocation method and could assert that income and deductions of the Trust should be determined and allocated on a daily or prorated basis, which could require adjustments to the tax returns of the affected Trust Unit Holders and result in an increase in the administrative expense of the Trust in subsequent periods.

The Trust has not requested a ruling from the IRS regarding the tax treatment of the Trust. If the IRS were to determine (and be sustained in that determination) that the Trust is not a "grantor trust" for U.S. federal income tax purposes, the Trust could be

subject to more complex and costly tax reporting requirements that could reduce the amount of cash available for distribution to Trust Unit Holders.

If the Trust were not treated as a grantor trust for U.S. federal income tax purposes, the Trust should be treated as a partnership for such purposes. Although the Trust would not become subject to U.S. federal income taxation at the entity level as a result of treatment as a partnership, and items of income, gain, loss and deduction would flow through to the Trust Unit Holders, the Trust's tax reporting requirements would be more complex and costly to implement and maintain, and its distributions to Trust Unit Holders could be reduced as a result.

If the Trust were treated for U.S. federal income tax purposes as a partnership, it would likely be subject to new audit rules that alter the procedures for auditing large partnerships and assessing and collecting income taxes due (including applicable penalties and interest) as a result of an audit. These rules effectively would impose an entity level tax on the Trust, and Trust Unit Holders might have to bear the expense of the adjustment even if they were not Trust Unit Holders during the audited taxable year.

Neither Hilcorp nor the Trustee has requested a ruling from the IRS regarding the tax status of the Trust, and neither Hilcorp nor the Trust can assure you that such a ruling would be granted if requested or that the IRS will not challenge these positions on audit.

Trust Unit Holders should be aware of any possible state tax implications of owning Trust Units.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Trust does not have a board of directors, so the Trustee is responsible for oversight of the Trust's risks from cybersecurity threats. The Trustee has dedicated personnel that are responsible for assessing and managing the Trust's cyber risk management program, informing senior management of the Trustee regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents and supervising such efforts. The Trustee's information technology team has decades of experience selecting, deploying, and operating cybersecurity technologies, initiatives, and processes, and relies on threat intelligence as well as other information obtained from governmental, public or private sources, including external consultants engaged by the Trustee to monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents. External partners are a key part of the Trustee's cybersecurity protocols and policies. The Trustee works with leading firms in the cybersecurity industry, leveraging their technology and expertise to monitor and maintain the performance and effectiveness of products and services that are used by the Trustee.

The Trustee maintains a cyber risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats, which processes are integrated into the Trustee's overall risk management process. The Trustee maintains robust cybersecurity protocols, including but not limited to technological capabilities that prevent and detect disruptions; computer workstations and programs protected with passwords and passphrases, as well as employee training throughout the year on financial regulations and cybersecurity followed up by testing of that knowledge. The protocols are based on recognized best practices and standards for cybersecurity and information technology. The Trustee has an annual assessment, performed by a third-party vendor, of the Trustee's cyber risk management program.

Other, non-technical protocols include securing of documents and work areas that could contain personal, non-public information and independent verification of information changes by outside vendors.

The Trust faces risks from cybersecurity threats that could have a material adverse effect on its business, financial condition, results of operations, cash flows or reputation. The Trustee has experienced, and will continue to experience, cyber incidents in the normal course of its business. However, prior cybersecurity incidents have not had a material adverse effect on the Trust's business, financial condition, results of operations, or cash flows. See Item 1A. "Risk Factors – Cybersecurity Risks."

ITEM 2. PROPERTIES

The Royalty conveyed to the Trust was carved out of Southland's (now Hilcorp's) working interests and royalty interests in certain properties situated in the San Juan Basin. See Item 1. *Business* for information on the conveyance of the Royalty to the Trust. References below to "gross" wells and acres are to the interests of all persons owning interests therein, while references to "net" are to the interests of Hilcorp (from which the Royalty was carved) in such wells and acres.

Unless otherwise indicated, the following information in this Item 2 is based upon data and information furnished to the Trustee by Hilcorp.

The Subject Interests

The Subject Interests consist of working interests, royalty interests, overriding royalty interests and other contractual rights in 151,900 gross (119,000 net) producing acres in San Juan, Rio Arriba and Sandoval Counties of northwestern New Mexico. According to information provided by Cawley, Gillespie and Associates, Inc. (CG&A), the Trust's third party reserve engineers, there were, as of December 31, 2024, 4,342 gross (816.1 net) wells on the properties underlying the Subject Interests, calculated on a well bore basis and not including multiple completions as separate wells, of which approximately 1,009 gross (287.6 net) wells were Multiple Completion Wells, resulting in a total of 5,431 gross (1,140.5 net) completions.

CG&A has informed the Trust that all of the subject acreage is held by production, and even though it has not been fully developed in every formation, CG&A has classified all of such acreage as developed. Production from conventional natural gas wells is primarily from the Pictured Cliffs, Mesaverde, Mancos, and Dakota formations, ranging in depth from 1,500 to 8,000 feet. Additional production is attributable to coal seam reserves in the Fruitland Coal formation.

The Royalty conveyed to the Trust is limited to the base of the Dakota formation, which is currently the deepest significant producing formation under acreage affected by the Royalty. Rights to production, if any, from deeper formations are retained by Hilcorp.

2025 Capital Expenditure Budget

On February 13, 2025, the Trust announced that Hilcorp had provided the Trust with its 2025 capital project plan for the Subject Interests (the "2025 Plan"), and Hilcorp has estimated its 2025 capital expenditures for the Subject Interests to be \$9.0 million, significantly less than the production costs incurred in 2024.

Hilcorp informed the Trust that its 2025 Plan for the Subject Interests includes 29 projects. Approximately \$4.0 million of the 2025 Plan's budget will be allocated to seven new vertical drill projects, all completed in the Dakota/Mesa Verde formations. Approximately \$4.5 million of the \$9.0 million budget will be allocated to 22 projects for recompletions and workovers in the Fruitland Coal formation and approximately \$0.5 million will be allocated to facilities projects related to natural gas compression and other facilities projects. Hilcorp further informed the Trust that its planned project status for 2025 is subject to revision if Hilcorp revises its assumptions underlying the 2025 Plan, in which event the actual capital costs may vary from these estimates.

Oil and Natural Gas Production

The natural gas volumes reported to the Trust by Hilcorp are based on plant residue gas volumes plus equivalent volumes for natural gas liquids. Hilcorp converts one barrel of natural gas liquids to six Mcf of natural gas using industry standards. Production of oil and natural gas and related average sales prices attributable to each of the Subject Interests and the Royalty for each of the two years ended December 31, 2024, were as follows:

	For the year ended December 31,			
	2024		2023	
	Natural Gas (Mcf)	Oil and Condensate (Bbls)	Natural Gas (Mcf)	Oil and Condensate (Bbls)
Production				
Subject Interests	22,415,695	32,471	23,447,077	43,959
Average Price (per Mcf/Bbl)	\$ 2.07	\$ 68.07	\$ 4.69	\$ 66.34
Royalty	2,359,534	17,822	8,881,158	29,275
Average Price (per Mcf/Bbl)	\$ 1.12	\$ 68.47	\$ 6.43	\$ 66.19

Production costs for natural gas and oil attributable to the Subject Interests for the two years ended December 31, 2024, were as follows:

	2024	2023
Total Production Costs (including capital expenses)	\$ 82,130,843	\$ 43,492,282
Average Production Costs per unit of Production	\$ 3.6324	\$ 1.8549
Lease Operating Expenses	\$ 30,830,580	\$ 27,348,678
Average Lifting Cost per unit of Production	\$ 1.3636	\$ 1.1664

Based on Hilcorp's reporting methodology, the Trust recognizes production during the month in which the related Royalty Income is paid to the Trust. Royalty Income for a calendar year is based on the actual natural gas and oil production during the period beginning with November of the preceding calendar year through October of the current calendar year. Sales volumes attributable to the Royalty are determined by dividing the net profits by the Trust from the sale of oil and natural gas, respectively, by the prices received for sales of such volumes from the Subject Interests, taking into consideration production taxes attributable to the Subject Interests. Because the oil and natural gas sales attributable to the Royalty are based upon an allocation formula dependent on such factors as price and cost, including capital expenditures, the aggregate sales amounts from the Subject Interests may not provide a meaningful comparison to sales attributable to the Royalty.

Production from the Subject Interests is influenced by the line pressure of the natural gas gathering systems in the San Juan Basin. As noted above, oil and natural gas sales attributable to the Royalty are based on an allocation formula dependent on many factors, including oil and natural gas prices and capital expenditures.

Marketing

Natural gas produced in the San Juan Basin is sold in both interstate and intrastate commerce. Please refer to the discussion contained herein under "Regulation" for information as to federal regulation of prices of oil and natural gas. As part of the transition from Burlington to Hilcorp, Hilcorp has assumed, or been assigned, all the natural gas purchase, gathering and processing contracts affecting the Subject Interests. Natural gas produced from the Subject Interests is processed at the following sites: Ignacio, Val Verde, San Juan Gas Complex, and Milagro, all located in the San Juan Basin. Hilcorp sells natural gas produced from the Subject Interests under various contracts.

Hilcorp's sales contracts are executed based on request for proposals (RFPs) seasonally but have consistently been won by Chevron Natural Gas ("Chevron") and EDF Trading North America LLC ("EDF"), as is the case for the upcoming summer season. Each of Hilcorp's sales contracts with EDF and Chevron provides for (i) the delivery of such natural gas at various delivery points through their respective termination dates and (ii) the sale of such natural gas at prices that fluctuate in accordance with published indices for natural gas sold in the San Juan Basin. Hilcorp's natural gas sales are also contracted with New Mexico Gas Company, Inc. The contract provides for the sale of certain winter-only natural gas supplies. All of the natural gas is processed at the Ignacio Plant, Val Verde Plant, San Juan Gas Complex, and Milagro plant at prices that fluctuate in accordance with published indices for natural gas sold in the San Juan Basin.

Hilcorp contracts with Enterprise Field Services, LLC ("EFS") for the gathering and processing of certain natural gas produced from the Subject Interests. Hilcorp's predecessor signed an agreement with EFS which was effective November 1, 2011, for a term of 15 years. Hilcorp's predecessor has disclosed to the Trust a summary of that agreement which the Trust has reviewed with its consultants, subject to conditions of confidentiality.

Hilcorp entered into a contract with Williams Four Corners, LLC ("WFC"), which is effective for a term of two years commencing April 1, 2025. The WFC contract covers the gathering and processing of virtually all of the natural gas produced from the Subject Interests. On October 1, 2018, Harvest Midstream I, L.P., an affiliated midstream company of Hilcorp, completed the acquisition of WFC's gas pipeline and processing facilities in the San Juan Basin. The Conveyance sets forth the processing costs that Hilcorp can charge for both non-affiliates and affiliates.

The Trust is not a party to any of the purchase, gathering or processing contracts, and thus the Trust has limited ability to know or affect all of the terms of such contracts. As part of the 1996 settlement of litigation filed by the Trustee in 1992 against Burlington and Southland, the Trustee and Burlington established a formal protocol pursuant to which compliance auditors retained by the Trustee have access to Burlington and its successors' books and records, which protocol has been adopted by Hilcorp.

Oil and Natural Gas Reserves

Proved Reserves

All of the Trust's reserves are located in the San Juan Basin. Total proved Developed and Undeveloped Oil and Natural Gas Reserves attributable to the Royalty as of December 31, 2024, were as follows:

Reserves Category	Proved Reserves ⁽¹⁾⁽²⁾	
	Natural Gas (MMcf)	Crude Oil and Condensate (MBbls)
Developed	62,095	132
Undeveloped	—	—
Total Proved	62,095	132

- (1) Proved reserves were calculated using prices equal to the 12-month unweighted arithmetic average of the first-day-of-the-month commodity prices for each of the preceding 12 months, which were \$2.13 per MMBtu (Henry Hub) of natural gas and \$75.48 per Bbl (West Texas Intermediate) of oil. The adjusted volume-weighted average prices over the life of the properties were \$2.32 per Mcf of gas and \$66.35 per Bbl of oil.
- (2) The Trust does not own a specific percentage of the oil and gas reserves because the Conveyance has defined the Trust's interest as a net overriding royalty interest. Because the Trust's reserve quantities are determined using an allocation formula, any fluctuations in actual or assumed prices or costs will result in revisions to the estimated reserve quantities allocated to the net overriding royalty interest.

Estimated quantities of proved Developed Oil and Natural Gas Reserves attributable to the Royalty as of December 31, 2024 and 2023 were as follows:

	2024	2023
Natural Gas (MMcf)	62,095	57,488
Crude Oil and Condensate (MBbls)	132	186

Proved Undeveloped Reserves

Based on information provided by Hilcorp and analysis by the Trust's independent reserve engineer, there were no proved undeveloped reserves identified as of December 31, 2024. There were 9,135 MMcf proved undeveloped reserves identified in 2023. The changes in proved undeveloped reserves were primarily due to Hilcorp's two drilling projects in the Mancos formation in 2024.

Internal Controls over Reserves Estimates

The process of estimating oil and natural gas reserves is complex and requires significant judgment. The Trust, however, does not have the same level of information that generally would be available to a company with oil and natural gas operations because detailed information generally is not available to owners of royalty interests. Thus, the Trustee relies upon accumulated information and data solely provided by Hilcorp regarding the Royalty derived from the Subject Interests and provides such information for the Trust's auditing purposes to Cawley, Gillespie & Associates, Inc. ("CG&A"). CG&A extrapolates from such Hilcorp-provided information estimates of the reserves attributable to the Subject Interests based on its expertise in the oil and natural gas fields where the Subject Interests are situated, as well as other publicly available information, and provides the results to the Trust.

The Trust maintains internal controls and procedures applicable to reserve estimation, which are reviewed annually and updated as required, and the Trust reviews the reserve reports prepared by CG&A for reasonableness. The Trust's internal controls and procedures regarding reserve estimates require proved reserves to be determined and disclosed in compliance with SEC definitions and guidance.

Third-Party Reserves

The Trust does not maintain an internal petroleum engineering department and instead relies upon CG&A for a qualified, independent report of estimated reserves. The Trust has verified the qualifications and credentials of CG&A to prepare reserve estimates on behalf of the Trust. The independent petroleum engineers' reports as to the proved oil and natural gas reserves as of December 31, 2023 and 2024 were prepared by CG&A. CG&A, whose firm registration number is F-693, was founded in 1961 and is nationally recognized in the evaluation of oil and natural gas properties. The technical person at CG&A primarily responsible for overseeing the reserve estimate with respect to the Trust is Zane Meekins. Mr. Meekins has been a practicing petroleum engineering consultant since

1989, with over 35 years of practice experience in petroleum engineering and is a registered professional engineer in the State of Texas (License No. 71055). Mr. Meekins graduated from Texas A&M University in 1987, *summa cum laude*, with a B.S. in Petroleum Engineering. Both CG&A and Mr. Meekins have indicated that they meet or exceed all requirements set forth in Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

Regulation

General

Exploration for and production and sale of oil and natural gas are extensively regulated at the national, state, and local levels. These laws may govern a wide variety of matters, including allowable rates of production, transportation, marketing, pricing, well construction, water use, prevention of waste, waste disposal, pollution, and protection of the environment. These laws, regulations and orders have in the past, and may again, restrict the rate of oil and natural gas production below the rate that would otherwise exist in the absence of such laws, regulations, and orders.

Laws affecting the oil and natural gas industry and the distribution of its products are under constant review for amendment or expansion, frequently increasing the regulatory burden on operations. Numerous governmental departments and agencies are authorized by statute to issue, and have issued, rules and regulations binding on the oil and natural gas industry. Compliance with applicable laws is often difficult and costly, while non-compliance may result in substantial penalties. Such costs and penalties may affect the amount of Net Proceeds attributable to the Royalty that are paid to the Trust by Hilcorp or by subsequent operators of the Subject Interests.

Natural Gas

The transportation and resale of natural gas in interstate commerce, historically, have been regulated pursuant to several laws enacted by Congress and the regulations promulgated under these laws by the Federal Energy Regulatory Commission ("FERC") and its predecessor. In the past, the federal government has regulated the prices at which natural gas could be sold in interstate commerce. Congress removed all price and non-price controls affecting wellhead sales of natural gas under the Natural Gas Wellhead Decontrol Act effective January 1, 1993. Congress could, however, reenact controls in the future.

Any transportation of crude oil, natural gas liquids and purity components (ethane, propane, butane, iso-butane, and natural gasoline) by rail is also subject to regulation by the DOT's Pipeline and Hazardous Materials Safety Administration ("PHMSA") and the DOT's Federal Railroad Administration ("FRA") under the Hazardous Materials Regulations at 49 CFR Parts 171-180 ("HMR"), including Emergency Orders by the FRA and new regulations being proposed by the PHMSA, arising due to the consequences of train accidents and the increase in the rail transportation of flammable liquids.

Sales of natural gas are affected by the availability, terms, and cost of transportation. The price and terms for pipeline transportation remain subject to extensive federal and state regulation. Several major regulatory changes have been implemented by Congress and FERC from 1985 to the present that affect the economics of natural gas production, transportation, and sales. In addition, FERC continues to promulgate revisions to various aspects of the rules and regulations affecting those segments of the natural gas industry, most notably interstate natural gas transmission companies, that remain subject to FERC's jurisdiction. These initiatives may also affect the intrastate transportation of gas under certain circumstances. The stated purpose of many of these regulatory changes is to promote competition among the various sectors of the natural gas industry.

Additional proposals and proceedings that might affect the natural gas industry are considered from time to time by Congress, FERC, state regulatory bodies and the courts. The Trust cannot predict when or if any such proposals might become effective, or their effect, if any, on the Trust. The natural gas industry historically has been very heavily regulated; therefore, there is no assurance that the less stringent regulatory approach to natural gas sales pursued since 1993 by FERC and Congress will continue.

Sales of crude oil, condensate and gas liquids are not currently regulated and are made at market prices. The ability to transport and sell petroleum products depends on pipelines that transport such products in interstate commerce and FERC regulates the rates, terms, and conditions of service by such pipelines under the Interstate Commerce Act.

Any such price or non-price control regulations may affect the amount of Royalty and Royalty Income that is paid to the Trust by Hilcorp or subsequent operators of the Subject Interests.

Environmental Regulation

General. Activities on the Subject Interests are subject to existing stringent and complex federal, state and local laws (including case law) and regulations governing health, safety, environmental quality and pollution control. Those requirements have frequently changed, and new programs may be even more stringent. Failure to comply with applicable health, safety and environmental laws, rules and regulations may result in the assessment of administrative, civil or criminal penalties; the imposition of investigatory or remedial obligations; and the issuance of injunctions limiting or preventing some or all of the operations on the Subject Interests. Accordingly, these regulations often require difficult and costly compliance measures.

Waste Handling. The Resource Conservation and Recovery Act (“RCRA”), as amended, and comparable state statutes and regulations promulgated thereunder, affect oil and natural gas exploration, development and production activities by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. With federal approval, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. Although most wastes associated with the exploration, development and production of oil and natural gas are exempt from regulation as hazardous wastes under RCRA and its state analogs, it is possible that some wastes the operators of the Subject Interests generate presently or in the future could be subject to regulation under RCRA and state analogs. Legislation has been proposed from time to time in Congress to re-categorize certain oil and natural gas exploration, development and production wastes as “hazardous wastes.” To the extent any wastes generated by the operators of the Subject Interests are subject to regulation under RCRA or state analogs, or if the EPA or a state with jurisdiction proposes a rulemaking for revised oil and gas waste regulations in the future, any such regulation or changes in the laws and regulations could have a resulting increase in production costs that may affect the amount of Royalty and Royalty Income that is paid to the Trust by Hilcorp or subsequent operators of the Subject Interests. In addition, on February 8, 2024, EPA proposed adding nine particular per- and polyfluoroalkyl compounds (“PFAS”) to its list of hazardous constituents. It is unclear whether or when EPA may finalize this rule, but if it does this change in the regulations could have a resulting increase in production costs that may affect the amount of Royalty and Royalty Income that is paid to the Trust by Hilcorp or subsequent operators of the Subject Interests.

Cleanup. Under certain environmental laws and regulations, the operators of the Subject Interests could be subject to strict, joint and several liability for the removal or remediation of property contamination, whether at a drill site or a waste disposal facility, even when the operators did not cause the contamination, or their activities were in compliance with all applicable laws at the time the actions were taken. The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the “superfund” law, for example, imposes liability, regardless of fault or the legality of the original conduct, on certain classes of persons for releases into the environment of a “hazardous substance.” Liable persons may include the current or previous owner and operator of a site where a hazardous substance has been disposed and persons who arranged for the disposal of a hazardous substance at a site. Under CERCLA and similar statutes, government authorities or private parties may take actions in response to threats to the public health or the environment, or releases or threatened releases of hazardous substances, and sue responsible persons for the associated costs; government authorities also may direct responsible persons to implement cleanup measures. Although CERCLA excludes “petroleum” from the definition of hazardous substance, in the course of operations, the working interest owner and/or the operator of Subject Interests may have generated and may generate materials that fall outside of this exclusion and that could trigger cleanup liabilities. In addition, the Subject Interests have produced oil and/or natural gas for many years, and previous operators may have disposed or released hydrocarbons, wastes or hazardous substances at the Subject Interests. The operator of the Subject Interests or the working interest owners may be responsible for all or part of the costs to clean up any such contamination. Although the Trust is not the operator of any Subject Interests, or the owner of any working interest, its ownership of the Royalty could cause it to be responsible for all or part of such costs to the extent CERCLA, or any similar statute, imposes responsibility on such parties as “owners.”

Water Discharges. The Federal Water Pollution Control Act of 1972, as amended, also known as the Clean Water Act (“CWA”), the Safe Drinking Water Act, the Oil Pollution Act of 1990 (“OPA”), and analogous state laws and regulations promulgated thereunder impose restrictions and strict controls regarding the unauthorized discharge of pollutants, including produced waters and other oil and gas wastes, into waters of the United States (“WOTUS”), as well as state waters for analogous state programs. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or applicable state analog. The CWA and regulations implemented thereunder also prohibit the discharge of dredge and fill material into regulated waters, including jurisdictional wetlands, unless authorized by an appropriately issued permit from the U.S. Army Corps of Engineers (the “Corps”). In May 2023, the U.S. Supreme Court’s decision in *Sackett v. EPA* narrowed federal jurisdiction over wetlands to “traditional navigable waters” and wetlands or other waters that have a “continuous surface connection” with or are otherwise indistinguishable from traditional navigable water. In September 2023, the EPA and the Corps published a direct-to-final rule that conforms the regulatory definition of WOTUS to the Supreme Court’s May 2023 decision in *Sackett*. On March 12, 2025, EPA issued guidance on the proper implementation of “continuous surface connection” under the definition of WOTUS. The guidance narrows wetlands jurisdiction to waters adjacent to WOTUS, “which generally means traditional navigable waters, or a relatively permanent body of water connected to a traditional navigable water,” and to wetlands with a “continuous surface connection to a requisite covered water making it difficult to determine where the water ends and wetland begins.” In the wake of the *Sackett* decision, several states have developed their own wetlands policies

or regulatory programs to address discharges to intra-state waters that may no longer be regulated as WOTUS. EPA and various states also impose permitting requirements for the disposal of produced water by underground injection.

The EPA has also adopted regulations requiring certain oil and natural gas exploration and production facilities to obtain individual permits or coverage under general permits for storm water discharges. Costs may be associated with the treatment of wastewater or developing and implementing storm water pollution prevention plans, as well as for monitoring and sampling the storm water runoff from certain of our facilities. Some states also maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. EPA and various states also impose permitting requirements for the disposal of produced water by underground injection.

The OPA is the primary federal law for oil spill liability and contains numerous requirements relating to the prevention of and response to petroleum releases into WOTUS, including the requirement that operators of offshore facilities and certain onshore facilities near or crossing waterways must develop and maintain facility response contingency plans and maintain certain significant levels of financial assurance to cover potential environmental cleanup and restoration costs. The OPA subjects owners of facilities to strict, joint and several liability for all containment and cleanup costs and certain other damages arising from a release, including, but not limited to, the costs of responding to a release of oil to surface waters, removal costs and natural resource damages.

These permitting requirements could create additional production costs, and any noncompliance with the CWA or the OPA may result in substantial administrative, civil and criminal penalties, as well as injunctive obligations for which the operator of the Subject Interests or the working interest owners may be responsible.

Climate Change. Mitigating climate change has become the subject of an important public policy debate and the basis for new legislation proposed by the United States Congress and certain states. Some states have adopted climate change statutes and regulations, and the Biden Administration has pursued executive actions to address climate change. At the international level, the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (“UNFCCC”) resulted in nearly 200 countries, including the United States, coming together to develop the Paris Agreement, intended to nationally determine their contributions and set greenhouse gas (“GHG”) emission reduction goals every five years beginning in 2020. In February 2021, as a party to the Paris Agreement, the U.S. announced a target to achieve a 50% to 52% reduction from 2005 levels in economy-wide GHG emissions by 2030. Accordingly, the Biden administration has set ambitious domestic targets for curbing climate change, such as making the U.S. power sector climate neutral by 2035 and achieving a net-zero emissions economy by 2050. In addition, in September 2021, President Biden publicly announced the Global Methane Pledge, a pact that aims to reduce global methane emissions at least 30% below 2020 levels by 2030, including “all feasible reductions” in the energy sector. On January 20, 2025, President Trump signed Executive Order 14162, directing the immediate withdrawal of the United States from the Paris Agreement and similar commitments under the United Nations Framework Convention on Climate Change, which includes the Global Methane Pledge.

The Inflation Reduction Act (“IRA”) was signed into law in August 2022 and contains many provisions that address climate change by creating incentives to use alternative fuels and sources of energy: Methane Emissions and Waste Reduction Incentive Program, which requires the EPA to impose a “waste emissions charge” on certain natural gas and oil sources that are already required to report under the EPA’s Greenhouse Gas Reporting Program. To implement the program, the IRA requires revisions to GHG reporting regulations for petroleum and natural gas systems (Subpart W) by 2024. In July 2023, the EPA proposed to expand the scope of the Greenhouse Gas Reporting Program for petroleum and natural gas facilities, as required by the IRA. Among other things, the proposed rule would expand the emissions events that are subject to reporting requirements to include “other large release events” and apply reporting requirements to certain new sources and sectors. The fee imposed under the Methane Emissions and Waste Reduction Incentive Program for 2024 would be \$900 per ton emitted over annual methane emissions thresholds, and would increase to \$1,200 in 2025, and \$1,500 in 2026. The Methane Emissions Reduction Program in the IRA (Sec. 60113) also gives the Environmental Protection Agency (“EPA”) the ability to impose charges on methane emitted by certain oil and gas companies. The charges will start in 2024 and apply to facilities that emit over 25,000 metric tons of carbon dioxide equivalent unless exemptions are available. Funding under the IRA also provides grant money for methane and greenhouse gas emission mitigation activities. On May 14, 2024, EPA promulgated its final Greenhouse Gas Reporting Rule. The rule requires that certain sources report GHGs over 25,000 tons per year. On April 25, 2024, EPA promulgated subpart Y of the GHG reporting rule that applies to refineries. In March 2025, EPA announced that it was reconsidering the GHG Reporting Rule.

The IRA, to the extent it is implemented by the Trump Administration, aims to reduce U.S. GHG emissions by approximately 40% by 2030 compared with 2005 levels and put the United States on course for its commitment to attain a net-zero economy by 2050. In addition, many state and local governments have intensified or stated their intent to intensify efforts to support international climate commitments and treaties, in addition to developing programs that are aimed at reducing GHG emissions by means of cap and trade programs, carbon taxes, the development of greenhouse gas inventories or encouraging the use of renewable energy or alternative low-carbon fuels. The impact such regulation may have on the amount of Royalty and Royalty Income paid to the Trust by Hilcorp or subsequent operators of the Subject Interests is difficult to predict.

In addition, federal agencies are building upon their existing programs, like those governed by the Clean Air Act, as amended (the “CAA”), to impose new climate controls. In 2009, EPA issued an “Endangerment Finding” under Section 202(a) of the CAA, concluding GHG pollution threatens the public health and welfare of future generations. And EPA has required annual reporting of GHG for persons operating certain types of industrial facilities, including oil and natural gas production, transmission and storage operations that emit 25,000 metric tons or more of carbon dioxide equivalent per year. The data collected through the reporting rules has helped to provide a basis for promulgating GHG emission limits.

Collectively, the ultimate scope of these climate change or GHG regulations remains uncertain; however, any resulting increase in production costs may affect the amount of Royalty and Royalty Income that is paid to the Trust by Hilcorp or subsequent operators of the Subject Interests.

Air Emissions. The CAA and comparable state and local laws and regulations, regulate emissions of various air pollutants through the issuance of permits and the imposition of other requirements. The EPA has developed, and continues to develop, stringent regulations governing emissions of air pollutants at specified sources. New facilities may be required to obtain permits before work can begin, and modified and existing facilities may be required to obtain additional permits. As a result, operators may need to incur capital costs in order to remain in compliance. Obtaining or renewing permits also has the potential to delay the development of oil and natural gas projects. Federal and state regulatory agencies can impose administrative, civil and criminal penalties and seek injunctive relief for non-compliance with air permits or other requirements of the CAA and associated state laws and regulations. The operators of the Subject Interests are responsible for maintaining compliance with all applicable air emissions regulations and holding all necessary and valid construction and operating permits for operations.

A number of those rules have addressed emissions from the oil and gas industry. On August 16, 2012, for example, the EPA issued a final rule that established new source performance standards for volatile organic compounds (“VOCs”) and sulfur dioxide, an air toxics standard for sources of oil and natural gas production, and an air toxics standard for sources of natural gas transmission and storage. That rule generally required all hydraulically fractured or refractured natural gas wells to be completed using so-called “green completion” technology, which significantly reduces VOC emissions. Limiting those emissions of VOCs has the co-benefit of also limiting methane, a greenhouse gas. These regulations, referred to as New Source Performance Standards (“NSPS”) Subpart OOOO, also apply to storage tanks and other equipment in the affected oil and natural gas industry segments. In May 2016, EPA issued a suite of new final regulations, referred to as NSPS Subpart OOOOa, designed to limit methane, VOCs, and other emissions from new and existing sources in the oil and natural gas sector. Among other things, these rules applied green completion requirements to newly fractured and re-fractured oil wells. Rulemaking concerning regulation of greenhouse gas and other emissions from the oil and natural gas industry continues. In December 2023, EPA finalized new rules for oil and gas sources that would (i) ensure all wells are routinely monitored for leaks, (ii) encourage use of innovative and advanced monitoring, (iii) impose strengthened emission standards for certain equipment, and (iv) require states to reduce methane emissions from existing sources. The final rule gives states, along with federal tribes that wish to regulate existing sources, two years to develop and submit their plans for reducing methane emissions from existing sources. The final emissions guidelines under Subpart OOOOc provide three years from the plan submission deadline for existing sources to comply. On March 12, 2025, the Trump Administration announced it is reconsidering rules promulgated by the Biden Administration under NSPS Subpart OOOO b/c. States have also begun to regulate through their New Source Performance Standards (“NSPS”) and other air emissions programs the emission of VOCs and methane from oil and gas production process equipment, storage tanks and produced water impoundments and other assets. The ultimate scope of these regulations remains uncertain; however, any resulting increase in production costs may affect the amount of Royalty and Royalty Income that is paid to the Trust by Hilcorp or subsequent operators of the Subject Interests.

The oil and gas industry also is likely to be indirectly affected by EPA rulemakings covering other industry sectors. For example, in 2015 EPA promulgated its Clean Power Plan, which imposed greenhouse gas emissions limits on U.S. power plants. In the Trump Administration, EPA replaced the Clean Power Plan with the Affordable Clean Energy rule, which interpreted the Clean Air Act as limiting the scope of the federal government’s authority to establishing only source-specific (or “inside the fence line”) emissions reduction requirements for coal-fired power plants. The D.C. Circuit vacated the Affordable Clean Energy rule, but the Supreme Court reversed the vacatur and ruled the Clean Power Plan was invalid. On May 11, 2023, the EPA issued a proposed rulemaking to replace the Affordable Clean Energy rule with new standards governing emissions from fossil-fuel-fired power plants (EPA-HQ-OAR-2023-0072) and supplemented its proposal on November 15, 2023. On March 12, 2025, the Trump Administration announced it is reconsidering these Clean Power Plan 2.0 rules promulgated by the Biden Administration. While there remains some uncertainty, the EPA may adopt more stringent limits on GHG emissions and incentivize alternative energy sources. Adoption of any such requirements could reduce demand for oil and gas generally, including oil and natural gas produced from the Subject Interests, and could increase the cost of operations of the Subject Interests, which could result in a loss of reserves or revenues to the Trust. The impact such regulation may have on the amount of Royalty and Royalty Income paid to the Trust by Hilcorp or subsequent operators of the Subject Interests is difficult to predict.

At the federal regulatory level, both the EPA and the Bureau of Land Management (“BLM”) have adopted regulations for the control of methane emissions, which also include leak detection and repair requirements, from the oil and gas industry. However, on February 3, 2025, Doug Burgum, the Secretary of the Interior, issued SO 3418, entitled “Unleashing American Energy, that required, in part, that his assistant secretaries submit an action plan to include steps to suspend, revise or rescind certain methane waste regulations, including, “Waste Prevention, Production Subject to Royalties, and Resource Conservation,” 89 Fed. Reg. 25378 (Apr. 10, 2024). In addition, President Biden has declared that he supports federal government efforts to ban new leases for production of minerals on federal properties, including onshore lands. The Trump Administration may revisit some or all such bans. Any of these actions could require Hilcorp to increase capital expenditures for the Subject Interests, decrease demand for natural gas and oil production, or limit the Subject Interests’ ability to produce natural gas or oil production. The Trust is unable to determine what, if any, the effects of such actions will have on the Subject Interests’ ability to produce natural gas and oil, and Hilcorp’s ability to pay Royalty Income to the Trust.

Hilcorp has informed the Trust that it does not believe that actions undertaken by President Biden’s administration to curtail future leases for natural gas and oil drilling on federally owned land will impact the Subject Interests because, at the present time, they do not impact current leases. The Trump Administration may revisit some or all of these lease curtailments.

The Biden administration announced in September 2023 that it has moved to shut down future development of oil, gas and mining activity on approximately 4,200 acres in Sandoval County, New Mexico for the next 50 years. On April 18, 2024, Deb Haaland, Secretary of the Interior, issued Public Land Order 7940, protecting this acreage. The Trump Administration may revisit his order. Regardless, Hilcorp has informed the Trust that the proposed tracts are not within the production area of the Subject Interests or part of any future proposed development plans.

Endangered Species Act and Migratory Birds Treaty Act

In the United States, the Endangered Species Act (the “ESA”) restricts activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act (the “MBTA”). To the extent species that are listed under the ESA or similar state laws, or are protected under the MBTA, live in the areas where the Subject Interests are located, Hilcorp’s abilities to conduct or expand operations on the Subject Interests could be limited, or Hilcorp could be forced to incur material additional costs. Moreover, Hilcorp’s drilling activities may be delayed, restricted or precluded in protected habitat areas or during certain seasons, such as breeding and nesting seasons.

The designation of previously unidentified endangered or threatened species could cause Hilcorp’s operations to become subject to operating restrictions or bans, and limit future development activity in affected areas. To the extent species are listed under the ESA or similar state laws, or previously unprotected species are designated as threatened or endangered in areas where the Subject Interests are located, operations on the Subject Interests could incur increased costs arising from species protection measures and face delays or limitations with respect to production activities thereon.

Certain Tax Considerations

The classification of the Trust’s income for purposes of the passive loss rules may be important to a Unit Holder. As a result of the Tax Reform Act of 1986, royalty income such as that derived through the Trust will generally be treated as portfolio income that may not be offset or reduced by passive losses.

The Trustee has been informed that the New Mexico Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act (the “Withholding Tax Act”) requires remitters who pay certain oil and natural 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 natural gas production), as well as amounts deducted from payments that are for expenses related to oil and natural gas production, are excluded from the withholding requirements of the Withholding Tax Act. Unit Holders should consult with their individual tax advisors regarding the applicability of the Withholding Tax Act and other tax matters to distributions received from the Trust by a Unit Holder.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S UNITS, RELATED UNIT HOLDER MATTERS AND ISSUER PURCHASES OF UNITS

Units of Beneficial Interest

The Trust's units of beneficial interest (the "Units") are traded on the New York Stock Exchange under the symbol "SJT."

Cash Distributions

The Trust makes monthly cash distributions to the Unit Holders. The aggregate monthly distribution amount is the excess of (i) the Royalty Income attributable to the Royalty paid to the Trustee of the Trust, plus any decrease in cash reserves previously established for liabilities and contingencies of the Trust, over (ii) the expenses and payments of liabilities of the Trust, plus any net increase in cash reserves. Future payments of cash distributions are dependent on such factors as prevailing natural gas and oil prices, expenses, increases in cash reserves and the actual production from the Subject Interests. True-ups from prior periods may also impact the ability of the Trust to pay distributions or may affect the amount of distributions payable to the Unit Holders.

Unit Holders

According to the records of the Trust's transfer agent, as of March 26, 2024, there were 46,608,796 Units outstanding held by 718 Unit Holders of record. The actual number of Unit Holders is greater than these numbers of Unit Holders of record and includes Unit Holders who are beneficial owners, but whose shares are held in street name by brokers and nominees. The number of Unit Holders of record also does not include Unit Holders whose Units may be held in trust by other entities.

Equity Compensation Plans

The Trust has no directors, executive officers, or employees. Accordingly, the Trust does not maintain any equity compensation plans, and there are no Units reserved for issuance under any such plans.

ITEM 6. RESERVED

ITEM 7. TRUSTEE'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As discussed herein under Part II, Item 9A (Controls and Procedures), due to the pass-through nature of the Trust, Hilcorp is the primary source of the information disclosed in this Annual Report on Form 10-K and the other periodic reports filed by the Trust with the SEC. Although the Trustee receives periodic updates from Hilcorp regarding activities which may relate to the Trust, the Trust's ability to timely report certain information required to be disclosed in the Trust's periodic reports is dependent on Hilcorp's timely and accurate delivery of the information to the Trust.

Overview

The principal asset of the Trust is the Royalty, which consists of a 75% net overriding royalty interest that burdens the Subject Interests located in the San Juan Basin. The primary function of the Trustee is to collect the Royalty Income, to pay all expenses and charges of the Trust and to distribute the remaining available income to the Unit Holders. The amount of income distributable to Unit Holders, which is referred to herein as "Distributable Income," depends on the amount of Royalty Income and interest received by the Trust, as well as the amount of expenses paid by the Trust and any change in cash reserves.

Royalty Income. The Royalty functions generally as a net profits interest in the Subject Interests. The Royalty Income paid to the Trust is 75% of Net Proceeds from the Subject Interests. The term "Net Proceeds," as used in the Conveyance, means the excess of Gross Proceeds received by Hilcorp during a particular period over production costs for such period. "Gross Proceeds" means the amount received by Hilcorp (or any subsequent owner of the Subject Interests) from the sale of the production attributable to the Subject Interests, subject to certain adjustments (e.g., fuel, gathering, and transportation).

The amount of Gross Proceeds attributable to the Subject Interests depends on prevailing natural gas prices and, to a lesser extent, crude oil prices. As a result, commodity prices affect the amount of Royalty Income available for distribution to the Unit Holders. During 2024, the price of natural gas Gross Proceeds for production from the Subject Interests decreased from an average price for natural gas of \$4.69 per Mcf in 2023 to \$2.07 per Mcf in 2024. The price for oil Gross Proceeds increased from an average price of \$66.34 per Bbl in 2023 to \$68.07 per Bbl in 2024.

The amount of Gross Proceeds depends on the volumes of natural gas and oil produced from the Subject Interests. Under the terms of the Indenture, the Trust cannot acquire new natural gas and oil assets, and, as a result, Royalty Income is dependent on the natural gas and oil volumes attributable to the Subject Interests. Although Hilcorp and other operators of the Subject Interests may conduct drilling operations or well recompletions in the near term, the Subject Interests are depleting assets; Hilcorp has informed the Trust that it is unable to estimate the productive life of the Subject Interests. The reduction in proved reserve quantities is a common measure of depletion. Hilcorp's (or a future operator's) capital investments in the Subject Interests will affect the quantity of proved reserves and can offset any reduction in proved reserves. Lower commodity prices may also cause Hilcorp to reduce drilling operations, workover, and/or recompletions, thus reducing the volume of natural gas and oil produced from the Subject Interests. Hilcorp did not conduct any new drill projects within the Subject Interests in 2023 or 2022; however, it did conduct 20 recompletes and workovers in 2023.

On February 13, 2025, the Trust announced that Hilcorp had provided the Trust with its 2025 capital project plan for the Subject Interests (the "2025 Plan"), and Hilcorp has estimated its 2025 capital expenditures for the Subject Interests to be \$9.0 million.

Hilcorp informed the Trust that its 2025 Plan for the Subject Interests includes 29 projects. Approximately \$4.0 million of the \$9.0 million budget in the 2025 Plan will be allocated to seven new vertical drill projects, all completed in the Dakota/Mesa Verde formations. Approximately \$4.5 million of the \$9.0 million budget will be allocated to 22 projects for recompletions and workovers in the Fruitland Coal formation, and approximately \$0.5 million of the \$9.0 million budget will be allocated to facilities projects related to natural gas compression and other facility projects. Hilcorp further informed the Trust that its planned project status for 2025 is subject to revision if Hilcorp revises its assumptions underlying the 2025 Plan, and that actual capital costs may vary from these estimates.

Under the terms of the Conveyance, production costs are deducted from Gross Proceeds in calculating Royalty Income. "Production costs" generally means costs incurred on an accrual basis by Hilcorp in operating the Subject Interests, including both capital and non-capital costs. For example, these costs include development drilling, production and processing costs, applicable taxes and operating charges. However, Hilcorp informed the Trust that, for wells operated by Hilcorp, it generally did not intend to accrue lease operating expenses to the Trust. If production costs exceed Gross Proceeds in any month, the excess is recovered out of future Gross Proceeds prior to the making of further payment to the Trust, but the Trust is not otherwise liable for any production costs or other costs or liabilities attributable to the Subject Interests or the minerals produced therefrom. If at any time the Trust receives more than the amount due under the Royalty, it is not obligated to return such overpayment, but the amounts payable to it for any subsequent period are reduced by such amount, plus interest, at a rate specified in the Conveyance. The Trust and the Trustee has very limited authority to control the amount and timing of production costs.

Distributable Income. In addition to Royalty Income, the Trust receives interest income, typically from interest paid on cash deposits. General and administrative expenses constitute the Trust's primary expense and include, among other items, the Trustee's fees, audit, consulting, and legal fees and reporting costs.

The Trustee is authorized to determine in its discretion the amount of cash reserves needed to pay liabilities and contingencies of the Trust. Total cash reserves were \$0.8 million and \$1.0 million as of December 31, 2024, and December 31, 2023. The Trustee plans to increase the established amount of cash reserves to \$2.0 million.

Hilcorp

The sale of San Juan Basin assets, including the Subject Interests, from Burlington to Hilcorp closed on July 31, 2017. Hilcorp has advised the Trust that for certain months (since the closing of its purchase of the assets), it has reported estimates of cash revenues and expenses based on the best information available to it at the time, instead of reporting actual amounts. Hilcorp further has informed the Trust that it believes that its estimates have been prepared in accordance with the Conveyance, and the Trust and its advisors continue to review such estimates for compliance with the Conveyance.

Natural Gas and Oil. The sale of San Juan Basin assets, including the Subject Interests, from Burlington to Hilcorp closed on July 31, 2017. Under the terms of the sale, Hilcorp is required to make payments to Burlington if natural gas prices are above a certain price. Hilcorp has confirmed that in accordance with the Conveyance, Hilcorp will not charge the Trust any portion of such payments.

Gross Proceeds and Severance Tax Estimates. Hilcorp began their transition to a new accounting system effective with January 2021 production (March 2021 reporting month), and initially reported estimated revenues and severance taxes on the distributions to the Trust. Hilcorp informed the Trust that it completed the transition to its new accounting system and began to report actual, not estimated, revenue and expenses for operated wells beginning with the June 2021 production month (August 2021 reporting month). Hilcorp's process of reconciling actual revenue and severance taxes to the previously reported estimates, and the reversal and rebooking of the actualized revenues for 2021 production months for non-operated properties, was completed in the February and March 2022 reporting months.

During 2022, various adjustments were made for the 2021 and 2022 production periods as a result of Hilcorp's process review of the new accounting system. Hilcorp has informed the Trustee that it has implemented additional controls to enhance the reporting process and reduce the need for future corrections. Hilcorp has indicated that it will coordinate with the Trustee on the timing of any further adjustments, following which the Trustee will communicate that timing to investors.

In January 2023, Hilcorp notified the Trust that the accounting project, begun in 2021 to review the production volume allocations for 2017 through 2020, had been completed. These reallocations affected the volumes for many of the Trust properties and may result in future revisions to previously reported revenues and severance taxes. On February 17, 2023, Hilcorp presented initial proposed adjustments for 2017 revenues. The Trustee continues to engage with Hilcorp regarding its ongoing accounting and reporting to the Trust, and the Trust's third-party compliance auditors continue to audit payments made by Hilcorp to the Trust, inclusive of sales revenues, production costs, capital expenditures, adjustments, actualizations, and recoupments. The Trust's auditing process has also included detailed analysis of Hilcorp's pricing and rates charged. As previously disclosed in the Trust's filings, these revenues and costs (along with all costs) are the subject of the Trust's ongoing comprehensive audit process by the Trust's professional consultants and outside counsel to ensure full compliance with all the underlying operative Trust agreements and evaluating all available remedies in the event there is evidence of non-compliance.

In the course of the most recent audit process by the Trustee, certain exceptions to the several different categories of expenses (specifically offsite labor, overhead, operator-owned compressors and saltwater disposal facilities) for the years 2017 through 2020 were identified that the Trustee believed resulted in an underpayment of royalties owed to the Trust for those years. The Trustee engaged in extensive discussions with Hilcorp regarding these exceptions that culminated in Hilcorp's payment of the sum of \$1,037,093.45, which included the accumulated interest incurred as a result of the underpayment. The audit settlement payment was included in the September 2023 distribution to Unit Holders.

The amount of Gross Proceeds also depends on the volumes of natural gas and oil produced from the Subject Interests. Under the terms of the Indenture, the Trust cannot acquire new natural gas and oil assets, and as a result, Royalty Income is dependent on the natural gas and oil volumes attributable to the Subject Interests. Although Hilcorp and other operators of the Subject Interests may conduct drilling operations or well recompletions in the near term, the Subject Interests are depleting assets; Hilcorp has informed the Trust that it is unable to estimate the productive life of the Subject Interests. The reduction in proved reserve quantities is a common measure of depletion. Hilcorp's (or a future operator's) capital investments in the Subject Interests will affect the quantity of proved reserves and can offset any reduction in proved reserves. Lower commodity prices may also reduce the volume of natural gas and oil produced from the Subject Interests by Hilcorp.

Results of Operations

Royalty Income consists of 75% of the monthly Net proceeds attributable to the Royalty. Royalty Income for the two years ended December 31, 2024, was determined as shown in the following table:

	For the year ended December 31,	
	2024	2023
Gross Proceeds from the Subject Interests:		
Natural Gas	\$ 46,502,870	\$ 110,070,615
Oil	2,210,278	2,916,121
Other ⁽¹⁾	182,978	1,492,304
Total	<u>48,896,125</u>	<u>114,479,040</u>
Production Costs:		
Severance tax – natural gas	5,874,260	13,629,222
Severance tax – oil	237,485	315,641
Lease operating expense and property tax	30,830,580	27,348,678
Capital expenditures	23,940,510	2,198,741
Total Production Costs	<u>60,882,835</u>	<u>43,492,282</u>
Royalty profits (losses)	(11,986,710)	70,986,758
Cumulative Excess Production Costs ⁽²⁾	<u>21,248,008</u>	<u>—</u>
Net profits	9,261,298	70,986,758
Net overriding royalty interest	75%	75%
Royalty Income	<u>\$ 6,945,974</u>	<u>\$ 53,240,068</u>

- (1) Revenue in 2023 included an audit settlement payment and related interest for the 2017 through 2020 disputed expenses audit, and revenue related to a February 2023 true-up for documented October 2022 revenues missing from the January 2023 revenue distribution, plus interest.
- (2) In 2024, Production Costs applicable to the Subject Interests exceeded the amount of Gross Proceeds from such properties, resulting in Excess Production Costs. Excess Production Costs must be recovered from future Net Proceeds before Royalty Income is again paid to the Trust. The balance of Excess Production Costs as of December 31, 2024, was \$21,248,008 gross (\$15,936,006 net to the Trust). As of March 21, 2025, the balance of Excess Production Costs was \$21,739,947 gross (\$16,304,960 net to the Trust).

Gross Proceeds from Subject Interests. Gross Proceeds decreased \$65.5 million, or 57.3%, to \$48.9 million for the year ended December 31, 2024, as compared to \$114.5 million for the year ended December 31, 2023. The decrease was due primarily to lower natural gas prices.

Capital Expenditures. The capital expenditures reported by Hilcorp for 2024 included amounts attributable to the capital budgets for prior years because capital expenditures are deducted in calculating Net Proceeds in the month they accrue, and projects within a given year's budget often extend into subsequent years. Hilcorp's capital expenditures incurred in November and December 2024 will be included in amounts reported next year for 2025 as capital expenditures are deducted in calculating Net Proceeds in the month they accrue, and projects within Hilcorp's 2024 capital budget extended into early 2025. Further, with respect to any wells operated by third parties other than Hilcorp, Hilcorp's share, if any, of capital expenditures for the year ended December 31, 2024, may not be paid until 2024 or later. For a summary of Hilcorp's planned 2024 capital expenditures, see Liquidity and Capital Resources.

Capital expenditures increased approximately \$21.7 million to \$23.9 million for the year ended December 31, 2024, as compared to \$2.2 million for the year ended December 31, 2023. Hilcorp allocated its 2024 capital spending primarily toward drilling two new horizontal wells.

Severance Taxes. Aggregate severance taxes decreased \$7.8 million to \$6.1 million for the year ended December 31, 2024, as compared to \$13.9 million for the year ended December 31, 2023. The decrease was primarily attributable to lower revenue in 2024.

Lease Operating Expenses and Property Taxes. Lease operating expenses and property taxes increased \$3.5 million, or 12.7%, to \$30.8 million for the year ended December 31, 2024, as compared to \$27.3 million for the year ended December 31, 2023. Monthly lease operating expenses of the Subject Interests, including property taxes, in 2024 averaged approximately \$2.6 million, compared to \$2.3 million in 2023. The increase is primarily due to repairs, maintenance, recompletes, and workovers.

Excess Production Costs. For the year ended December 31, 2024, Production Costs exceeded Gross Proceeds by \$21,248,008 (\$15,936,006 net to the trust). The cumulative balance of Excess Production Costs as of December 31, 2024 was \$21,248,008 (\$15,936,006 net to the trust). There were no Excess Production Costs for the year ended December 31, 2023 and there was no cumulative balance of Excess Production Costs as of December 31, 2023. The Conveyance provides that any Excess Production Costs applicable to the Subject Interests over the amount of Gross Proceeds from such properties must be recovered from future Net Proceeds before Royalty Income is again paid to the Trust. The Trust is not obligated to reimburse Hilcorp for any Excess Production Costs if future Gross Proceeds from the Subject Interests are insufficient to cover such costs. As such, the cumulative balance of Excess Production Costs as of December 31, 2024, is to be recovered in future periods when the Gross Proceeds exceed Production Costs for such period.

Distributable Income

	For the year ended December 31,	
	2024	2023
Royalty Income	\$ 6,945,974	\$ 53,240,068
Interest Income	86,280	147,371
Total Income	7,032,254	53,387,439
Expenditures – General and Administrative	(2,113,105)	(1,749,519)
Cash reserves (withheld) used for Trust expenses ⁽¹⁾	239,080	—
Distributable Income	\$ 5,158,229	\$ 51,637,920
Distributable Income per Unit (46,608,796 Units)	<u>\$ 0.110671</u>	<u>\$ 1.107901</u>

(1) This amount reflects net cash reserve activity in 2024. Total cash reserves available to pay administrative expenses were \$760,919 as of December 31, 2024. The Trustee increased the cash reserves in March and April of 2024, such that total cash reserves were \$1,800,000 as of April 30, 2024. Cash reserves of \$1,039,081, along with interest income, were then utilized to pay the balance of Trust administrative expenses remaining (after applying interest income) each month from May through December 2024, when the Trust did not receive any Royalty Income.

Distributable Income decreased \$46.5 million to \$5.2 million (\$0.110671 per Unit) for the year ended December 31, 2024, as compared to \$51.6 million (\$1.107901 per Unit) for the year ended December 31, 2023. The decrease in Distributable Income from 2023 to 2024 was primarily attributable to significantly increased capital expenditures and a decline in natural gas prices.

Interest Income. Interest Income in 2024 decreased as compared to 2023 due to less funds being available for investment.

General & Administrative Expenses. General and administrative expenses increased \$0.36 million to \$2.11 million for the year ended December 31, 2024, as compared to \$1.75 million for the year ended December 31, 2023. The increase was primarily attributable to differences in timing in the receipt and payment of certain expenses by the Trust, as well as expenses in the first half of 2024 associated with the transition to Argent Bank as Trustee of the Trust.

Liquidity and Capital Resources

The Trust's principal source of liquidity and capital is Royalty Income. The Trust's distribution of income to Unit Holders is funded by Royalty Income after payment of Trust expenses. The Trust is not liable for any production costs or liabilities attributable to the Royalty. If at any time the Trust receives more than the amount due under the Royalty, it is not obligated to return such overpayment, but the amounts payable to it for any subsequent period are reduced by such amount, plus interest, at a rate specified in the Conveyance. If the Trustee determines that the Trust does not have sufficient funds to pay its liabilities, the Trustee may borrow funds on behalf of the Trust, in which case no distributions will be made to Unit Holders until such borrowings are repaid in full. The Trustee may not sell or dispose of any part of the assets of the Trust without the affirmative vote of the Unit Holders of 75% of all the Units outstanding; however, the Trustee may sell up to 1% of the value of the Royalty (as determined pursuant to the Indenture) during any 12-month period without the consent of the Unit Holders.

In each of the months from May 2024 through December 2024, the Trust did not receive any Royalty Income, and interest income received was insufficient to pay Trust liabilities. Since the Trust did not receive Royalty Income from Hilcorp and interest income was insufficient to pay the Trust's liabilities during the period from May 2024 through December 2024, the Trust was able to use cash reserves to pay the Trust's liabilities. The Trust expects to continue to draw on cash reserves for all Trust liabilities not covered by interest income until such time as the Trust begins receiving Royalty Income again. The Trust is permitted to borrow funds against the Royalty to cover the Trust's operating expenses until such time as the Trust extinguishes the balance of Excess Production Costs incurred in 2024 and receives sufficient Royalty Income to replenish cash reserves. The cash reserve balance was \$760,919 on December 31,

2024. As of March 21, 2025, the balance of cash reserves held by the Trust to cover Trust liabilities was \$258,521. The Trustee, on behalf of the Trust, is currently evaluating commercial lending options available to the Trust to cover the Trust's liabilities once cash reserves are depleted.

The anticipated deficit in income to pay the Trust's liabilities described above raises substantial doubt about the Trust's ability to continue as a going concern within one year after issuance date of the financial statements. The Trustee, on behalf of the Trust, is currently evaluating commercial lending options available to the Trust to cover the Trust's liabilities once cash reserves are depleted.

The accompanying financial statements have been prepared assuming that the Trust will continue as a going concern; however, the above conditions raise substantial doubt about the Trust's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Trust be unable to continue as a going concern.

Cash Reserves. Total cash reserves were \$760,919 as of December 31, 2024. The Trustee is authorized to determine, in its discretion, the amount of cash reserves needed to cover liabilities and contingencies of the Trust. The Trustee previously maintained a cash reserve in the amount of \$1,000,000. However, to cover Trust Expenses during any period of revenue shortfall, which has resulted and could continue to result from lower commodity prices or capital expenditures under Hilcorp's 2025 project plan for the Subject Interests, the Trustee increased the cash reserves in March and April of 2024, such that total cash reserves were \$1,800,000 as of April 30, 2024. Cash reserves of \$1,039,080, along with interest income, were utilized to pay the balance of Trust administrative expenses remaining (after applying interest income) each month from May through December 2024, when the Trust did not receive any Royalty Income. Prior to any distributions to Unitholders, the Trustee plans to replenish the cash reserves and continue to increase the cash reserves to \$2,000,000.

2025 Capital Expenditure Budget

On February 13, 2025, the Trust announced that Hilcorp had provided the Trust with its 2025 capital project plan for the Subject Interests (the "2025 Plan"), and Hilcorp has estimated its 2025 capital expenditures for the Subject Interests to be approximately \$9.0 million.

Hilcorp informed the Trust that its 2025 Plan for the Subject Interests includes 29 projects. Approximately \$4.0 million of the \$9.0 million budget in the 2025 Plan will be allocated to seven new vertical drill projects, all completed in the Dakota/Mesa Verde formations. Approximately \$4.5 million of the \$9.0 million budget will be allocated to 22 projects for recompletions and workovers in the Fruitland Coal formation, and approximately \$0.5 million of the \$9.0 million budget will be allocated to facilities projects related to natural gas compression and other facility projects. Hilcorp further informed the Trust that its planned project status for 2025 is subject to revision if Hilcorp revises its assumptions underlying the 2025 Plan, and that actual capital costs may vary from these estimates.

Contractual Obligations

As of December 31, 2024, the Trust had no obligations or commitments to make future contractual payments other than the trustee fee payable to the Trustee. Under the Indenture, the Trustee is entitled to an administrative fee for its administrative services and the preparation of quarterly and annual statements, computed as (i) 1/20 of 1% of the first \$100.0 million of the annual gross revenue of the Trust, and 1/30 of 1% of the annual gross revenue of the Trust in excess of \$100 million and (ii) the Trustee's standard hourly rates for time in excess of 300 hours annually. The minimum administrative fee due under items (i) and (ii) is \$36,000 per year. Administrative fees paid to the Trustee were \$120,108 and \$90,815 for the years ended December 31, 2024 and 2023, respectively.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

For a description of critical accounting policies and estimates, see Item 8. Financial Statements and Supplementary Data, Note 3.

Results of the 4th Quarters of 2024 and 2023

For the three months ended December 31, 2024, there was no Distributable Income. This is a decrease from \$3.6 million (\$0.077927 per Unit) in Distributable Income for the three months ended December 31, 2023. The decrease in Distributable Income in the fourth quarter of 2024 compared to the fourth quarter of 2023 was due primarily to substantially higher capital project spending associated with Hilcorp's 2024 capital plan.

Royalty Income of the Trust for the fourth quarter is based on actual gas and oil production during August through October of each year. Gas and oil sales for the quarters ended December 31, 2024 and 2023 were as follows:

Subject Interests	Three months ended December 31,	
	2024	2023
Gas — Mcf	5,671,899	5,980,620
Mcf per Day	61,651	65,007
Average Gross Proceeds Price (per Mcf)	\$ 1.71	\$ 2.57
Oil — Bbls	6,718	11,957
Bbls per Day	73	130
Average Gross Proceeds Price (per Bbl)	\$ 63.50	\$ 70.85
Attributable to the Royalty		
Gas — Mcf	—	1,507,989
Oil — Bbls	—	7,976

The average price of gas decreased in the fourth quarter of 2024 compared to the same period of 2023 by \$0.87 per Mcf. The average price per barrel of oil during the fourth quarter of 2024 was \$7.35 lower than the price during the fourth quarter of 2023.

Capital costs for the fourth quarter of 2024 totaled approximately \$11.5 million as compared to approximately \$1.6 million in the fourth quarter of 2023. The increased capital costs in the fourth quarter of 2024 were primarily due to costs associated with the two horizontal wells drilled as part of Hilcorp's 2024 development plan.

Monthly lease operating expenses for the fourth quarter of 2024 averaged \$7.5 million per month compared to \$2.3 million per month in the fourth quarter of 2023. Lease operating expenses were higher in the fourth quarter of 2024 than for the fourth quarter of 2023 due primarily to repairs and maintenance in preparation for winter 2023 and non-operated joint interest billing actualizations.

Based on 46,608,796 Units outstanding, the per-Unit distributions during the fourth quarters of 2024 and 2023 were as follows:

	Three months ended	
	December 31,	
	2024	2023
October	—	0.048694
November	—	0.016910
December	—	0.012323

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Argent Trust Company, Trustee
San Juan Basin Royalty Trust

Opinion on the Financial Statements

We have audited the accompanying statements of assets, liabilities, and trust corpus of San Juan Basin Royalty Trust (“the Trust”) as of December 31, 2024 and 2023, and the related statements of distributable income and changes in trust corpus for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and trust corpus of San Juan Basin Royalty Trust as of December 31, 2024 and 2023, and its distributable income and changes in trust corpus for the years then ended, on the basis of accounting described in Note 3 to the financial statements.

As described in Note 3 to the financial statements, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Trust will continue as a going concern. As discussed in Note 5 to the financial statements, the entity has incurred an Excess Production Cost deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to San Juan Basin Royalty Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

WEAVER AND TIDWELL, L.L.P.

We have served as San Juan Basin Royalty Trust's auditor since 2001.

Austin, Texas
March 31, 2025

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Statements of Assets, Liabilities, and Trust Corpus

December 31, 2024 and 2023

	2024	2023
Assets		
Cash and Short-Term Investments	\$ 760,920	\$ 1,574,347
Net Overriding Royalty Interests in Producing Oil and Gas Properties – Net	2,677,617	2,753,249
TOTAL	<u>\$ 3,438,537</u>	<u>\$ 4,327,596</u>
Liabilities & Trust Corpus		
Distribution Payable to Unit Holders	\$ —	\$ 574,347
Cash Reserves	760,920	1,000,000
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	2,677,617	2,753,249
TOTAL	<u>\$ 3,438,537</u>	<u>\$ 4,327,596</u>

Statements of Distributable Income

December 31, 2024 and 2023

	2024	2023
Royalty Income	\$ 6,945,974	\$ 53,240,068
Interest Income	86,280	147,371
Total Income	7,032,254	53,387,439
Expenditures – General and Administrative	2,113,105	1,749,519
Cash reserves (withheld) used for Trust expenses	239,080	—
Distributable Income	\$ 5,158,229	\$ 51,637,920
Distributable Income per Unit (46,608,796 Units)	<u>\$ 0.110671</u>	<u>\$ 1.107901</u>

Statements of Changes in Trust Corpus

December 31, 2024 and 2023

	2024	2023
Trust Corpus, Beginning of Period	\$ 2,753,249	\$ 2,968,707
Amortization of Net Overriding Royalty Interest	(75,632)	(215,458)
Distributable Income	5,158,229	51,637,920
Distributions Declared	(5,158,229)	(51,637,920)
Trust Corpus, End of Period	<u>\$ 2,677,617</u>	<u>\$ 2,753,249</u>
Distributable Income per Unit (46,608,796 Units)	<u>\$ 0.110671</u>	<u>\$ 1.107901</u>

These Financial Statements should be read in conjunction with the accompanying Notes to Financial Statements included herein.

Notes to Financial Statements

1. Trust Organization and Provisions

The Trust was established on November 1, 1980. Southland conveyed to the Trust the Royalty that burdens the Subject Interests in properties located in the San Juan Basin. Subsequent to the Conveyance of the Royalty, through a series of sales, assignments and mergers, Southland's successor became Hilcorp, which acquired the Subject Interests from Burlington on July 31, 2017. Burlington is an indirect wholly-owned subsidiary of ConocoPhillips. Through an acquisition completed on March 24, 2006, Compass Bank succeeded TexasBank as trustee of the Trust. On September 7, 2007, Compass Bancshares, Inc. was acquired by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") and became a wholly-owned subsidiary of BBVA. Effective June 10, 2019, Compass Bank changed its name to BBVA USA. On June 1, 2021, The PNC Financial Services Group, Inc. ("PNC") announced that it had completed the purchase of BBVA USA Bancshares, Inc., a financial holding company, including its U.S. banking subsidiary, BBVA USA, an Alabama-chartered bank and trustee of the Trust ("BBVA USA").

On October 8, 2021, PNC Bank, an indirect wholly-owned subsidiary of PNC, succeeded BBVA USA as the trustee of the Trust following BBVA USA's merger with and into PNC Bank. On February 15, 2024, Argent Trust Company succeeded PNC Bank as the trustee of the Trust following the resignation of PNC Bank. The defined term "Trustee" as used herein shall refer to PNC Bank for periods from October 8, 2021 through February 14, 2024, and shall refer to Argent Trust Company for periods on and after February 15, 2024. For all periods prior to October 8, 2021, use of the defined term "Trustee" herein shall refer to the entity serving as Trustee of the Trust during the applicable time period.

On November 3, 1980, 46,608,796 Units in the Trust were distributed to the Trustee for the benefit of Southland shareholders of record as of November 3, 1980, who received one Unit in the Trust for each share of Southland common stock held. The Trust's initial public offering was completed in 1980. The Units are traded on the New York Stock Exchange. Holders of Units are referred to herein as "Unit Holders."

The terms of the Trust Indenture provide, among other things, that:

- The Trust shall not engage in any business or commercial activity of any kind or acquire any assets other than those initially conveyed to the Trust;
- The Trustee may sell up to one percent (1%) of the value (based on prior year engineering reports) of the Royalty in any 12-month period, but otherwise may not sell all or any part of the Royalty unless approved by holders of 75% of all Units outstanding. In either case, the sale must be for cash and the proceeds promptly distributed;
- The Trustee may establish a cash reserve for the payment of any liability which is contingent or uncertain in amount;
- The Trustee is authorized to borrow funds to pay liabilities of the Trust;
- The Trustee will make monthly cash distributions to Unit Holders (see Note 2); and
- The Trust will generally terminate upon the first to occur of the following events: (i) at such time as the Trust's gross revenue for each of two successive years is less than \$1.0 million per year or (ii) the Unit Holders of at least 75% of all of the Units outstanding vote in favor of termination.

2. Net Overriding Royalty Interest and Distribution to Unit Holders

The amounts to be distributed to Unit Holders ("Monthly Distribution Amounts") are determined on a monthly basis by the Trustee. The Monthly Distribution Amount is an amount equal to the sum of cash received by the Trustee during a calendar month attributable to the Royalty, any reduction in cash reserves and any other cash receipts of the Trust, including interest, reduced by the sum of liabilities paid and any increase in cash reserves. If the Monthly Distribution Amount for any monthly period is a negative number, then the distribution will be zero for such month and such negative amount will be carried forward and deducted from future monthly distributions until the cumulative distribution calculation becomes a positive number, at which time a distribution will be made. Unit Holders of record will be entitled to receive the calculated Monthly Distribution Amount for each month on or before 10 business days after the monthly record date, which is generally the last business day of each calendar month.

The cash received by the Trustee consists of the Net Proceeds generated by the owner of the Subject Interests multiplied by 75%.

The initial carrying value of the Royalty of \$133,275,528 represented Southland's historical net book value at the date of the transfer of the Trust. Accumulated amortization as of December 31, 2024 and 2023 were \$130,597,911 and \$130,522,279, respectively.

3. Basis of Accounting

The financial statements of the Trust are prepared on the following basis and are not intended to present financial position and results of operations in conformity with U.S. generally accepted accounting principles:

- The Royalty Income recorded for a month is the amount computed and paid by the owner of the Subject Interests, Hilcorp, the present owner of the Subject Interests, to the Trustee for the Trust. Royalty Income consists of the Net Proceeds generated by Hilcorp, multiplied by 75%. The calculation of Net Proceeds by Hilcorp for any month includes true-ups and adjustments to Net Proceeds for prior months and impacts the Royalty Income paid to the Trust and the distribution to Unit Holders for that month.
- Although permitted under the Conveyance, Hilcorp has informed the Trust that, for wells operated by Hilcorp, it generally did not intend to accrue lease operating expenses to the Trust.
- Hilcorp has informed the Trust that oil revenue is typically reported to the Trust based on actual volumes and pricing.
- Trust expenses recorded are based on liabilities paid and cash reserves established from Royalty Income for liabilities and contingencies.
- Distributions to Unit Holders are recorded when declared by the Trustee.
- The conveyance which transferred the Royalty to the Trust provides that any excess of production costs applicable to the Subject Interests over Gross Proceeds from such properties must be recovered from future Net Proceeds before Royalty Income is again paid to the Trust.
- Depletion and any impairment are recorded as a reduction in trust corpus instead of an expense.

The financial statements of the Trust differ from financial statements prepared in accordance with GAAP because revenues are not accrued in the month of production; certain cash reserves may be established for liabilities and contingencies which would not be accrued in financial statements prepared in accordance with GAAP; expenses are recorded when paid instead of when incurred; and amortization of the Royalty calculated on a unit-of-production basis is charged directly to trust corpus instead of as an expense. Most accounting pronouncements apply to entities whose financial statements are prepared in accordance with GAAP, directing such entities to accrue or defer revenues and expenses in a period other than when such revenues were received or expenses were paid. Because the Trust's financial statements are prepared on the modified cash basis, as described above, most accounting pronouncements are not applicable to the Trust's financial statements. This comprehensive basis of accounting corresponds to the accounting permitted for royalty trusts by the U.S. Securities and Exchange Commission, as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

The Trustee routinely reviews its royalty interests in oil and gas properties for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If an impairment event occurs and it is determined that the carrying value of the Trust's royalty interests may not be recoverable, an impairment will be recognized as measured by the amount by which the carrying amount of the royalty interests exceeds the fair value of these assets, which would likely be measured by discounting projected cash flows and recorded as a reduction of trust corpus. There was no impairment of the assets as of December 31, 2024 or 2023.

4. Excess Production Costs

Excess Production Costs ("Excess Production Costs") occur when Production Costs and capital expenditures exceed the Gross Proceeds for a certain period. Excess Production Costs in 2024 were due to significant lease operating expenses and capital expenditures associated with Hilcorp San Juan L.P.'s ("Hilcorp") 2024 capital project plan. As of December 31, 2024, the Excess Production Costs were \$21,248,008 gross (\$15,936,006 net to the Trust). Hilcorp will not pay Royalty Income to the Trust, and no cash distributions will be made by the Trust until the balance of Excess Production Costs is extinguished, Trust liabilities are paid in full, and the Trust's cash reserves are replenished.

	<u>Underlying Properties</u>	<u>Net to the Trust</u>
Cumulative Excess Production Costs remaining at 12/31/2023	\$ —	\$ —
Net Excess Production Costs (recovery) for the quarter ended 3/31/24	\$ —	\$ —
Net Excess Production Costs (recovery) for the quarter ended 6/31/24	\$ 1,655,045	\$ 1,241,284
Net Excess Production Costs (recovery) for the quarter ended 9/30/24	\$ 10,294,620	\$ 7,720,965
Net Excess Production Costs (recovery) for the quarter ended 12/31/24	\$ 21,248,008	\$ 15,936,006
Cumulative Excess Production Costs remaining at 12/31/2024	\$ 21,248,008	\$ 15,936,006
Accrued interest at 12/31/24	\$ —	\$ —
Total remaining to be recovered at 12/31/24	<u>\$ 21,248,008</u>	<u>\$ 15,936,006</u>

5. Liquidity and Going Concern

In each of the months from May 2024 through December 2024, the Trust did not receive any Royalty Income, and interest income received was insufficient to pay Trust liabilities. Due to these circumstances, the Trust used cash reserves to pay the Trust's liabilities that interest income did not cover. The Trust expects to continue to draw on cash reserves for all Trust liabilities not covered by interest income until such time as the Trust begins receiving Royalty Income again. The Trust is permitted to borrow funds against the Royalty to cover the Trust's operating expenses until such time as the Trust extinguishes the balance of excess Production Costs incurred in 2024 and receives sufficient Royalty Income to replenish cash reserves. The cash reserve balance was \$760,919 on December 31, 2024. As of March 21, 2025, the balance of cash reserves held by the Trust to cover Trust liabilities was \$258,521.

The anticipated deficit in income to pay the Trust's liabilities described above raises substantial doubt about the Trust's ability to continue as a going concern within one year after issuance date of the financial statements. The Trustee, on behalf of the Trust, is currently evaluating commercial lending options available to the Trust to cover the Trust's liabilities once cash reserves are depleted.

The accompanying financial statements have been prepared assuming that the Trust will continue as a going concern; however, the above conditions raise substantial doubt about the Trust's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Trust be unable to continue as a going concern.

6. Federal Income Taxes

For federal income tax purposes, the Trust constitutes a fixed investment trust which is taxed as a Grantor Trust. A Grantor Trust is not subject to tax at the trust level. The Unit Holders are considered to own the Trust's income and principal as though no trust were in existence. 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 rather than when distributed by the Trust.

The Trust is a WHFIT classified as a NMWHFIT for federal income tax purposes. The Trustee 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.

The Royalty constitutes an "economic interest" in oil and natural gas properties for federal income tax purposes. Unit Holders must report their share of the production revenues of the Trust as ordinary income from oil and natural gas royalties and are entitled to claim depletion with respect to such income. The Royalty is treated as a single property for depletion purposes. The Trust has on file technical advice memoranda confirming such tax treatment.

Under present law, the Trust's production and sale of natural gas from Coal Seam Wells does not qualify for tax credit under Section 45K of the Code (the "Section 45 Tax Credit"). Congress has at various times since 2002 considered energy legislation, including provisions to reinstate the Section 45 Tax Credit in various ways and to various extents, but no legislation that would qualify the Trust's current production for such credit has been enacted. No prediction can be made as to what future tax legislation affecting Section 45K of the Code may be proposed or enacted or, if enacted, its impact, if any, on the Trust and the Unit Holders.

The classification of the Trust's income for purposes of the passive loss rules may be important to a Unit Holder. As a result of the Tax Reform Act of 1986, royalty income such as that derived through the Trust will generally be treated as portfolio income that may not be offset or reduced by passive losses.

Tax positions taken by the Trust related to the Trust's pass-through status and state tax positions have been reviewed, and the Trustee is of the opinion that material positions taken would more likely than not be sustained by examination. As of December 31, 2024, the Trust's tax years 2021 and thereafter remain subject to examination.

7. Certain Contracts

As part of the transition from Burlington to Hilcorp, Hilcorp has assumed, or been assigned, all the natural gas purchase, gathering and processing contracts affecting the Subject Interests. Natural gas produced from the Subject Interests is processed at the following sites: Chaco, Val Verde, Milagro, Ignacio or Kutz plants, all located in the San Juan Basin. Hilcorp sells natural gas produced from the Subject Interests under various contracts. The Trust is not a party to any of the purchase, gathering or processing contracts, and thus the Trust has limited knowledge over the terms of the various contracts and lacks the ability to influence such terms. As part of the 1996 settlement of litigation filed by the Trustee in 1992 against Burlington and Southland, the Trustee and Burlington established a formal protocol pursuant to which compliance auditors, retained by the Trustee, have access to Burlington and its successors' books and records, which protocol has been adopted by Hilcorp.

8. Significant Customers

Information as to significant purchasers of oil and natural gas production attributable to the Trust's economic interests is included in Note 7 above.

9. Development Costs

Hilcorp's capital budget plans for the Subject Interests are delivered to the Trustee at the beginning of each calendar year. The estimates are subject to change, based on, among other things, Hilcorp's actual capital requirements, the pace of regulatory approvals, the mix of projects and swings in the price of natural gas.

Both the estimated annual capital expenditures and the actual expenses reported by Hilcorp include amounts attributable to capital budgets for prior years because capital expenditures are deducted in calculating Royalty Income in the month they accrue and projects within a given year's budget often extend into subsequent years. Further, Hilcorp's accounting period for capital expenditures runs from January through December 31 of each calendar year, which corresponds and is reported in Trust Distribution months March of the same calendar year through February of the following calendar year. In addition, with respect to wells not operated by Hilcorp, Hilcorp's share of capital expenditures may not be paid until the following year(s) after those expenses were incurred by the operator.

For calendar year 2024, Hilcorp projected capital expenditures of approximately \$34.0 million (the "2024 Plan"). Hilcorp informed the Trust that actual capital expenditures of \$23.9 million were included in calculating the Trust's Royalty Income in calendar year 2024. Hilcorp reports that approximately \$19.4 million was spent on two new horizontal drilling projects in the Mancos formation, approximately \$3.7 million was spent on recompletions and workovers, and approximately \$0.8 million was spent on facilities projects related to natural gas compression and other facility projects. The remainder of Hilcorp's capital expenditures related to the 2024 Plan were included in the Trust's Royalty calculations in January and February 2025 as the Trust recognizes production two months following the actual production. The Trust's Royalty Income calculations for a given calendar year are based on the actual natural gas and oil production (and Hilcorp's associated costs) during the period beginning with November of the preceding calendar year through October of the given calendar year.

On February 13, 2025, the Trust announced that Hilcorp had provided the Trust with its 2025 capital project plan for the Subject Interests (the "2025 Plan"), and Hilcorp has estimated its 2025 capital expenditures for the Subject Interests to be \$9.0 million. Hilcorp informed the Trust that its 2025 Plan for the Subject Interests includes 29 projects. Approximately \$4.0 million of the \$9.0 million budget in the 2025 Plan will be allocated to seven new vertical drill projects, all completed in the Dakota/Mesa Verde formations. Approximately \$4.5 million of the \$9.0 million budget will be allocated to 22 projects for recompletions and workovers in the Fruitland Coal formation, and approximately \$0.5 million of the \$9.0 million budget will be allocated to facilities projects related to natural gas compression and other facility projects. Hilcorp further informed the Trust that its planned project status for 2025 is subject to revision if Hilcorp revises its assumptions underlying the 2025 Plan, and that actual capital costs may vary from these estimates.

10. Settlements and Litigation

None.

11. Supplemental Oil and Gas Reserve Information (Unaudited)

Proved Oil and Natural Gas Reserves

Proved oil and gas reserves have been estimated by independent petroleum engineers. Proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods in which the cost of the required equipment is relatively minor compared with the cost of a new well. Due to the inherent uncertainties and the limited nature of reservoir data, such estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production of these reserves may be substantially different from the original estimate. Revisions result primarily from new information obtained from development drilling and production history and from changes in economic factors. In addition, the reserves estimates are presented in their entirety and do not take into account the accumulated Excess Production Costs of \$21,248,008 gross (\$15,936,006 net to the Trust) as of December 31, 2024, the balance of which will be recovered from any future Net Proceeds before Royalty Income until the balance of Excess Production Costs is extinguished in full.

The following table presents a reconciliation of proved reserve quantities attributable to the Royalty from December 31, 2021, to December 31, 2024:

	Crude Oil and Condensate (MBbls)	Natural Gas (MMcf)	Barrel of Oil Equivalent (BOE)
Reserves as of December 31, 2021	234	84,142	14,258
Revisions of previous estimates	141	75,085	12,655
Extensions, discoveries and other additions	2	1,386	233
Production	(24)	(13,972)	(2,353)
Reserves as of December 31, 2022	353	146,641	24,793
Revisions of previous estimates	(138)	(80,566)	(13,565)
Extensions, discoveries and other additions	0	9,428	1,571
Production	(29)	(8,881)	(1,509)
Reserves as of December 31, 2023	186	66,622	11,290
Revisions of previous estimates	(36)	(2,590)	(468)
Extensions, discoveries and other additions	0	423	71
Production	(18)	(2,360)	(411)
Reserves as of December 31, 2024	<u>132</u>	<u>62,095</u>	<u>10,481</u>

Standardized Measure of Discounted Future Net Cash Flows

The following is a summary of a standardized measure of discounted future net cash flows related to the Trust's total proved natural gas and oil reserve quantities. Information presented is based upon valuation of proved reserves by using discounted cash flows based upon average oil and gas prices during the 12-month period prior to the fiscal year-end, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions and severance and ad valorem taxes, if any, and economic conditions, discounted at the required rate of 10%. As the Trust is not subject to taxation at the trust level, no provision for income taxes has been made in the following disclosure. Trust prices may differ from posted New York Mercantile Exchange prices due to differences in product quality and property location. The impact of changes in current prices on reserves could vary significantly from year to year. Accordingly, the information presented below should not be viewed as an estimate of the fair market value of the Trust's oil and natural gas reserves or

the costs that would be incurred to acquire equivalent reserves. A market value determination would require the analysis of additional parameters.

	December 31,	
	2024	2023
	(in thousands)	
Future cash inflows	\$ 151,456	\$ 184,337
Future costs	(19,581)	(23,234)
Future net cash flows	\$ 131,875	\$ 161,103
Discount of future net cash flows at 10%	(54,984)	(80,547)
Standardized measure of discounted future net cash flows	<u>\$ 76,890</u>	<u>\$ 80,556</u>

Estimates of proved oil and natural gas reserves are by their nature imprecise. Estimates of future net revenue attributable to proved reserves are sensitive to the unpredictable prices of oil and natural gas and other variables. Accordingly, under the allocation method used to derive the Trust's quantity of proved reserves, changes in prices will result in changes in quantities of proved oil and natural gas reserves and estimated future net revenues. The reserves estimates are presented in their entirety and do not take into account the accumulated Excess Production Costs of \$21,248,008 gross (\$15,936,006 net to the Trust) as of December 31, 2024, the balance of which will be recovered from Net Proceeds before Royalty Income until the balance of Excess Production Costs is extinguished in full.

The 2024 and 2023 changes in the standardized measure of discounted future net cash flows related to future Royalty Income from proved reserves are as follows:

	2024	2023
	(in thousands)	
Balance, January 1	\$ 80,556	\$ 396,885
Revisions of prior-year estimates, change in prices and other	(4,959)	(303,097)
Extensions, discoveries and other additions	183	319
Accretion of discount	8,056	39,689
Royalty Income	(6,946)	(53,240)
Balance, December 31	<u>\$ 76,890</u>	<u>\$ 80,556</u>

Reserve quantities and revenues shown in the tables above for the Royalty were estimated from projections of reserves and revenues attributable to the combined Hilcorp and Trust interests. Reserve quantities attributable to the Royalty were derived from estimates by allocating to the Royalty a portion of the total net reserve quantities of the interests, based upon gross revenue less production taxes. Because the reserve quantities attributable to the Royalty are estimated using an allocation of the reserves, any changes in prices or costs will result in changes in the estimated reserve quantities allocated to the Royalty. Therefore, the reserve quantities estimated will vary if different future price and cost assumptions occur. The future net cash flows were determined without regard to future federal income tax credits, if any, available to production from Coal Seam Wells. Reserve quantity estimates do not take into account the Excess Production Costs of \$21,248,008 gross (\$15,936,006 net to the Trust) as of December 31, 2024, the balance of which will continue to be recovered from Net Proceeds before Royalty Income until the balance of Excess Production Costs is extinguished in full.

For 2024, \$2.32 per Mcf of natural gas and \$66.35 per Bbl of oil were used in determining future net revenue. These prices were based on a 12-month unweighted average of the first-day-of-the-month pricing of \$2.13 per MMBtu of Henry Hub natural gas and \$75.48 per Bbl of West Texas Intermediate oil. The decrease in reserve quantities for 2024 is due primarily to lower natural gas prices.

For 2023, \$2.50 per Mcf of natural gas and \$67.59 per Bbl of oil were used in determining future net revenue. These prices were based on a 12-month unweighted average of the first-day-of-the-month pricing of \$2.64 per MMBtu of Henry Hub natural gas and \$78.22 per Bbl of West Texas Intermediate oil.

11. Quarterly Schedule of Distributable Income (Unaudited)

The following is a summary of the unaudited quarterly schedule of distributable income for the two years ended December 31, 2024 and 2023 (in thousands, except per unit amounts):

	Royalty Income	Distributable Income	Distributable Income Per Unit
2024			
First Quarter	\$ 5,091	\$ 4,093	\$ 0.087806
Second Quarter	1,855	1,066	0.022864
Third Quarter	—	—	—
Fourth Quarter	—	—	—
Total	<u>\$ 6,946</u>	<u>\$ 5,159</u>	<u>\$ 0.110671</u>
2023			
First Quarter	\$ 36,417	\$ 35,971	\$ 0.771771
Second Quarter	8,519	8,088	0.173518
Third Quarter	4,320	3,947	0.084685
Fourth Quarter	3,984	3,632	0.077927
Total	<u>\$ 53,240</u>	<u>\$ 51,638</u>	<u>\$ 1.107901</u>

12. Commitments and Contingencies

Contingencies related to the Subject Interests that are unfavorably resolved would generally be reflected by the Trust as reductions to future Royalty Income payments to the Trust with corresponding reductions to cash distributions to Unit Holders. The Conveyance provides that any Excess Production Costs applicable to the Subject Interests over Gross Proceeds from such properties must be recovered from future Net Proceeds before Royalty Income is again paid to the Trust. The Trust is not obligated to reimburse Hilcorp for any Excess Production Costs if future Gross Proceeds from the Subject Interests are insufficient to cover such costs. The Trust has not received Royalty Income since April 2024 due to Excess Production Costs. The Conveyance provides that any Excess Production Costs applicable to the Subject Interests over the amount of Gross Proceeds from such properties must be recovered from Net Proceeds before Royalty Income will be paid to the Trust. As of December 31, 2024, the balance of cumulative Excess Production Costs was \$21,248,008 gross (\$15,936,006 net to the Trust). No cash distributions will be made by the Trust until future net proceeds are sufficient to extinguish the balance of Excess Production Costs and replenish the Trust's cash reserves.

Geo-Political Uncertainties. Prices for goods and services have risen during 2024, and inflationary pressures have accelerated during 2024, as regional and global commodity prices have risen in response to the conflicts in Eastern Europe and the Middle East. Hilcorp informed the Trust that it does not have any specific comments regarding these conflicts.

Gross Proceeds and Production Cost Estimates. Hilcorp began transitioning to a new accounting system effective with January 2021 production (March 2021 reporting month), and initially reported estimated revenues and severance taxes on the distributions to the Trust. Hilcorp informed the Trust that it completed the transition to its new accounting system and began to report actual, not estimated, revenue and expenses for operated wells beginning with the June 2021 production month (August 2021 reporting month). Hilcorp's process of reconciling actual revenue and severance taxes to the previously reported estimates, and the reversal and rebooking of the actualized revenues for 2021 production months for non-operated properties, was completed in the February and March 2022 reporting months.

During 2022, various adjustments were made for the 2021 and 2022 production periods as a result of Hilcorp's process review of the new accounting system. Hilcorp has informed the Trustee that it has implemented additional controls to enhance the reporting process and reduce the need for future corrections. Hilcorp has indicated that it will coordinate with the Trustee on the timing of any further adjustments, following which the Trustee will communicate that timing to investors.

In January 2023, Hilcorp notified the Trust that the accounting project, begun in 2021 to review the production volume allocations for 2017 through 2020, had been completed. These reallocations affected the volumes for many of the Trust properties and may result in future revisions to previously reported revenues and severance taxes. On February 17, 2023, Hilcorp presented initial proposed adjustments for 2017 revenues. The Trustee continues to engage with Hilcorp regarding its ongoing accounting and reporting to the Trust, and the Trust's third-party compliance auditors continue to audit payments made by Hilcorp to the Trust, inclusive of sales revenues, production costs, capital expenditures, adjustments, actualizations, and recoupments. The Trust's auditing process has also included detailed analysis of Hilcorp's pricing and rates charged. As previously disclosed in the Trust's filings, these revenues and costs

(along with all costs) are the subject of the Trust's ongoing comprehensive audit process by the Trust's professional consultants and outside counsel to ensure full compliance with all the underlying operative Trust agreements and evaluating all available remedies in the event there is evidence of non-compliance.

In the course of the most recent audit process by the Trustee, certain exceptions to the several different categories of expenses (specifically offsite labor, overhead, operator-owned compressors and saltwater disposal facilities) for the years 2017 through 2020 were identified that the Trustee believed resulted in an underpayment of royalties owed to the Trust for those years. The Trustee engaged in extensive discussions with Hilcorp regarding these exceptions that culminated in Hilcorp's payment of the sum of \$1,037,093, which included the accumulated interest incurred as a result of the underpayment. The audit settlement payment was included in the September 2023 distribution to Unit Holders.

The Trustee continues to engage with Hilcorp regarding its ongoing accounting and reporting to the Trust, and the Trust's third-party compliance auditors continue to audit all payments made by Hilcorp to the Trust, including adjustments, true-ups, and recoupments. In addition, the Trustee continues to consult with outside counsel to review the rights of the Trust with respect to these matters and to evaluate any available potential legal remedies.

13. Subsequent Events

Since January 1, 2025, the Trust has announced the following monthly cash distributions to the holders of its Units:

- On January 21, 2025, the Trust announced no cash distribution.
- On February 18, 2025, the Trust announced no cash distribution.
- On March 21, 2025, the Trust announced no cash distribution.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Trust maintains a system of internal disclosure controls and procedures that is designed to ensure that the information required to be disclosed in the Trust's filings under the Exchange Act is recorded, processed, summarized, and reported within the times specified in the SEC's rules and forms. In its evaluation of its disclosure controls and procedures, the Trustee has relied, to the extent considered reasonable, on information provided by Hilcorp, the owner of the properties. Consequently, the Trust's ability to timely and accurately disclose relevant information in its periodic reports is dependent upon Hilcorp's timely delivery of accurate oil and gas revenue and production cost information and, therefore, the Royalty Income owed to the Trust.

The Conveyance that transferred the royalty to the Trust obligates Hilcorp to provide the Trust with certain financial and operational information, including information concerning calculations of Royalty Income owed to the Trust. Once the Trust receives the financial information from Hilcorp, the Trust engages independent public accountants, compliance auditors, attorneys and petroleum engineers in order to assist the Trustee to ensure the accuracy and completeness of the information required to be disclosed in the Trust's periodic reports. These outside professionals advise the Trustee in its review and compilation of this information for inclusion in this Annual Report on Form 10-K and the other periodic reports provided by the Trust to the SEC.

During 2022, various adjustments were made for 2021 and 2022 production periods as a result of Hilcorp's process review of the new accounting system. Hilcorp has informed the Trustee that it has implemented additional controls to enhance the reporting process and reduce the need for future corrections. Hilcorp has indicated that it will coordinate with the Trustee on the timing of any further adjustments and will communicate that timing to investors.

The Trustee continues to engage with Hilcorp regarding its ongoing accounting and reporting to the Trust, and the Trust's third-party compliance auditors continue to audit payments made by Hilcorp to the Trust, inclusive of sales revenues, production costs, capital expenditures, adjustments, actualizations, and recoupments. The Trust's auditing process has also included detailed analysis of Hilcorp's pricing and rates charged. As previously disclosed in the Trust's filings, these revenues and costs (along with all costs) are the subject of the Trust's ongoing comprehensive audit process by the Trust's professional consultants and outside counsel to ensure full compliance with all the underlying operative Trust agreements and evaluating all available potential remedies in the event there is evidence of non-compliance.

The Trustee has evaluated the Trust's internal disclosure controls and procedures as of December 31, 2024, and has concluded that such disclosure controls and procedures are effective, at the "reasonable assurance" level (as such term is used in Rule 13a-15(f) of the Exchange Act), to ensure that material information received from Hilcorp is gathered on a timely basis to be included in the Trust's periodic reports and recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Additionally, during the quarter ended December 31, 2024, there were no changes to the Trust's internal controls over financial reporting (as such term is used in Rule 13a-15(f) of the Exchange Act) that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting. Because the Trust does not have, nor does the Indenture provide for, officers, a board of directors or an independent audit committee, the Trustee has reviewed neither the Trust's disclosure controls and procedures nor the Trust's internal control over financial reporting in concert with management, a board of directors or an independent audit committee.

Trustee's Report on Internal Control over Financial Reporting

The Trustee is responsible for establishing and maintaining adequate internal control over financial reporting. The Trust's internal control over financial reporting is a process designed under the supervision of the Trustee to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Trust's financial statements for external purposes in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As of December 31, 2024, the Trustee assessed the effectiveness of the Trust's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "*Internal Control – Integrated Framework*," issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on the assessment, the Trustee determined that the Trust maintained effective internal control over financial reporting as of December 31, 2024, based on those criteria.

ITEM 9B. OTHER INFORMATION

- (a) None.
- (b) The Trust does not have any directors or officers, and as a result, no such person adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K, during the most recent fiscal quarter. Because the Trust does not have officers, directors, or employees, it has not adopted insider trading policies and procedures governing the purchase, sale, or other disposition of Trust securities by such persons.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Trust is managed by a corporate trustee and has no directors, executive officers, or employees. Accordingly, the Trust does not have an audit committee, audit committee financial expert, nominating committee or a code of ethics applicable to executive officers. The Trustee has adopted a policy regarding standards of conduct and conflicts of interest applicable to all directors, officers, and employees of the Trustee. The Trustee is a corporate trustee that may be removed, with or without cause, at a meeting of the Unit Holders, by the affirmative vote of the holders of a majority of all the Units then outstanding.

Delinquent Section 16(a) Reports

The Trust has no directors or officers. Accordingly, only holders of more than 10% of the Trust's Units are required to file with the SEC initial reports of ownership of Units and reports of changes in such ownership. Based solely on a review of these reports, the Trust believes that the applicable reporting requirements of Section 16(a) of the Exchange Act were complied with for all transactions that occurred in 2023.

ITEM 11. EXECUTIVE COMPENSATION

The Trust has no directors, executive officers or employees to whom it pays compensation. The Trust is administered by employees of the Trustee in the ordinary course of their employment who receive no compensation specifically related to their services to the Trust. Accordingly, the Trust does not have a compensation committee or maintain any equity compensation plans, and there are no Units reserved for issuance under any such plans.

Under the Indenture, the Trustee is entitled to an administrative fee for its administrative services and the preparation of quarterly and annual statements, computed as (i) 1/20 of 1% of the first \$100.0 million of the annual gross revenue of the Trust, and 1/30 of 1% of the annual gross revenue of the Trust in excess of \$100 million and (ii) the Trustee's standard hourly rates for time in excess of 300 hours annually. The minimum administrative fee due under items (i) and (ii) is \$36,000 per year. Administrative fees paid to the Trustee were \$164,932 and \$120,108 for the years ended December 31, 2024 and 2023, respectively.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SECURITY HOLDER MATTERS

The Trust has no directors, executive officers, or employees. Accordingly, the Trust does not maintain any equity compensation plans and there are no Units reserved for issuance under any such plans.

Security Ownership of Certain Beneficial Owners

None.

Security Ownership of Trustee

Argent Trust Company, the Trustee, held as of March 10, 2025, an aggregate of 37,801 Units in various fiduciary capacities, and it had shared voting and investment power with respect to all such Units.

Changes in Control

The Trustee knows of no arrangement, including any pledge by any person of Units of the Trust, the operation of which may at a subsequent date result in a change of control of the Trust.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Trust has no directors or executive officers; therefore, no determination has been made relative to director independence. See Item 11 for the remuneration received by the Trustee during the year ended December 31, 2024, and Item 12 for information concerning Units owned by the Trustee.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table presents fees for professional audit services rendered by Weaver and Tidwell, L.L.P., the Trust's principal accountants, for the audit of the Trust's annual financial statements for the fiscal years ended December 31, 2024 and 2023 and fees billed for other services rendered to the Trust by Weaver and Tidwell, L.L.P. during those periods.

	2024	2023
Audit Fees	\$ 123,810	\$ 78,486
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	<u>\$ 123,810</u>	<u>\$ 78,486</u>

Audit Fees consist of fees billed for professional services rendered for the audit of the Trust's annual financial statements, review of the interim financial statements included in the Trust's quarterly reports and services that are normally provided by Weaver and Tidwell, L.L.P. in connection with statutory and regulatory filings or engagements.

Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Trust's financial statements. This category includes fees related to audit and attest services not required by statute or regulations and consultations concerning financial accounting and reporting standards.

Tax Fees consist of fees for professional services billed for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance.

All Other Fees consist of fees billed for products and services other than the services reported above.

The Trust has no directors or executive officers. Accordingly, the Trust does not have an audit committee, and there are no audit committee pre-approval policies or procedures relating to services provided by the Trust's independent accountants. Pursuant to the terms of the Indenture, the Trustee engages and approves all services rendered by the Trust's independent accountants.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this Annual Report on Form 10-K:

Financial Statements

Included in Part II of this Annual Report on Form 10-K:

- Report of Independent Registered Public Accounting Firm
- Statements of Assets, Liabilities and Trust Corpus
- Statements of Distributable Income
- Statements of Changes in Trust Corpus
- Notes to Financial Statements

Financial Statement Schedules

Financial statement schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

Exhibits

Exhibit Number	Description
4(a)	<u>San Juan Basin Amended and Restated Royalty Trust Indenture, dated December 12, 2007, filed as Exhibit 99.2 to the Trust's Current Report on Form 8-K filed with the SEC on December 14, 2007, and incorporated herein by reference*</u>
4(b)	<u>Net Overriding Royalty Conveyance from Southland Royalty Company to The Fort Worth National Bank, as Trustee, dated November 3, 1980 (without Schedules), filed as Exhibit 4(b) to the Trust's Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2006, incorporated herein by reference*</u>
4(c)	<u>Assignment of Net Overriding Interest (San Juan Basin Royalty Trust), dated September 30, 2002, between Bank One, N.A. and TexasBank, filed as Exhibit 4(c) to the Trust's Quarterly Report on Form 10-Q filed with the SEC for the quarter ended September 30, 2002, incorporated herein by reference*</u>
4(d)	<u>Description of San Juan Basin Royalty Trust's Securities, filed as Exhibit 4(d) to the Trust's Annual Report on Form 10-K file with the SEC for the year ended December 31, 2019, incorporated herein by reference*</u>
4(e)	<u>First Amendment to the San Juan Basin Amended and Restated Royalty Trust Indenture, dated February 15, 2024, filed as Exhibit 4(f) to the Trust's Current Report on Form 8-K filed with the SEC on February 15, 2024, and incorporated herein by reference*</u>
10	<u>Indemnification Agreement, dated May 13, 2003, with effectiveness as of July 30, 2002, by and between Lee Ann Anderson and San Juan Basin Royalty Trust, heretofore filed as Exhibit 10(a) to the Trust's Quarterly Report on Form 10-Q filed with the SEC for the quarter ended March 31, 2003, is incorporated herein by reference*</u>
23	<u>Consent of Cawley, Gillespie & Associates, Inc., reservoir engineer**</u>
31	<u>Certification required by Rule 13a-14(a), dated April 1, 2024, by Nancy Willis, Director of Royalty Trust Services of Argent Trust Company, the Trustee of the Trust**</u>
32	<u>Certification required by Rule 13a-14(b), dated April 1, 2024, by Nancy Willis, Director of Royalty Trust Services of Argent Trust Company, the Trustee of the Trust**</u>
97	<u>Executive Officer Compensation Recovery Policy**</u>
99.1	<u>Independent Petroleum Engineers' Report prepared by Cawley, Gillespie & Associates, Inc., dated March 11, 2024**</u>

* A copy of this Exhibit is available to any Unit Holder (free of charge) upon written request to the Trustee, Argent Trust Company, 3838 Oak Lawn Ave., Suite 1720, Dallas, Texas 75219.

** Filed herewith.

*** Furnished herewith.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARGENT TRUST COMPANY, AS TRUSTEE OF
THE SAN JUAN BASIN ROYALTY TRUST

By: /s/ Nancy Willis
Name: Nancy Willis
Title: Director of Royalty Trust Services

Date: March 31, 2025

(The Trust has no directors or executive officers)

CAWLEY, GILLESPIE & ASSOCIATES, INC.

PETROLEUM CONSULTANTS

6500 RIVER PLACE BLVD, SUITE 3-200
AUSTIN, TEXAS 78730-1111
512-249-7000

306 WEST SEVENTH STREET, SUITE 302
FORT WORTH, TEXAS 76102-4987
817- 336-2461
www.cgaus.com

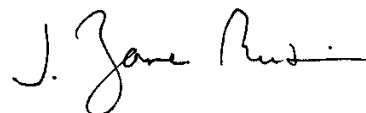
1000 LOUISIANA STREET, SUITE 1900
HOUSTON, TEXAS 77002-5008
713-651-9944

San Juan Basin Royalty Trust
Argent Trust Company, Trustee
3838 Oak Lawn Avenue, Suite 1720
Dallas TX 75219

Ladies and Gentlemen:

Cawley, Gillespie & Associates, Inc. hereby consents to the use of the oil and gas reserve information in the San Juan Basin Royalty Trust Securities and Exchange Commission Form 10-K for the year ended December 31, 2024 and in the San Juan Basin Royalty Trust Annual Report for the year ended December 31, 2024 based on reserve reports prepared by Cawley, Gillespie & Associates, Inc. and dated March 11, 2025.

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693



J. Zane Meekins, P. E.
Executive Vice President

Fort Worth, Texas
March 31, 2025

CERTIFICATION

I, Nancy Willis, certify that:

1. I have reviewed this Annual Report on Form 10-K of San Juan Basin Royalty Trust, for which Argent Trust Company acts as Trustee;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, Distributable Income and changes in trust corpus of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and I have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors:

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves persons who have a significant role in the registrant's internal control over financial reporting.

In giving the certifications in paragraphs 4 and 5 above, I have relied to the extent I consider reasonable on information provided to me by Hilcorp San Juan L.P.

Date: March 31, 2025

ARGENT TRUST COMPANY, AS TRUSTEE OF THE
SAN JUAN BASIN ROYALTY TRUST

By: /s/ Nancy Willis
Name: Nancy Willis
Title: Director of Royalty Trust Services

**CERTIFICATION OF
THE TRUSTEE*
OF THE SAN JUAN BASIN ROYALTY TRUST
PURSUANT TO 18 U.S.C. § 1350**

In connection with the accompanying report on Form 10-K for the year ended December 31, 2024, and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nancy Willis of Argent Trust Company, on behalf of Argent Trust Company, the Trustee of the San Juan Basin Royalty Trust (the "Trust"),* not in its individual capacity but solely as Trustee of the Trust, hereby certify that:

1. The Report fully complies in all material respects with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (as explained in Note 3 to the Trust's financial statements contained in the Report, in accordance with the Securities and Exchange Commission Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts, the Trust prepares its financial statements in a manner that differs from generally accepted accounting principles; such presentation is customary to other royalty trusts); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

ARGENT TRUST COMPANY, AS TRUSTEE OF THE
SAN JUAN BASIN ROYALTY TRUST

By: /s/ Nancy Willis
Name: Nancy Willis
Title: Director of Royalty Trust Services

Date: March 31, 2025

* The Trust has no executive officers.

San Juan Basin Royalty Trust Executive Officer Compensation Recovery Policy

This Executive Officer Compensation Recovery Policy (this “*Policy*”) of San Juan Basin Royalty Trust (the “*Trust*”) is hereby adopted as of December 29, 2023 by PNC Bank, National Association (the “*Trustee*”) in compliance with Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934 (the “*Exchange Act*”) and Section 303A.14 of the New York Stock Exchange (the “*NYSE*”) Listed Company Manual (“*Section 303A.14*”). Certain terms shall have the meanings set forth in “*Section 3. Definitions*” below.

Section 1. Recovery Requirement

Subject to Section 4 of this Policy, in the event the Trust is required to prepare an Accounting Restatement, then the Trustee hereby directs the Trust, to the fullest extent permitted by governing law, to recover from each Executive Officer the amount received by an Executive Officer, if any, of Erroneously Awarded Compensation, with such recovery occurring reasonably promptly after the Restatement Date relating to such Accounting Restatement. An Executive Officer shall be deemed to have “received” Incentive-Based Compensation in the Trust’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that fiscal period.

The Trustee may effect recovery in any manner consistent with applicable law including, but not limited to, (a) seeking reimbursement of all or part of any Erroneously Awarded Compensation previously received by an Executive Officer and to the extent that the Executive Officer does not reimburse such Erroneously Awarded Compensation, suing and enforcing recovery against the Executive Officer for repayment of the Erroneously Awarded Compensation, together with any expenses (including, without limitation, legal fees) incurred by the Trust in enforcing such recovery, (b) cancelling prior grants of Incentive-Based Compensation, whether vested or unvested, restricted or deferred, or paid or unpaid, and through the forfeiture of previously vested equity awards, (c) cancelling or setting-off against planned future grants of Incentive-Based Compensation, (d) deducting all or any portion of such Erroneously Awarded Compensation from any other remuneration payable by the Trust to such Executive Officer, and (e) any other method authorized by applicable law or contract.

The Trust’s right to recovery pursuant to this Policy is not dependent on if or when the Accounting Restatement is filed with the Securities and Exchange Commission.

Section 2. Incentive-Based Compensation Subject to this Policy.

This Policy applies to all Incentive-Based Compensation received by a current or former Executive Officer on or after October 2, 2023 (the “*Effective Date*”):

- (i) if such Incentive-Based Compensation was received on or after the date such person became an Executive Officer of the Trust;
- (ii) if such Executive Officer served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation;

(iii) if such Incentive-Based Compensation was received during the three completed fiscal years immediately preceding the Restatement Date (including any transition period that results from a change in the Trust's fiscal year that is within or immediately following those three completed fiscal years; provided that a transition period of nine to 12 months is deemed to be a completed fiscal year); and

(iv) while the Trust has a class of securities listed on a national securities exchange or national securities association.

This Policy shall apply and govern Incentive-Based Compensation received by any Executive Officer, notwithstanding any contrary or supplemental term or condition in any document, plan or agreement including without limitation any employment contract, indemnification agreement, equity agreement, or equity plan document. Subsequent changes to an Executive Officer's employment status, including retirement or termination of employment, do not affect the Trust's rights to recover Erroneously Awarded Compensation under this Policy.

Section 3. Definitions:

For purposes of this Policy, the following terms have the meanings set forth below:

- “***Accounting Restatement***” means an accounting restatement due to the material noncompliance of the Trust with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error (i) in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a “Big R” restatement) or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a “little r” restatement).
- “***Erroneously Awarded Compensation***” means the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received by the Executive Officer had it been determined based on the restated amounts in the Accounting Restatement (computed without regard to any taxes paid). For Incentive-Based Compensation based on the price of units of beneficial interest in the Trust or total unitholder return (“***TUR***”), where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement the Trust shall: (i) base the calculation of the amount on a reasonable estimate of the effect of the Accounting Restatement on the price of units of beneficial interest in the Trust or TUR upon which the Incentive-Based Compensation received was based; and (ii) retain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE.
- “***Executive Officer***” has the meaning set forth in Section 303A.14(e) of the NYSE Listed Company Manual. For purposes of clarity, “Executive Officer” includes officers or employees of the Trustee who perform policy-making functions for the Trust.
- “***Financial Reporting Measure***” is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Trust's financial statements, or any measure derived wholly or in part from such measure, (ii) unit price and (iii) TUR. A Financial Reporting Measure need not be presented within the Trust's financial statements or included in a filing with the SEC.
- “***Incentive-Based Compensation***” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (including, without limitation,

unit price or TUR), including, any short-term or long-term incentive awards, cash bonuses, restricted unit awards that vest based on achievement of a Financial Reporting Measure. Equity awards that vest exclusively upon completion of a specified employment period, without any performance condition, and bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures, do not constitute Incentive-Based Compensation.

- “**Restatement Date**” means the earlier to occur of (i) the date the Trustee (or an officer or officers of the Trust or Trustee authorized to take such action if action by the board of directors of the Trust or Trustee is not required) concludes, or reasonably should have concluded, that the Trust is required to prepare an Accounting Restatement and (ii) the date a court, regulator, or other legally authorized body directs the Trust to prepare an Accounting Restatement.
- “**SEC**” means the U.S. Securities and Exchange Commission, or any successor agency.

Section 4. Exceptions to Recovery

Notwithstanding the foregoing, the Trust is not required to recover Erroneously Awarded Compensation to the extent that, in accordance with applicable federal securities laws and Section 303A.14, a determination is made that:

- (i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (provided, that, before concluding that it would be impracticable to recover based on the expense of enforcement, the Trust must make a reasonable attempt to recover such Erroneously Awarded Compensation and must document such attempts and provide such documentation to the NYSE);
- (ii) recovery would violate one or more laws of the home country that were adopted prior to November 28, 2022 (provided, that, before concluding that it would be impracticable to recover based on violation of home country law, the Trust must obtain an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation and provide a copy of such opinion to the NYSE); or
- (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Trust and its subsidiaries, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

Section 5. No Right to Indemnification or Insurance

The Trust shall not indemnify any Executive Officer against the loss of Erroneously Awarded Compensation or losses arising from any claims relating to the Trust’s enforcement of this Policy. In addition, the Trust shall not pay, or reimburse any Executive Officer for, any premiums for a third-party insurance policy purchased by the Executive Officer or any other party that would fund any of the Executive Officer’s potential recovery obligations under this Policy.

Section 6. Interpretation and Amendment of this Policy

It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D and Rule 10D-1 of the Exchange Act (or any successor statute or rule) and any other applicable rules or listing standards adopted by the SEC or the NYSE. The Trustee shall have the sole authority to interpret and make any

determinations regarding this Policy. The Trustee may amend, modify or terminate this Policy, in whole or in part at any time. Compliance with this Policy cannot be waived.

Section 7. Other Recoupment Rights.

The Trust intends that this Policy will be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Trust pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other remedies available to the Trust under applicable law. Without by implication limiting the foregoing, following a restatement of the Trust's financial statements, the Trust also shall be entitled to recover any compensation received by the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002.

Section 8. Public Disclosures

The Trust shall make all required disclosures and filings with respect to this Policy in accordance with the requirements of the federal securities laws.

CAWLEY, GILLESPIE & ASSOCIATES, INC.

PETROLEUM CONSULTANTS

6500 RIVER PLACE BLVD, SUITE 3-200
AUSTIN, TEXAS 78730-1111
512-249-7000

306 WEST SEVENTH STREET, SUITE 302
FORT WORTH, TEXAS 76102-4987
817-336-2461
www.cgaus.com

1000 LOUISIANA STREET, SUITE 1900
HOUSTON, TEXAS 77002-5008
713-651-9944

March 11, 2025

Ms. Nancy Willis
San Juan Basin Royalty Trust
Argent Trust Company, Trustee
3838 Oak Lawn Avenue, Suite 1720
Dallas TX 75219

Re: Evaluation Summary
San Juan Basin Royalty Trust Interests
Proved Reserves
As of December 31, 2024

Dear Ms. Willis:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the above captioned interests. It is our understanding that the proved reserves estimated in this report constitute 100 percent of the proved reserves owned by the San Juan Basin Royalty Trust, all of which are located in the San Juan Basin of northwestern New Mexico.

This report, completed on March 11, 2025, has been prepared for use in filings with the SEC. In our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose. Composite reserves estimates and economic forecasts for the proved reserves are summarized below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Undeveloped	Proved
Net Reserves					
Oil/Condensate	- Mbbl	131.8	0.1	0.0	131.9
Gas	- MMcf	61,735.0	360.4	—	62,095.4
Revenue					
Oil/Condensate	- M\$	8,744.4	7.3	0.0	8,751.7
Gas	- M\$	142,035.0	669.3	—	142,704.2
Severance and					
Ad Valorem Taxes	- M\$	19,496.5	84.5	—	19,581.1
Operating Expenses	- M\$	0.0	0.0	0.0	0.0
Investments	- M\$	0.0	0.0	0.0	0.0
Operating Income (BFIT)	- M\$	131,282.8	592.0	—	131,874.8
Discounted at 10.0%	- M\$	76,833.4	57.0	—	76,890.3

The discounted value shown above should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

As to the assumptions, methods and procedures used in connection with the preparation of this report, prices were forecast in accordance with Securities and Exchange Commission guidelines using average annual prices of \$2.130 per MMBtu (Henry Hub) and \$75.48 per barrel (WTI Cushing). Gas price adjustments were specified by property with values ranging from 0.30 to 1.96. The adjusted volume-weighted average gas price over the life of the properties is \$2.32 per Mcf. The above oil price was adjusted for an overall differential of -\$9.13 per barrel.

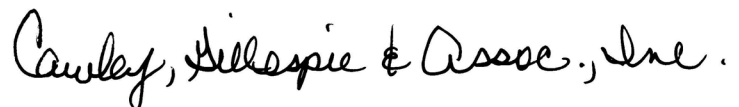
Operating expenses and capital costs were based on an analysis of data provided by Hilcorp Energy. Operating expenses include direct lease operating expenses and administrative overhead. Investments include drilling costs, work-over costs and production equipment costs. As directed, the accumulated excess production costs were not considered. Severance taxes were forecast as 12.4% of gas revenue and 10.9% of oil revenue. Neither expenses nor investments were escalated. The cost of plugging and the salvage value of equipment have not been considered.

The proved reserve classifications conform to criteria of the Securities and Exchange Commission. The estimates of reserves in this report have been prepared in accordance with the definitions and disclosure guidelines set forth in the U.S. Securities and Exchange Commission (SEC) Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). The reserves and economics are predicated on the regulatory agency classifications, rules, policies, laws, taxes and royalties in effect on the effective date except as noted herein. The possible effects of changes in legislation or other Federal or State restrictive actions have not been considered. The reserves were estimated using a combination of the production performance, volumetric and analogy methods, in each case as we considered appropriate and necessary to establish the conclusions set forth herein. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. Due to the inherent uncertainties of reserves estimates, it should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates were based on interpretations of factual data furnished by Hilcorp Energy and the San Juan Basin Royalty Trust. Liquid and gas price information, cost and expense history, subject wells and ownership were supplied by Hilcorp Energy and were accepted as furnished. To some extent, information from public records has been used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data. An on-site inspection of these properties has not been made nor have the wells been tested by Cawley, Gillespie & Associates, Inc.

Our work-papers and related data are available for inspection and review by authorized parties.

Respectfully submitted,

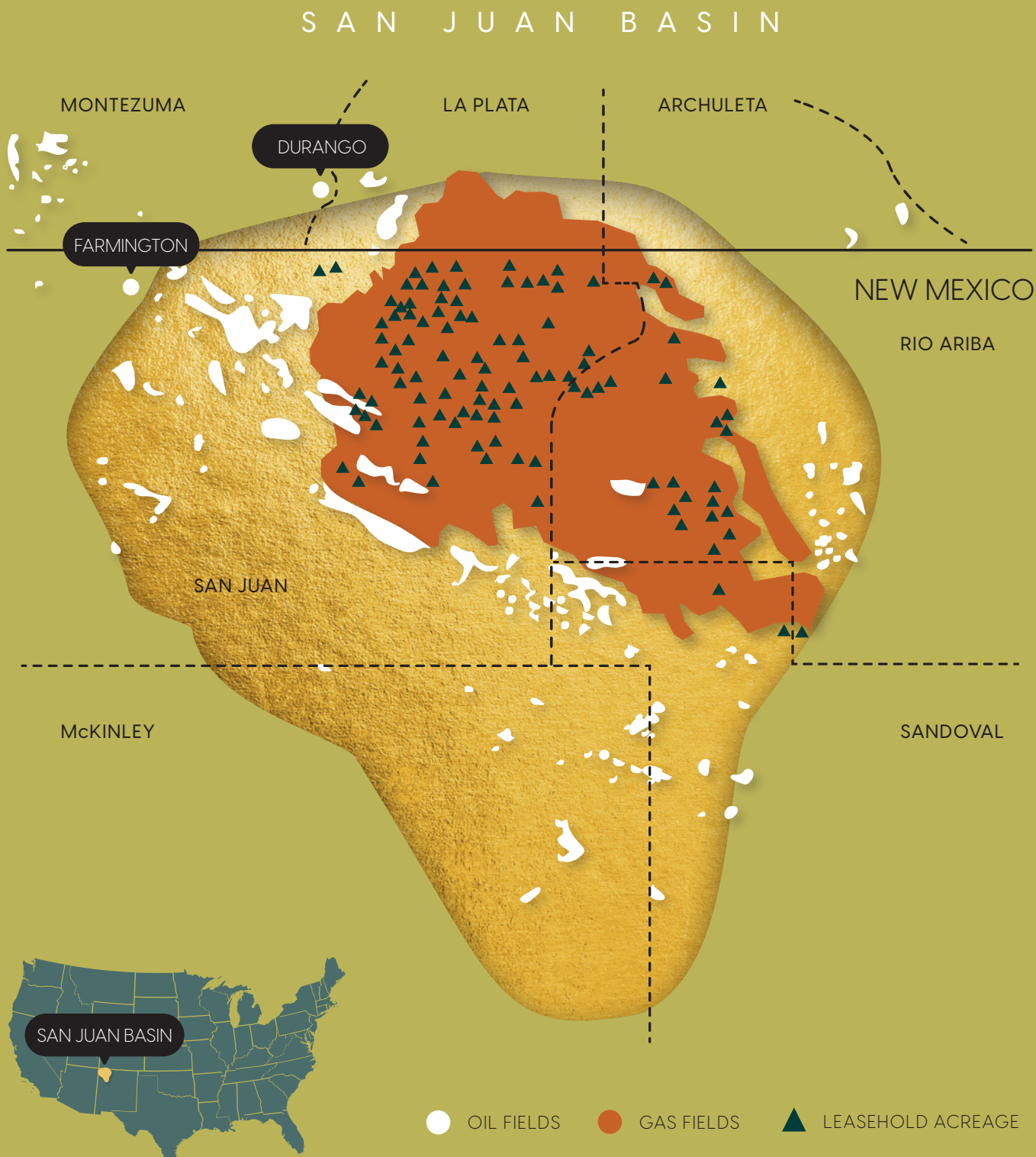


CAWLEY, GILLESPIE & ASSOCIATES, INC.

Texas Registered Engineering Firm F-693

THE TRUST

The principal asset of the San Juan Basin Royalty Trust (the "Trust") consists of a 75% net overriding royalty interest (the "Royalty") that burdens certain oil and gas interests (the "Subject Interests") in properties located in the San Juan Basin of northwestern New Mexico.



SAN JUAN BASIN ROYALTY TRUST

Argent Trust Company
3838 Oak Lawn Ave., Suite 1720
Dallas, Texas 75219

(855) 588-7839

www.sjbrt.com
trustee@sjbrt.com

AUDITORS

Weaver and Tidwell, L.L.P.
Austin, Texas

LEGAL COUNSEL

Greenberg Traurig, LLP
Dallas, Texas

TRANSFER AGENT

Computershare Investor Services
P.O. Box 43078
Providence, Rhode Island 02940-3078
www.computershare.com

For questions about distribution payments, address changes, and transfer procedures call (877) 373-6374