



San Juan Basin Royalty Trust (SJT)

Updated November 17th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	\$6.40	5 Year CAGR Estimate:	-8.3%	Market Cap:	\$300 M
Fair Value Price:	\$1.00	5 Year Growth Estimate:	25.0%	Ex-Dividend Date:	N/A
% Fair Value:	646%	5 Year Valuation Multiple Estimate:	-31.2%	Div. Payment Date:	N/A
Dividend Yield ¹ :	1.7%	5 Year Price Target	\$3.00	Years Of Dividend Growth:	0
Dividend Risk Score:	A	Sector: Energy		Rating:	Sell

Overview & Current Events

San Juan Basin Royalty Trust (SJT) is a medium sized gas trust (it produces a negligible amount of oil), set up in 1980 by Southland Royalty Company. The producing properties are all in northern New Mexico, in the San Juan Basin. They are currently operated by Hilcorp San Juan, L.P., which acquired the interests in 2017. The trust's assets are static in that no further properties can be added. The trust has no operations, but is merely a pass-through vehicle for the royalties. SJT had royalty income of \$6.9 million in 2024, and has a current market capitalization of \$300 million.

In 2011, SJT had a remaining expected life of 9 years. We were unable to find a reported current estimated life for the trust (which is probably not a good sign). Moreover, due to the volatility of the price of natural gas, the trust revises its estimated reserves pronouncedly every year, as lower prices mean that some reserves are not economical to produce. As a result, it is essentially impossible to calculate the lifetime of reserves with any degree of precision.

In mid-November, SJT reported (11/13/2025) results for Q3-2025. Production of gas grew 21% and the price of gas surged 42% over last year's quarter but capital expenses increased significantly due to the drilling of two new horizontal wells. As a result, SJT did not pay any distributions. SJT has suspended its distributions since May-2024 due to excess operating costs and weak gas prices. It will resume distributions when costs moderate and gas prices grow. As gas prices have improved this year amid lower inventories, we expect SJT to resume distributions in the upcoming months.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
DCFU	\$0.365	\$0.299	\$0.840	\$0.386	\$0.174	\$0.159	\$0.77	\$1.66	\$1.11	\$0.11	\$0.11	\$0.34
DPU	\$0.365	\$0.299	\$0.840	\$0.386	\$0.174	\$0.159	\$0.77	\$1.66	\$1.11	\$0.11	\$0.11	\$0.34
Units ²	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6

Essentially all the royalty income (cash) the trust receives is passed through to unit holders. The trust has generated an average annual distributable and distributed cash flow of \$0.59 per unit for the past 10 years. However, distributions have been extremely volatile due to the dramatic swings of the price of natural gas. That's why the trust offers no guidance. The price of natural gas has recovered this year thanks to a decrease in inventories after a colder-than-normal winter. Despite the natural decline of production of SJT in the long run, we expect distributable income per unit to grow 25% per year on average over the next five years due to a depressed comparison base this year, a 10-year low level. Gas prices have recovered this year, but we do not expect a sustainable rebound due to a record number of renewable energy projects underway.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
P/DCFU	25.2	18.0	8.9	16.9	21.2	16.6	6.5	6.1	7.4	39.1	58.2	9.0
Avg. Yld.	4.0%	5.6%	11.3%	5.9%	4.7%	6.0%	15.4%	16.3%	13.6%	2.6%	1.7%	11.1%

¹ Distributions have been suspended.

² Average Weighted Unit count is in millions.

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SJT has traded at an average price-to-DCFU of 16.6 over the last decade. The trust is currently trading at an exceptionally high price-to-DCFU ratio of 58.2 due to depressed expected DCFU this year. Due to the natural decline of the production of SJT in the long run and the uncertainty over the lifetime of its reserves, we assume a fair price-to-DCFU of 9.0 for this trust. If SJT trades at this valuation level in five years, it will incur a -31.2% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

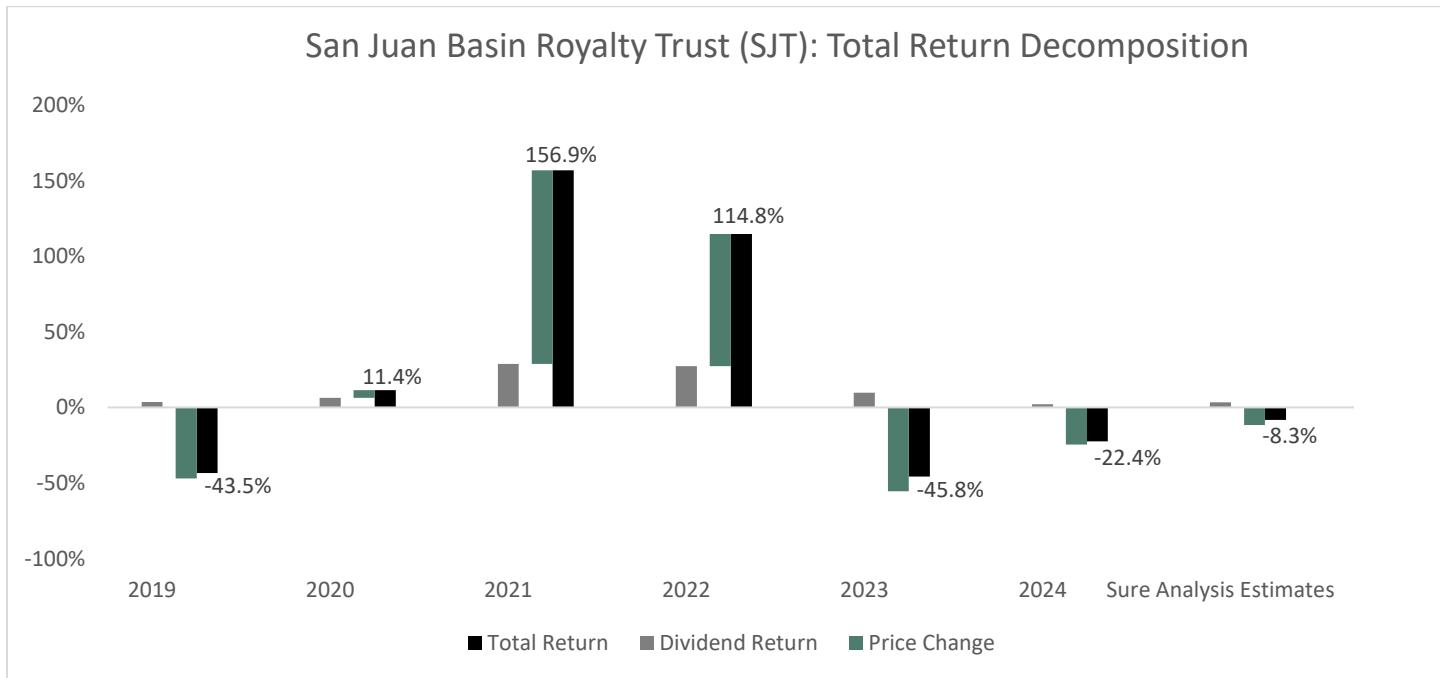
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

SJT has been in continuous existence for 45 years and has offered an average 8.5% yield for the last 10 years (albeit with considerable volatility in the distributions). Having said that, it is impossible to forecast future distributions due to the dramatic swings of gas prices. SJT has proved highly vulnerable to the downturns of the energy market, as evidenced in 2015-2016 and 2020. It suspended its distribution for six months in 2019 and four months in 2020 due to low natural gas prices. It has suspended its distribution since last year as well due to high operating costs and modest gas prices. At high gas prices, the trust can extend its life, as it will have an incentive to apply ever-evolving technology to squeeze extra amounts of gas out of the fields. On the other hand, when the music begins to slow down on trusts (i.e., the end of reserves comes into view), or the market gets the slightest hint that the music will slow, the price of a unit can plummet overnight. And this particular trust has an operator that is not as clearly aligned with trust unit holder interests as one would like.

Final Thoughts & Recommendation

SJT offered blowout distributions in 2022-2023 due to the Ukrainian crisis but gas prices reverted to normal levels last year. Gas prices have improved this year but we do not expect them to keep rising in the long run due to the execution of numerous renewable energy projects around the globe. SJT could offer an -8.3% average annual total return over the next five years, as its 1.7% potential distribution yield and 25% growth of distributable income may be offset by a -31.2% valuation headwind. SJT receives a sell rating. Even at more opportune stock prices, SJT is suitable only for the investors who can stomach the extreme volatility of gas prices and the resultant volatility of the stock price.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	20	18	41	19	10	9	38	79	53	7
SG&A Exp.				1	2	1	2	1	2	2
Net Profit	17	14	39	18	8	7	36	78	52	5
Net Margin	87.1%	79.5%	96.1%	92.5%	81.7%	83.9%	95.6%	98.2%	97.0%	74.3%

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	11	12	11	8	7	6	10	8	4	3
Total Liabilities	2	4	4	2	1	1	6	5	2	1
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Partner's Equity	9	8	7	6	5	5	4	3	3	3

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	142%	125%	345%	190%	112%	115%	440%	844%	808%	133%
Return on Equity	188%	169%	545%	289%	143%	140%	816%	2330%	1805%	190%
ROIC	188%	169%	545%	289%	143%	140%	816%	2330%	1805%	190%
Shares Out.	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6
Revenue/Share	0.42	0.38	0.87	0.42	0.21	0.19	0.81	1.70	1.14	0.15

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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