



# Independent Stock Idea

October 1, 2015

## **San Juan Basin Royalty Trust (SJT) Trust Officer Resigns**

### **Summary and Recommendation**

Units of **San Juan Basin Royalty Trust (SJT)** remain an attractive investment, in our opinion, in long-life natural gas production at a time of changes involving the trustee. In a surprise release after the close of trading on September 30, 2015, BBVA Compass Bank announced that Lee Ann Anderson has resigned from the bank effective October 7, 2015. No explanation was given for the abrupt adjustment.

Ms. Anderson has been the officer of the current and predecessor bank trustees responsible for SJT for some thirty years as we recall. The office of the trustee has always been in Fort Worth, Texas. Prior to Compass Bank, the trustee was Texas Bank until it was acquired by Compass in 2006. The chief executive of Texas Bank was Vernon Bryant, a well-known Fort Worth business person.

Mr. Bryant is now the chairman and chief executive of Southwest Bank, which has recently become the trustee of **Permian Basin Royalty Trust (PBT)** as well as **Sabine Royalty Trust (SBR)** and **Cross Timbers Royalty Trust (CRT)** among others. SJT has a common interest with PBT in that **ConocoPhillips (COP)** is the operator of the properties of each trust. Both SJT and PBT were originally created by the same sponsor, Southland Royalty Company. Southland was acquired by Burlington Resources, which in turn was acquired by COP.

Ms. Anderson has given no indication of what her plans may be. There have been no disclosures that the responsibility for SJT would shift from BBVA Compass to Southwest Bank. We have confidence in Ms. Anderson and in the royalty trust capabilities of Southwest Bank.

BBVA is Banco Bilbao Vizcaya Argentaria, an international bank headquartered in Bilbao, Spain. Its Fort Worth bank has named Joshua Peterson as the trust officer to administer SJT. We would also expect the new BBVA Compass trust officer in charge of SJT to be capable.

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