

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2023 <i>(Unaudited)</i>	December 31, 2022
Assets		
Cash and short-term investments	\$ 3,542,225	\$ 2,855,444
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,775,783 and \$10,695,783 at June 30, 2023 and December 31, 2022, respectively).....	199,433	279,433
TOTAL ASSETS	\$ 3,741,658	\$ 3,134,877
Liabilities and Trust Corpus		
Distribution payable to Unit Holders	\$ 2,442,225	\$ 1,755,444
Commitments and reserves for contingencies	1,100,000	1,100,000
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding.....	199,433	279,433
TOTAL LIABILITIES AND TRUST CORPUS	\$ 3,741,658	\$ 3,134,877

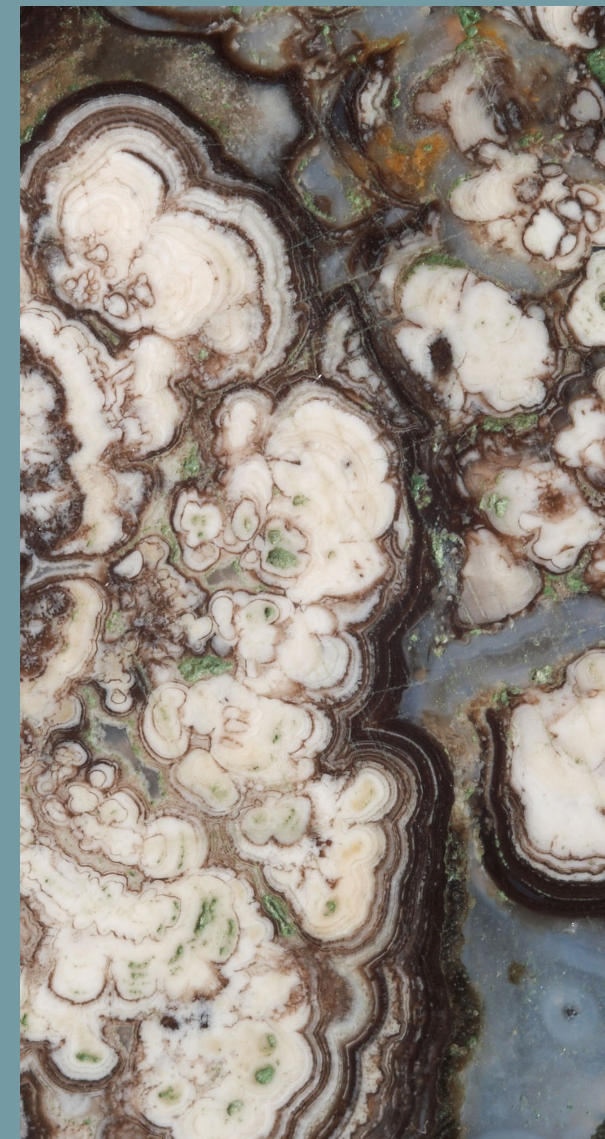
Condensed Statements of Distributable Income *(Unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Royalty income	\$ 6,074,170	\$ 7,630,221	\$ 11,280,772	\$ 11,708,866
Interest income	22,964	1,785	37,071	3,018
	<u>6,097,134</u>	<u>7,632,006</u>	<u>11,317,843</u>	<u>11,711,884</u>
Reserve for expenses	—	—	—	—
General and administrative expenditures	(335,992)	(273,698)	(816,086)	(618,882)
Distributable income	<u>\$ 5,761,142</u>	<u>\$ 7,358,308</u>	<u>\$ 10,501,757</u>	<u>\$ 11,093,002</u>
Distributable income per Unit (46,608,796 Units)	<u>\$.12</u>	<u>\$.16</u>	<u>\$.23</u>	<u>\$.24</u>

Condensed Statements of Changes in Trust Corpus *(Unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Trust Corpus, beginning of period.....	\$ 239,433	\$ 336,545	\$ 279,433	\$ 352,688
Amortization of net overriding royalty interests.	(40,000)	(10,460)	(80,000)	(26,603)
Distributable income.....	5,761,142	7,358,308	10,501,757	11,093,002
Distributions declared.....	<u>(5,761,142)</u>	<u>(7,358,308)</u>	<u>(10,501,757)</u>	<u>(11,093,002)</u>
Trust Corpus, end of period.....	<u>\$ 199,433</u>	<u>\$ 326,085</u>	<u>\$ 199,433</u>	<u>\$ 326,085</u>
Distributions per Unit.....	<u>\$.12</u>	<u>\$.16</u>	<u>\$.23</u>	<u>\$.24</u>

Permian Basin Royalty Trust



2nd
Quarter Report
2023

To Unit Holders:

For the quarter ended June 30, 2023, royalty income received by the Trust amounted to \$6,074,170 compared to royalty income of \$7,630,221 during the second quarter of 2022. The decrease in royalty income is primarily attributable to a decrease in oil and gas production and pricing for the quarter ending June 30, 2023, as compared to the quarter ended June 30, 2022. Average oil and gas prices were \$73.73 and \$2.11, respectively, for the quarter ending June 30, 2023, compared to \$101.24 and \$5.33 for the quarter ended June 30, 2022.

Interest income for the quarter ended June 30, 2023, was \$22,964 compared to \$1,785 during the second quarter of 2022. The increase in interest income is primarily attributable to a substantial increase in the amounts of funds available for investment. Total expenses during the second quarter of 2023 amounted to \$335,992 compared to \$273,698 during the second quarter of 2022. The increase in total expenses can be primarily attributed to increase expenses for professional services, printing costs and the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended June 30, 2023, of \$5,761,142 or \$.12 per Unit of beneficial interest. Distributions of \$0.026846, \$0.044388, and \$0.052371 per Unit were made to Unit holders of record as of April 28, 2023, May 31, 2023, and June 30, 2023, respectively. For the second quarter of 2022, distributable income was \$7,358,308 or \$.16 per Unit of beneficial interest.

Royalty income for the Trust for the second quarter of the calendar year is associated with actual oil and gas production for the period of February, March and April 2023 from the properties from which the Trust's net overriding royalty interests ("Royalties") were carved. Oil

and gas sales attributable to the Royalties and the properties from which the Royalties were carved are as follows:

	Second Quarter 2023	2022
Royalties:		
Oil sales (Bbls)	552,422	408,343
Gas sales (Mcf)	2,818,639	1,892,873
Properties From Which The Royalties Were Carved:		
Oil:		
Total oil sales (Bbls)	726,034	533,611
Average per day (Bbls)	8,067	5,929
Average price per Bbl	\$ 73.73	\$ 101.24
Gas:		
Total gas sales (Mcf)	3,745,183	2,517,160
Average per day (Mcf)	41,613	27,968
Average price per Mcf	\$ 2.11	\$ 5.33

The average received price of oil decreased to an average price per barrel of \$73.73 per Bbl in the second quarter of 2023, compared to \$101.24 per Bbl in the second quarter of 2022 due to worldwide market variables. The average price of gas (including natural gas liquids) decreased from \$5.33 per Mcf in the second quarter of 2022 to \$2.11 per Mcf in the second quarter of 2023 due to change in overall market variables.

Since the oil and gas sales attributable to the Royalties are based on an allocation formula that is dependent on such factors as price and cost (including capital expenditures), the production amounts in the Royalties section of the above table do not provide a meaningful comparison. Oil sales volumes increased and gas sales volumes increased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2022) for the applicable period in 2023 compared to 2022.

Capital expenditures for drilling, remedial

and maintenance activities on the Waddell Ranch properties during the second quarter of 2023 totaled \$29.7 million (gross) as compared to about \$32 million (gross) for the second quarter of 2022. Blackbeard has previously informed the Trustee that the 2023 capital expenditures budget has been approved at \$96.8 million (gross) for the Waddell Ranch properties. The total amount of capital expenditures for 2022 with regard to the Waddell Ranch properties totaled \$124 million (gross).

The Trustee has been advised that there were 7.6 workover wells completed, 4.9 new wells completed, 2.3 new wells in progress and 4.8 workover wells in progress during the three months ended June 30, 2023, as compared to 12 workover wells (gross) completed, 11.6 new wells (gross) completed, 11.3 new wells (gross) in progress and 12 workover wells (gross) in progress for the three months ended June 30, 2022, on the Waddell Ranch properties. There were various facility projects in progress for the second quarter of 2023.

Lease operating expenses and property taxes totaled \$16.5 million (gross) for the second quarter of 2023, compared to \$10.3 million (gross) for the same period in 2022 on the Waddell Ranch properties due to increased maintenance work.

Six Months Ended June 30, 2023

For the six months ended June 30, 2023, royalty income received by the Trust amounted to \$11,280,772 compared to royalty income of \$11,708,866 for the six months ended June 30, 2022. The decrease in royalty income is primarily attributable to a decrease in oil and gas pricing for the six months ending June 30, 2023, as compared to the six months ended June 30, 2022.

Average oil and gas prices were \$75.61 and \$2.65, respectively, for the six months ending June 30, 2023 compared to \$89.15 and \$4.89 for the six months ended June 30, 2022.

Interest income for the six months ended June 30, 2023, was \$37,071 compared to \$3,018 during the six months ended June 30, 2022. The increase in interest income is primarily attributable to a substantial increase in the amounts of funds available for investment. Total expenses during the six months ending June 30, 2023, amounted to \$816,086 compared to \$618,882 during the six months ended June 30, 2022. The increase in total expenses can be primarily attributed to increased expenses for professional services, printing costs and the timing of payment of expenses.

These transactions resulted in distributable income for the six months ended June 30, 2023 of \$10,501,757, or \$0.23 per Unit. For the six months ended June 30, 2022, distributable income was \$11,093,002 or \$0.24 per Unit.

Argent Trust Company, Trustee
By:



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