

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021
Assets		
Cash and short-term investments.....	\$ 5,373,245	\$ 2,248,527
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,649,131 and \$10,622,528 at June 30, 2022 and December 31, 2021, respectively).....	326,085	352,688
TOTAL ASSETS	\$ 5,699,330	\$ 2,601,215
Liabilities and Trust Corpus		
Distribution payable to Unit Holders.....	\$ 4,273,245	\$ 1,148,527
Commitments and reserves for contingencies.....	1,100,000	1,100,000
Trust corpus - 46,608,796 Units of beneficial interest authorized and outstanding.....	326,085	352,688
TOTAL LIABILITIES AND TRUST CORPUS	\$ 5,699,330	\$ 2,601,215

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Royalty income.....	\$ 7,630,221	\$ 2,941,146	\$ 11,708,866	\$ 5,065,303
Interest income.....	1,785	1,273	3,018	2,586
	7,632,006	2,942,419	11,711,884	5,067,889
Reserve for expenses.....	--	--	--	--
General and administrative expenditures.....	(273,698)	(284,304)	(618,882)	(570,044)
Distributable income.....	\$ 7,358,308	\$ 2,658,115	\$ 11,093,002	\$ 4,497,845
Distributable income per Unit (46,608,796 Units).....	\$.16	\$.06	\$.24	\$.10

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Trust Corpus, beginning of period.....	\$ 336,545	\$ 373,055	\$ 352,688	\$ 382,876
Amortization of net overriding royalty interests.....	(10,460)	(11,722)	(26,603)	(21,543)
Distributable income.....	7,358,308	2,658,115	11,093,002	4,497,845
Distributions declared.....	(7,358,308)	(2,658,115)	(11,093,002)	(4,497,845)
Trust Corpus, end of period.....	\$ 326,085	\$ 361,333	\$ 326,085	\$ 361,333
Distributions per Unit.....	\$.16	\$.06	\$.24	\$.10

Permian Basin Royalty Trust

2nd
Quarter Report
2022

To Unit Holders:

For the quarter ended June 30, 2022, royalty income received by the Trust amounted to \$7,630,221 compared to royalty income of \$2,941,146 during the second quarter of 2021. The increase in royalty income is primarily attributable to an increase in oil and gas pricing and an increase in oil and gas production, for the quarter ending June 30, 2022, as compared to the quarter ended June 30, 2021. Average oil and gas prices were \$101.24 and \$5.33, respectively, for the quarter ending June 30, 2022, compared to \$59.35 and \$2.69 for the quarter ended June 30, 2021.

Interest income for the quarter ended June 30, 2022, was \$1,785 compared to \$1,273 during the second quarter of 2021. The increase in interest income is primarily attributable to substantially increased amounts of funds available for investment. Total expenses during the second quarter of 2022 amounted to \$273,698 compared to \$284,304 during the second quarter of 2021. The decrease in total expenses can be primarily attributed to decreased expenses for professional services.

These transactions resulted in distributable income for the quarter ended June 30, 2022, of \$7,358,308 or \$.16 per Unit of beneficial interest. Distributions of \$0.031783, \$0.034445 and \$0.091662 per Unit were made to Unit holders of record as of April 29, 2022, May 31, 2022, and June 30, 2022, respectively. For the second quarter of 2021, distributable income was \$2,658,115 or \$0.06 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 2022 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	2022	2021
Royalties:		
Oil sales (Bbls)	408,343	201,698
Gas sales (Mcf)	1,892,873	802,960
Properties From Which The Royalties Were Carved:		
Oil:		
Total oil sales (Bbls)	533,611	259,400
Average per day (Bbls)	5,929	2,882
Average price per Bbl	\$ 101.24	\$ 59.35
Gas:		
Total gas sales (Mcf)	2,517,160	1,064,296
Average per day (Mcf)	27,968	11,969
Average price per Mcf	\$ 5.33	\$ 2.69

The average received price of oil increased to an average price per barrel of \$101.24 per Bbl in the second quarter in the second quarter of 2021 due to worldwide market variables. The Trustee has been advised by the operator of the period of August 1, 1993 through April 30, 2021, the oil from the Waddell Ranch properties was being sold under a competitive bid to a third party. The average price of gas (including natural gas liquids) increased from \$2.69 per Mcf in the second quarter of 2021 to \$5.33 per Mcf in the second quarter of 2022 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, 2021) for the applicable period in 2022 compared to 2021.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the second quarter of 2022 totaled \$32 million as compared to about \$10 million (gross) for the second quarter of 2021. Blackbeard has previously informed the Trustee that the 2022 capital expenditures budget has been approved at \$92.6 million (gross) for the Waddell Ranch properties. The total amount of capital expenditures for 2021 with regard to the Waddell Ranch properties totaled \$10.8 million (gross).

The Trustee has been advised that there were 12 workover wells completed, 11.6 new wells completed, 11.3 new wells in progress and 12 workover wells in progress during the three months ended June 30, 2022, as compared to 34 workover wells (gross) completed, 22 new wells (gross) completed, 20 new wells (gross) in progress and 37 workover wells (gross) in progress for the three months ended June 30, 2021, on the Waddell Ranch properties. There were various facility projects in progress for the second quarter of 2022.

Lease operating expenses and property taxes totaled \$10.3 million (gross) for the second quarter of 2022, compared to \$6.8 million (gross) for the same period in 2021 on the Waddell Ranch properties due to increased maintenance work.

Six Months Ended June 30, 2022

For the six months ended June 30, 2022, royalty income received by the Trust amounted to \$11,708,866 compared to royalty income of \$5,065,303 for the six months ended June 30, 2021. The increase in royalty income is primarily attributable to an increase in oil and gas pricing and an increase in oil and gas production for the six months ending June 30, 2022, as compared to the six months ended June 30, 2021, and an increase

due to the fact that the Waddell Ranch NPI deficit was fully recovered during the six months ending June 30, 2022, as compared to the six months ended June 30, 2021. Average oil and gas prices were \$89.15 and \$4.89, respectively, for the six months ending June 30, 2022 compared to \$52.14 and \$2.68 for the six months ended June 30, 2021.

Interest income for the six months ended June 30, 2022, was \$3,018 compared to \$2,586 during the six months ended June 30, 2021. The increase in interest income is primarily attributable to substantially increased amounts of funds available for investment. Total expenses during the six months ending June 30, 2022, amounted to \$618,882 compared to \$570,044 during the six months ended June 30, 2021. 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, 2022 of \$11,093,002, or \$0.24 per Unit. For the six months ended June 30, 2021, distributable income was \$4,497,845 or \$0.10 per Unit.

Simmons Bank, Trustee
By:



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