

# Permian Basin Royalty Trust Financial Statements

## Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2022 <i>(Unaudited)</i>	December 31, 2021
<b>Assets</b>		
Cash and short-term investments.....	\$ <b>11,524,889</b>	\$ 2,248,527
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,665,077 and \$10,622,528 at September 30, 2022 and December 31, 2021, respectively).....	<b>310,139</b>	352,688
<b>TOTAL ASSETS</b> .....	<b>\$ 11,835,028</b>	\$ 2,601,215
<b>Liabilities and Trust Corpus</b>		
Distribution payable to Unit Holders.....	\$ <b>10,424,889</b>	\$ 1,148,527
Commitments and reserves for contingencies.....	<b>1,100,000</b>	1,100,000
Trust corpus - 46,608,796 Units of beneficial interest authorized and outstanding.....	<b>310,139</b>	352,688
<b>TOTAL LIABILITIES AND TRUST CORPUS</b> .....	<b>\$ 11,835,028</b>	\$ 2,601,215

## Condensed Statements of Distributable Income *(Unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Royalty income.....	\$ <b>27,323,759</b>	\$ 3,344,086	\$ <b>39,032,624</b>	\$ 8,409,389
Interest income.....	<b>11,452</b>	1,273	<b>14,470</b>	3,859
	<b>27,335,211</b>	3,345,359	<b>39,047,094</b>	8,413,247
General and administrative expenditures.....	<b>(136,712)</b>	(361,096)	<b>(755,594)</b>	(931,140)
Distributable income.....	<b>\$ 27,198,499</b>	\$ 2,984,263	<b>\$ 38,291,500</b>	\$ 7,482,108
Distributable income per Unit (46,608,796 Units).....	<b>\$ .58</b>	\$ .06	<b>\$ .82</b>	\$ .16

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Trust Corpus, beginning of period.....	\$ <b>326,085</b>	\$ 361,333	\$ <b>352,688</b>	\$ 382,876
Amortization of net overriding royalty interests.....	<b>(15,946)</b>	(14,090)	<b>(42,549)</b>	(35,633)
Distributable income.....	<b>27,198,499</b>	2,984,263	<b>38,291,500</b>	7,482,108
Distributions declared.....	<b>(27,198,499)</b>	(2,984,263)	<b>(38,291,500)</b>	(7,482,108)
Trust Corpus, end of period.....	<b>\$ 310,139</b>	\$ 347,243	<b>\$ 310,139</b>	\$ 347,243
Distributions per Unit.....	<b>\$ .58</b>	\$ .06	<b>\$ .82</b>	\$ .16

# Permian Basin Royalty Trust

3<sup>rd</sup>  
Quarter Report  
2022

## To Unit Holders:

For the quarter ended September 30, 2022, royalty income received by the Trust amounted to \$27,323,759 compared to royalty income of \$3,344,086 during the third 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. Average oil and gas prices were \$108.75 and \$6.60, respectively, for the quarter ending September 30, 2022 compared to \$68.34 and \$3.36 for the quarter ended September 30, 2021.

Interest income for the quarter ended September 30, 2022 was \$11,452 compared to \$1,273 during the third quarter of 2021. The increase in interest income is primarily attributable to substantially increased amounts of funds available for investment. Total expenses during the third quarter of 2022 amounted to \$136,712 compared to \$361,096 during the third quarter of 2021. The decrease in total expenses can be primarily attributed to decreased expense for professional services, printing expenses and the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended September 30, 2022 of \$27,198,499 or \$0.58 per Unit of beneficial interest. Distributions of \$0.163979, \$0.195923 and \$0.223645 per Unit were made to Unit holders of record as of July 29, 2022, August 31, 2022, and September 30, 2022, respectively. For the third quarter of 2021, distributable income was \$2,984,263 or \$0.06 per Unit of beneficial interest.

Royalty income for the Trust for the third quarter of the calendar year is associated with actual oil and gas production for the period of May, June and July 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:

<b>Third Quarter</b>	<b>2022</b>	<b>2021</b>
<b>Royalties:</b>		
Oil sales (Bbls)	<b>468,501</b>	264,235
Gas sales (Mcf)	<b>2,580,493</b>	920,432
<b>Properties From Which The Royalties Were Carved:</b>		
<b>Oil:</b>		
Total oil sales (Bbls)	<b>612,050</b>	342,171
Average per day (Bbls)	<b>6,801</b>	3,802
Average price per Bbl	<b>\$ 108.75</b>	\$ 68.34
<b>Gas:</b>		
Total gas sales (Mcf)	<b>3,434,117</b>	1,221,263
Average per day (Mcf)	<b>38,157</b>	13,420
Average price per Mcf	<b>\$ 6.60</b>	\$ 3.36

The average received price of oil increased to an average price per barrel of \$108.75 in the third quarter of 2022, compared to \$68.34 per Bbl in the third quarter of 2021 due to worldwide market variables. The average price of gas (including natural gas liquids) increased from \$3.36 per Mcf in the third quarter of 2021 to \$6.60 (including pricing for gas liquids) per Mcf in the third 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 third quarter of 2022 totaled \$34.7

million (gross) as compared to \$26.8 million (gross) for the third quarter of 2021. Blackbeard has previously informed the Trustee that the Trust's portion of the 2022 capital expenditures budget for the Waddell Ranch properties is \$92.6 million.

The Trustee has been advised that there were 10.1 (net to the Trust) workover wells completed, 12.4 (net to the Trust) new wells completed, 4.5 (net to the Trust) new wells in progress and 2.6 (net to the Trust) workover wells in progress during the three months ended September 30, 2022, as compared to 13.9 (net to the Trust) workover wells completed and 7.1 (net to the Trust) new wells completed, 9.4 (net to the Trust) new wells in progress, and 12.6 (net to the Trust) workover wells in progress for the three months ended September 30, 2021, on the Waddell Ranch properties. There were various facility projects in progress for the third quarter of 2022.

Lease operating expenses and property taxes totaled \$11.5 million (gross) for the third quarter of 2022, compared to \$6.6 million (gross) for the same period in 2021 on the Waddell Ranch properties due to increased maintenance work.

### **Nine Months Ended September 30, 2022**

For the nine months ended September 30, 2022, royalty income received by the Trust amounted to \$39,032,624 compared to royalty income of \$8,409,389 for the nine months ended September 30, 2021. The increase in royalty income is primarily attributable to an increase in oil and gas pricing, also by an increase in oil and gas production, as compared to the nine months ended September 30, 2021. The Waddell Ranch properties did not contribute to royalty income for the nine months of 2021 due to excess costs. Average oil and gas prices were \$96.49 and \$5.56 for the nine months ended September 30, 2022 compared to \$58.79 and \$2.92 for the nine months ended September 30, 2021.

Interest income for the nine months ended September 30, 2022, was \$14,470 compared to \$3,859 during the nine months ended September 30, 2021. The increase in interest income is primarily attributable to substantially increased amounts of funds available for investment. Total expenses during the nine months ended September 30, 2022, amounted to \$755,594 compared to \$931,140 during the nine months ended September 30, 2021. The decrease in total expenses can be primarily attributed to decreased expenses for professional services, printing expenses and the timing expenses, including lack of contribution to the expense reserve in the current quarter.

These transactions resulted in distributable income for the nine months ended September 30, 2022 of \$38,291,500, or \$0.82 per Unit. For the nine months ended September 30, 2021, distributable income was \$7,482,108, or \$0.16 per Unit.

**Simmons Bank, Trustee**  
By:



**Ron E. Hooper**  
Senior Vice President,  
Royalty Trust Management