

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022
Assets		
Cash and short-term investments	\$ 2,146,065	\$ 2,855,444
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,815,783 and \$10,695,783 at September 30, 2023 and December 31, 2022, respectively).....	159,433	279,433
TOTAL ASSETS	\$ 2,305,498	\$ 3,134,877
Liabilities and Trust Corpus		
Distribution payable to Unit Holders	\$ 1,046,065	\$ 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.....	159,433	279,433
TOTAL LIABILITIES AND TRUST CORPUS	\$ 2,305,498	\$ 3,134,877

Condensed Statements of Distributable Income *(Unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Royalty income	\$ 3,317,431	\$ 27,323,759	\$ 14,598,202	\$ 39,032,624
Interest income	24,119	11,452	61,191	14,470
	3,341,550	27,335,211	14,659,393	39,047,094
General and administrative expenditures	(139,520)	(136,712)	(955,607)	(755,594)
Distributable income	\$ 3,202,030	\$ 27,198,499	\$ 13,703,786	\$ 38,291,500
Distributable income per Unit (46,608,796 Units)	\$.07	\$.58	\$.29	\$.82

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Trust Corpus, beginning of period.....	\$ 199,433	\$ 326,085	\$ 279,433	\$ 352,688
Amortization of net overriding royalty interests.	(40,000)	(15,946)	(120,000)	(42,549)
Distributable income.....	3,202,030	27,198,499	13,703,786	38,291,500
Distributions declared.....	(3,202,030)	(27,198,499)	(13,703,786)	(38,291,500)
Trust Corpus, end of period.....	\$ 159,433	\$ 310,139	\$ 159,433	\$ 310,139
Distributions per Unit.....	\$.07	\$.58	\$.29	\$.82

Permian Basin Royalty Trust



3rd

Quarter Report

2023

To Unit Holders:

For the quarter ended September 30, 2023, royalty income received by the Trust amounted to \$3,317,431 compared to royalty income of \$27,323,759 during the third quarter of 2022. The decrease in royalty income is primarily attributable to no net profits interest income being received from the Waddell Ranch properties due to an excess in working interest costs. Additionally, a decrease in oil and gas pricing, somewhat offset by an increase in oil and gas production for the quarter ended September 30, 2023 contributed to the decrease in royalty income. Average oil and gas prices were \$70.82 and \$2.06, respectively, for the quarter ending September 30, 2023 compared to \$108.75 and \$6.60 for the quarter ended September 30, 2022.

Interest income for the quarter ended September 30, 2023 was \$24,119 compared to \$11,452 during the third quarter of 2022. The increase in interest income is primarily attributable to increased amounts of funds available for investment. Total expenses during the third quarter of 2023 amounted to \$139,520 compared to \$136,712 during the third quarter of 2022. The slight increase in total expenses can be primarily attributed to increased 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, 2023 of \$3,202,030 or \$0.07 per Unit of beneficial interest. Distributions of \$0.021749, \$0.024535 and \$0.022414 per Unit were made to Unit holders of record as of July 31, 2023, August 31, 2023, and September 29, 2023, respectively. For the third quarter of 2022, distributable income was \$27,198,499 or \$0.58 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 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:

	Third Quarter	2023	2022
Royalties:			
Oil sales (Bbls)		588,470	468,501
Gas sales (Mcf)		3,218,907	2,580,493
Properties From Which The Royalties Were Carved:			
Oil:			
Total oil sales (Bbls)		775,044	612,050
Average per day (Bbls)		8,424	6,801
Average price per Bbl	\$	70.82	\$ 108.75
Gas:			
Total gas sales (Mcf)		4,281,577	3,434,117
Average per day (Mcf)		46,538	38,157
Average price per Mcf	\$	2.06	\$ 6.60

The average received price of oil decreased to an average price of \$70.82 per Bbl in the third quarter of 2023, compared to \$108.75 per Bbl in the third quarter of 2022 due to worldwide market variables. The average price of gas (including natural gas liquids) decreased from \$6.60 per Mcf in the third quarter of 2022 to \$2.06 (including pricing for gas liquids) per Mcf in the third 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 third quarter of 2023 totaled \$31.8 million (gross) as compared to \$34.7 million (gross) for the third 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 13.6 workover wells completed, 7.9 new wells completed, 7.2 new wells in progress and 15.4 workover wells in progress during the three months ended September 30, 2023, as compared to 10.1 (net to the Trust) workover wells completed and 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 for the three months ended September 30, 2022, on the Waddell Ranch properties.

Lease operating expenses and property taxes totaled \$20.2 million (gross) for the third quarter of 2023, compared to \$11.5 million (gross) for the same period in 2022 on the Waddell Ranch properties due to increased maintenance work.

Nine Months Ended September 30, 2023

For the nine months ended September 30, 2023, royalty income received by the Trust amounted to \$14,598,202 compared to royalty income of \$39,032,624 for the nine months ended September 30, 2022. The decrease in royalty income is primarily attributable to increased capital expenditures for the Waddell Ranch properties

resulting in net profits interest income not being received in March 2023 through April 2023 and from July 2023 through the end of the nine month period in addition to a decrease in oil and gas pricing as compared to the nine months ended September 30, 2022. Average oil and gas prices were \$74.06 and \$2.45 for the nine months ended September 30, 2023 compared to \$96.49 and \$5.56 for the nine months ended September 30, 2022.

Interest income for the nine months ended September 30, 2023, was \$61,191 compared to \$14,470 during the nine months ended September 30, 2022. The increase in interest income is primarily attributable to a substantial increase in the amount of funds available for investment. Total expenses during the nine months ended September 30, 2023, amounted to \$955,607 compared to \$755,594 during the nine months ended September 30, 2022. The increase in total expenses can be primarily attributed to increased expenses for professional services, printing expenses and the timing expenses.

These transactions resulted in distributable income for the nine months ended September 30, 2022 of \$13,703,786 or \$0.29 per Unit. For the nine months ended September 30, 2022, distributable income was \$38,291,500, or \$0.82 per Unit.

Argent Trust Company, Trustee
By:



Glynnis Elo
Assistant Vice President
Royalty Trust Services