

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2024 <i>(Unaudited)</i>	December 31, 2023
Assets		
Cash and short-term investments.....	\$ 6,668,079	\$ 6,051,350
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,777,591 and \$10,753,742 at June 30, 2024 and December 31, 2023, respectively).....	197,625	221,474
TOTAL ASSETS	\$ 6,865,704	\$ 6,272,824
Liabilities and Trust Corpus		
Distribution payable to Unit Holders.....	\$ 3,390,790	\$ 4,951,350
Funds received for future distributions.....	2,177,289	—
Commitments and reserves for contingencies.....	1,100,000	1,100,000
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding.....	197,625	221,474
TOTAL LIABILITIES AND TRUST CORPUS	\$ 6,865,704	\$ 6,272,824

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Royalty income.....	\$ 8,803,389	\$ 6,074,170	\$ 14,809,031	\$ 11,280,772
Interest income.....	29,106	22,964	68,153	37,071
	8,832,495	6,097,134	14,877,184	11,317,843
General and administrative expenditures...	(395,807)	(335,992)	(948,290)	(816,086)
Distributable income.....	\$ 8,436,688	\$ 5,761,142	\$ 13,928,894	\$ 10,501,757
Distributable income per Unit (46,608,796 Units).....	\$.18	\$.12	\$.30	\$.23

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Trust Corpus, beginning of period.....	\$ 209,625	\$ 239,433	\$ 221,474	\$ 279,433
Amortization of net overriding royalty interests	(12,000)	(40,000)	(23,849)	(80,000)
Distributable income.....	8,436,688	5,761,142	13,928,894	10,501,757
Distributions declared.....	(8,436,688)	(5,761,142)	(13,928,894)	(10,501,757)
Trust Corpus, end of period.....	\$ 197,625	\$ 199,433	\$ 197,625	\$ 199,433
Distributions per Unit.....	\$.18	\$.12	\$.30	\$.23

Permian Basin Royalty Trust

To Unit Holders:

For the quarter ended June 30, 2024, royalty income received by the Trust amounted to \$8,803,389 compared to royalty income of \$6,074,170 during the second quarter of 2023. For the Texas Royalty Properties, the average oil and gas prices were \$78.00 and \$10.04, respectively, for the quarter ended June 30, 2024, compared to \$73.05 and \$4.53 for the quarter ended June 30, 2023. Production information was not provided by Blackbeard such that pricing of oil and gas for the Waddell Ranch properties could not be calculated. The Trustee believes that the higher royalty income reported in the three months ended June 30, 2024, compared to the same time period in 2023, may be attributable to the deficit position of the Waddell Ranch properties during a portion of the second quarter of 2023, whereas no deficit position existed during the second quarter of 2024. The increase in royalty income was partially offset by \$2,177,289 of net proceeds being delayed until distribution declared in the third quarter of 2024 due to Blackbeard's refusal to provide information regarding monthly net proceeds in time for the monthly distribution announcement.

Interest income for the quarter ended June 30, 2024, was \$29,106 compared to \$22,964 during the second quarter of 2023. The increase in interest income is primarily attributable to increased amounts of funds available for investment. Total expenses during the second quarter of 2024 amounted to \$395,806 compared to \$335,992 during the second quarter of 2023. The 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 June 30, 2024, of \$8,436,688 or \$0.18 per Unit of beneficial interest. Distributions of \$0.088214, \$0.020052 and \$0.072743 per Unit were made to Unit holders of record as of April 30, 2024, May 31, 2024, and June 28, 2024, respectively. For the second quarter of 2023, distributable income was \$5,761,142, or \$0.12 per Unit of beneficial interest.

Notwithstanding requests from the Trustee to Blackbeard Operating, LLC ("Blackbeard"), the operator of the Waddell Ranch properties, Blackbeard has refused to provide the Trustee information necessary to calculate the net proceeds as of the NYSE notification date for the monthly distributions beginning May 2024 such that royalty income for the Trust for the second quarter of the calendar year is associated with actual oil and gas production for February and March 2024 for the Waddell Ranch properties

from which "Royalties" were carved. Royalty income for the Trust for the second quarter of the calendar year for the Texas Royalty properties is associated with actual oil and gas production from February through April 2024.

Beginning in May 2024, Blackbeard has also refused to provide monthly production, product sales, capital expenditure, and development information for the Waddell Ranch properties from which the Trust's Royalties are carved, information Blackbeard has previously provided on a monthly basis since Argent Trust Company has become Trustee of the Trust.

On July 29, 2024, Blackbeard provided the Trustee a quarterly statement showing the computation of net proceeds to the Trust for each month of the quarter ended June 30, 2024. However, no production volumes or pricing were provided, information Blackbeard has previously provided monthly since Argent Trust Company has become Trustee of the Trust. As a result, oil and gas pricing and average daily production is unable to be calculated for the Waddell Ranch properties. Oil and gas sales attributable to the Royalties and the properties from which the Royalties were carved are as follows:

	Three Months Ended June 30, 2024		Three Months Ended June 30, 2023	
	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES
Royalties:				
Oil sales (Bbls)	—	44,060	503,617	48,805
Gas sales (Mcf)	—	21,782	2,757,996	60,643
Properties From Which The Royalties Were Carved:				
Oil:				
Total oil sales (Bbls)	—	49,394	671,489	54,545
Average per day (Bbls)		543	7,379	599
Average price per Bbl		\$ 78.00	\$ 73.78	\$ 73.05
Gas:				
Total gas sales (Mcf)	—	24,426	3,677,328	67,855
Average per day (Mcf)	—	268	40,410	746
Average price per Mcf		\$ 10.04	\$ 2.07	\$ 4.53

For the Texas Royalty Properties, the average received price of oil increased to an average price of \$78.00 per Bbl in the second quarter of 2024, compared to \$73.05 per Bbl in the second quarter of 2023 due to worldwide market variables. The average price of gas (including natural gas liquids) for the Texas Royalty properties increased from \$4.53 per Mcf in the second quarter of 2023, to \$10.04 per Mcf in the second quarter of 2024 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 always provide a meaningful comparison. However, for the Texas Royalty Properties, both oil and gas sales volumes decreased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2023) for the applicable period in 2024 compared to 2023. Production information was not provided by Blackbeard for the Waddell Ranch properties.

Blackbeard advised the Trustee that capital expenditures for drilling, remedial, and maintenance activities on the Waddell Ranch properties during the second quarter of 2024 totaled \$15.6 million (gross) as compared to \$29.7 million (gross) for the second quarter of 2023. The three months ended June 30, 2024, for the Waddell Ranch properties includes April and May expenditures only, since the cash received in June was not disclosed to the Trustee by the NYSE notification deadline and therefore not distributed until subsequent to the end of the quarter. Blackbeard previously informed the Trustee that the 2024 capital expenditures budget has not been finalized; however, Blackbeard provided the Trustee with a preliminary capital expenditures budget of approximately \$301.4 million (gross), \$106.1 million (net) for the Waddell Ranch properties. The total amount of capital expenditures for 2023 with regard to the Waddell Ranch Properties totaled \$135.3 million (net).

Development information for the Waddell Ranch properties such as well completions, workovers, remedial activities, and plugging and abandonment, was not provided by Blackbeard. This information has previously been provided monthly since Argent Trust Company has become Trustee of the Trust.

Blackbeard advised the Trustee that lease operating expenses and property taxes totaled \$14.7 million (gross) for the second quarter of 2024, compared to \$16.2 million (gross) for the same period in 2023 on the Waddell Ranch properties. The quarter ended June 30, 2024, for the Waddell Ranch properties includes April and May expenses only, since the cash received in June was not disclosed to the Trustee by the NYSE notification deadline and therefore not distributed until subsequent to the end of the quarter.

Six Months Ended June 30, 2024

For the six months ended June 30, 2024, royalty income received by the Trust amounted to \$14,809,031 compared to royalty income of \$11,280,772 for the six months ended June 30, 2023. For the Texas Royalty Properties, the average received price of oil decreased to an average of \$76.53 per

Bbl in the first half of 2024, from \$76.61 per Bbl in the first half of 2023. The average received price of gas increased from \$5.02 per Mcf in the first half of 2023, to \$9.35 per Mcf for the first half of 2024. Production information was not provided by Blackbeard such that pricing of oil and gas for the Waddell Ranch properties could not be calculated. The Trustee believes that the higher royalty income reported in the six months ended June 30, 2024, compared to the same time period in 2023 may be attributable the deficit position of the Waddell Ranch properties during a portion of the first six months of 2023, whereas no deficit position existed during the first six months of 2024. The increase in royalty income was partially offset by \$2,177,289 of net proceeds being delayed until distribution declared in the third quarter of 2024 due to Blackbeard's refusal to provide information regarding monthly net proceeds in time for the monthly distribution announcement.

Interest income for the six months ended June 30, 2024, was \$68,153 compared to \$37,071 during the six months ended June 30, 2023. The increase in interest income is primarily attributable to a substantial increase in the amounts of funds available for investment and the length of time of such investment due mainly to the fact that beginning in May 2024, funds received from Blackbeard were included in the following month's distribution calculation and held for investment for a longer period of time than was historically held. Total expenses during the six months ended June 30, 2024, amounted to \$948,290 compared to \$816,086 during the six months ended June 30, 2023. 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, 2024, of \$13,928,894, or \$0.30 per Unit. For the six months ended June 30, 2023, distributable income was \$10,501,757, or \$0.23 per Unit.

**Argent Trust Company, Trustee
By:**



**Jana Egeler
Vice President,
Royalty Trust Management**