

CAUSE NO. 096-373245-25

IN RE PERMIAN BASIN  
ROYALTY TRUST

§  
§  
§  
§  
§  
§  
§

IN THE DISTRICT COURT

96TH JUDICIAL DISTRICT

TARRANT COUNTY, TEXAS

FILED  
TARRANT COUNTY  
2026 MAY - 8  
11:12:12  
THOMAS A. WILDER  
DISTRICT CLERK

---

**ORDER MODIFYING TRUST INDENTURE**

---

On May 8, 2026, the Court heard the Original Petition for Modification of Trust filed by SoftVest, L.P. (“Petitioner”), an owner of Units of Beneficial Interest of the Permian Basin Royalty Trust (the “Trust”), pursuant to sections 115.001 and 112.054 of the Texas Property Code.

After considering the testimony and evidence presented at the hearing, the record, and the arguments of counsel, the Court makes the following findings and rulings:

1. The Trust was created under the laws of the state of Texas by the Permian Basin Royalty Trust Indenture, initially entered into on November 3, 1980, between Southland Royalty Company (the “Settlor”) and The First National Bank of Fort Worth, as trustee, and was amended and restated on June 20, 2014, then further amended on May 4, 2022 (collectively, the “Trust Indenture”). The Trust assets are comprised of the certain net overriding royalty interests.
2. Argent Trust Company, a Tennessee chartered trust company, currently serves as trustee of the Trust, and units of beneficial interest in the Trust (“Units”) are publicly traded on the New York Stock Exchange under the symbol “PBT.” As of November 11, 2025, there were over 46.6 million outstanding Units held by over 25,000 “Unit Holders,” or owners of beneficial interest in the Trust.
3. The Trust was created for the benefit of its Unit Holders and is therefore an “express trust” within the meaning of Texas Property Code section 111.004(4), subject to the provisions of the Texas Property Code.
4. Since the Trust was established in 1980, changes and innovations in the oil and gas industry have rendered certain aspects of the Trust Indenture outdated, impractical, and counterproductive to the Trust’s purpose—making what was once a long-term, stable investment now a high-risk asset.

5. Unit Holders would benefit significantly from the ability to modify the terms of the Trust Indenture to address the issues it poses. However, the Trust Indenture provides no practical avenue for the Trustee or the Unit Holders to effect these changes:
  - a. Section 10.01 categorically prohibits any amendment to the Trust Indenture which would “alter the purposes of the Trust or permit the Trustee to engage in any business or investment activities substantially different from those specified herein,” among other things.
  - b. Section 10.02 subjects all other amendments to the Trust Indenture to Article VIII.
  - c. Section 8.03, entitled “Voting,” then requires a supermajority vote of 75% of all Units then outstanding for certain matters, including “any amendment to or affecting this Section 8.03.”
6. Achieving the supermajority vote required by section 8.03 of the Trust Indenture has become practically impossible given the dispersed ownership of the Unit Holders and historical lack of participation at special meetings.
7. Texas Property Code section 112.054(a) provides, “On the petition of a trustee or beneficiary, a court may order . . . that the terms of [a] trust be modified” if, among other reasons, “because of circumstances not known to or anticipated by the settlor, the order will further the purposes of the trust,” or “modification of administrative, nondispositive terms of the trust is necessary or appropriate to prevent waste or impairment of the trust’s administration.” This Court has original and exclusive jurisdiction over a proceeding to modify the terms of a trust per Property Code section 115.001.
8. Petitioner has standing to bring this Petition as a Unit Holder of the Trust. Through this action, Petitioner requests modification of article 10 and section 8.03 of the Trust Indenture to strike all language requiring a supermajority vote and allow any amendment to the Trust to be made by a simple majority vote of Unit Holders constituting a quorum.
9. Petitioner complied with Property Code section 115.011 by naming the Trustee and all Unit Holders as respondents in its Petition. The Trustee agreed to accept service directly from Petitioner and received notice of the date and time of the bench trial. The Trustee has not objected to the relief sought by Petitioner.
10. Petitioner then filed a Motion for Substituted Service of Process on January 12, 2026, in which it maintained that serving all Unit Holders personally would be impossible. After a hearing, this Court granted Petitioner’s Motion on January 28, 2026, by written order. Petitioner effected service in accordance with the Court’s January 28, 2026 Order on February 11, 2026, as reflected the Return of Service filed by Petitioner on March 2, 2026. On February 11, 2026, Petitioner also provided notice to the Unit Holders of the date and time of the bench trial, and none of them objected to the relief sought by Petitioner.
11. The removal of supermajority language from the Trust Indenture does not vary the substantive rights of any beneficiary and should therefore not have any detrimental

financial impact on the Unit Holders. The proposed modification would also retain the requirement for Trustee approval of any amendment, providing an additional safeguard.

12. The modification pertains to administrative, nondispositive terms of the trust and is necessary or appropriate to prevent waste or avoid impairment of the Trust's administration. The proposed modification pertains to the criteria for amendment of the Trust Indenture by Unit Holders, which is an administrative matter, and does not seek a substantive change to the nature or purpose of the Trust. As such, it is the type of modification that is permitted by section 112.054(a) of the Texas Property Code.
13. The proposed modification is consistent with the type of modification that section 8.03 of the Trust Indenture permits to be made by a supermajority vote, as it contemplates an "amendment to . . . Section 8.03."
14. Petitioner raised the proposed modification at a special meeting of Unit Holders on December 16, 2025, at which a quorum of approximately 59.5% of outstanding Units was present. Over 98.5% of votes cast at the special meeting approved the non-binding proposal in support of this Petition. Petitioner's proposed modification has also received resounding support from Glass, Lewis & Co. and Institutional Shareholder Services, Inc., the nation's two premier proxy advisory firms.
15. The Trust Indenture should be modified to remove the supermajority voting requirement and allow all amendments to the Trust Indenture to be made through a simple majority vote of Unit Holders constituting a quorum to obtain for the beneficiaries the advantages the settlor intended. This amendment would not provide materially different benefits to Unit Holders.

It is therefore ORDERED that:

Section 8.03 of the Trust Indenture is hereby modified and restated in its entirety as follows:

"8.03. Voting. Each Unit Holder shall be entitled to one vote for each Unit owned by such Unit Holder, and any Unit Holder may vote in person or by duly executed written proxy. At any such meeting the presence in person or by proxy of Unit Holders holding a majority of the Units at the time outstanding shall constitute a quorum, and, except as otherwise specifically provided herein, any matter shall be deemed to have been approved by the Unit Holders if it is approved by the vote of a majority in interest of such Unit Holders constituting a quorum."

Article X of the Trust Indenture is hereby modified and restated in its entirety as follows:

“ARTICLE X  
AMENDMENTS

All amendments to the provisions of the Indenture may be made by a vote of the Unit Holders present or represented at a meeting held in accordance with the requirements of Article VIII; provided that no amendment shall be effective without the express written approval of the Trustee.”

THIS IS A FINAL JUDGMENT. ALL RELIEF NOT HEREIN GRANTED IS DENIED.  
IT IS SO ORDERED.

Signed this 8<sup>th</sup> day of May, 2026.

  
\_\_\_\_\_  
Judge Presiding