

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	March 31, 2020 <i>(Unaudited)</i>	December 31, 2019
Assets		
Cash and short-term investments	\$ 2,627,119	\$ 2,862,570
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,563,787 and \$10,550,709 at March 31, 2020 and December 31, 2019, respectively)	411,429	424,507
TOTAL ASSETS	\$ 3,038,548	\$ 3,287,077
Liabilities and Trust Corpus		
Distribution payable to Unit Holders	\$ 1,577,119	\$ 1,812,570
Commitments and reserves for contingencies.....	1,050,000	1,050,000
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding.....	411,429	424,507
TOTAL LIABILITIES AND TRUST CORPUS	\$ 3,038,548	\$ 3,287,077

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31, 2020	2019
Royalty income	\$ 6,254,509	\$ 4,530,445
Interest income	4,361	7,158
	6,258,870	4,537,603
General and administrative expenditures	(328,863)	(301,131)
Distributable income.....	\$ 5,930,007	\$ 4,236,472
Distributable income per Unit (46,608,796 Units).....	\$.13	\$.09

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31, 2020	2019
Trust corpus, beginning of period.....	\$ 424,507	\$ 467,580
Amortization of net overriding royalty interests.....	(13,078)	(9,849)
Distributable income.....	5,930,007	4,236,472
Distributions declared	(5,930,007)	(4,236,472)
Total Trust Corpus, end of period.....	\$ 411,429	\$ 457,731
Distributions per Unit.....	\$.13	\$.09

Permian Basin Royalty Trust

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Quarter Report

2020



To Unit Holders:

For the quarter ended March 31, 2020, royalty income received by the Trust amounted to \$6,254,509 compared to royalty income of \$4,530,445 during the first quarter of 2019. The increase in royalty income is primarily attributable to an increase in oil pricing, increase in oil production, offset by a decrease in the price of gas for the quarter ending March 31, 2020, as compared to the quarter ended March 31, 2019. Average oil and gas prices were \$58.13 and \$1.60, respectively, for the quarter ending March 31, 2020 compared to \$44.47 and \$3.38 for the quarter ended March 31, 2019.

Interest income for the quarter ended March 31, 2020, was \$4,361 compared to \$7,158 during the first quarter of 2019. The decrease in interest income is primarily attributable to substantially decreased amounts of funds available for investment. Total expenses during the first quarter of 2020 amounted to \$328,863 compared to \$301,131 during the first quarter of 2019. The increase in total expenses can be primarily attributed to increased expense for professional services and the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended March 31, 2020, of \$5,930,007 or \$.13 per Unit of beneficial interest. Distributions of \$0.043114, \$0.050278 and \$0.033837 per Unit were made to Unit holders of record as of January 31, 2020, February 28, 2020, and March 31, 2020, respectively. For the first quarter of 2019, distributable income was \$4,236,472 or \$.09 per Unit of beneficial interest.

Royalty income for the Trust for the first quarter of the calendar year is associated with actual oil and gas production for the period of November and December 2019 and January 2020 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:

First Quarter	2020	2019
Royalties:		
Oil sales (Bbls)	105,936	85,893
Gas sales (Mcf)	275,107	221,006
Properties From Which The Royalties Were Carved:		
Oil:		
Total oil sales (Bbls)	216,469	215,278
Average per day (Bbls)	2,379	2,392
Average price per Bbl \$	58.13	\$ 44.47
Gas:		
Total gas sales (Mcf)	938,484	1,041,108
Average per day (Mcf)	10,313	11,568
Average price per Mcf \$	1.60	\$ 3.38

The average received price of oil increased to an average price per barrel of \$58.13 per Bbl in the first quarter of 2020, compared to \$44.47 per Bbl in the first quarter of 2019 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993 through March 31, 2020, the oil from the Waddell Ranch properties was being sold under a competitive bid to a third party. The oil from the Waddell Ranch properties may be sold differently after Blackbeard assumes the role of operator of the Waddell Ranch properties on April 1, 2020. The average price of gas (including natural gas liquids) decreased from \$3.38 per Mcf in the first quarter of 2019 to

\$1.60 per Mcf in the first quarter of 2020 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 decreased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2019) for the applicable period in 2020 compared to 2019.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2020 totaled \$528,000 as compared to \$881,000 for the first quarter of 2019. ConocoPhillips has previously informed the Trustee that the 2020 capital expenditures budget has been approved at \$1.35 million (gross) for the Waddell Ranch properties. The foregoing capital expenditures budget may be subject to revision after Blackbeard assumes the role of operator of the Waddell Ranch properties on April 1, 2020. The total amount of capital expenditures for 2019 with regard to the Waddell Ranch properties totaled \$1.35 million (gross).

The Trustee has been advised that there were no workover wells completed, no new wells completed, no new wells in progress and no workover wells in progress during the three months ended March 31, 2020, as compared to no workover wells completed, no new wells completed, 2 new wells in progress and no workover wells in progress for the three months

ended March 31, 2019, on the Waddell Ranch properties. There were various facility projects in progress for the first quarter of 2020.

Lease operating expenses and property taxes totaled \$5.2 million (gross) for the first quarter of 2020, compared to \$6.3 million (gross) for the same period in 2019 on the Waddell Ranch properties due to decreased maintenance work.

Simmons Bank, Trustee

By:

Ron E. Hooper
Senior Vice President,
Royalty Trust Management

