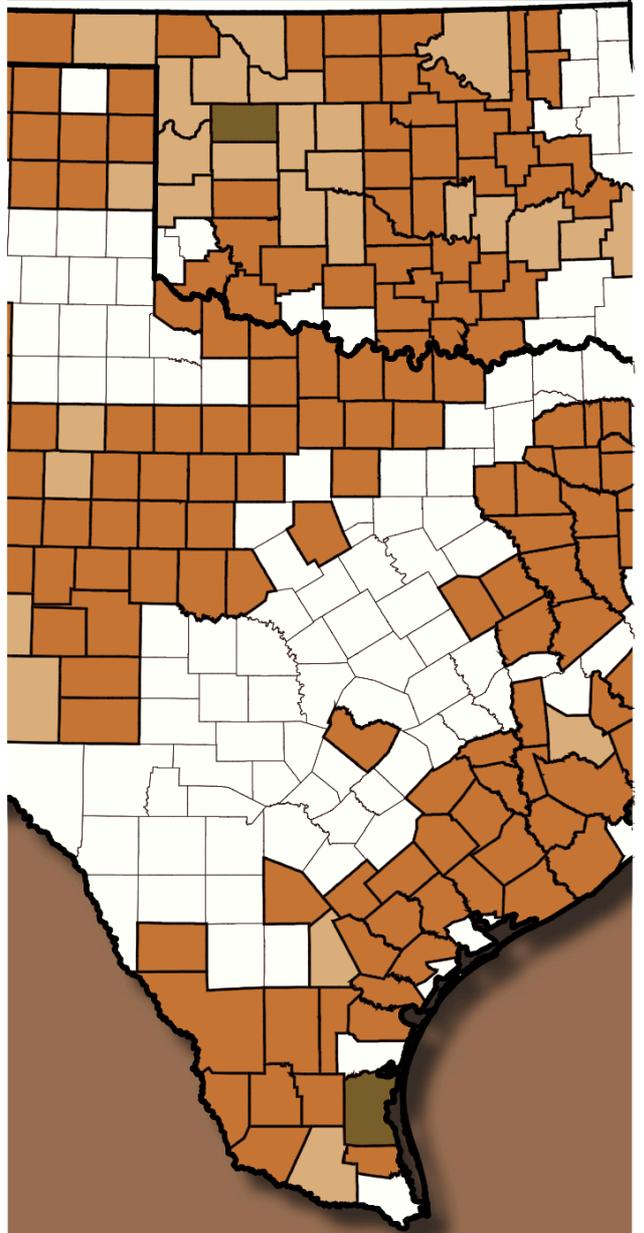


# SABINE ROYALTY TRUST



3<sup>rd</sup>  
Quarter Report  
2021

# To Unit holders:

Sabine Royalty Trust (the “Trust”) makes monthly distributions to the holders of units of beneficial interest in the Trust (“Units”) of the excess of the preceding month’s revenues received over expenses incurred. Upon receipt, royalty income is invested in short-term investments until its subsequent distribution. In accordance with the Trust Agreement, the Trust’s only long-term assets consist of royalty interests in producing and proved undeveloped oil and gas properties. Although the Trust is permitted to borrow funds if necessary to continue its operations, borrowings are not anticipated in the foreseeable future.

Distributable income consists of royalty income plus interest income plus any decrease in cash reserves established by the Trustee less general and administrative expenses of the Trust less any increase in cash reserves established by the Trustee. Distributable income for the three months ended September 30, 2021 was \$13,776,711 or \$0.94 per Unit. Royalty income for the three months ended September 30, 2021 amounted to \$14,487,262 while interest income was \$1,457. General and administrative expenses totaled \$712,008 for the three months ended September 30, 2021.

Distributions during the period were \$0.278250, \$0.318130 and \$0.274940 per Unit payable to Unit holders of record on July 15, August 16, and September 15, 2021, respectively.

Royalty income for the quarter ended September 30, 2021 increased approximately \$6,239,000 or 76% compared with the third quarter of 2020. This increase was primarily the result of higher prices for both oil and natural gas (\$8.3 million) and increased production of natural gas (\$0.9 million). These increases were offset somewhat by lower production for oil (\$2.7 million), and higher taxes and operating expenses (\$0.2 million).

Compared to the preceding quarter ended June 30, 2021, royalty income increased approximately \$1,537,000 or 12%, due mainly to an increase in the price of oil (\$1.4 million), along with an increase in the production of both oil and natural gas (\$1.1 million). These increases were offset somewhat by a decrease in the price of natural gas (\$1.0 million).

Royalty income for the nine months ended September 30, 2021 increased \$7,707,000 or 26% compared with the same time period in 2020. This increase was due mainly to higher natural gas and oil prices (\$12.1 million), along with an increase in natural gas production (\$0.7 million). These

increases were tempered somewhat by a decrease in the production of oil (\$4.7 million) and an increase in taxes and operating expenses (\$0.3 million).

The following tables illustrate average prices received for the periods discussed above and the related oil and gas production volume:

	Quarter Ended		
	September 30, 2021	September 30, 2020	June 30, 2021
Production			
Oil (Bbls)	155,639	199,066	151,116
Gas (Mcfs)	2,241,298	1,910,574	1,962,250
Average Price			
Oil (per Bbl)	\$ 63.05	\$ 33.46	\$ 53.48
Gas (per Mcf)	\$ 2.74	\$ 1.48	\$ 3.23
	Nine Months Ended		
	September 30, 2021	September 30, 2020	
Production			
Oil (Bbls)	455,722	543,956	
Gas (Mcfs)	6,224,732	5,981,976	
Average Price			
Oil (per Bbl)	\$ 53.39	\$ 42.83	
Gas (per Mcf)	\$ 2.75	\$ 1.69	

Gas royalty income received for the three months ended September 30, 2021, related primarily to production for April through June 2021. The average price of gas reported by the Henry Hub for the same time period was \$2.66 per Mcf. The average price of gas for the Henry Hub was \$3.25 per Mcf for January through September 2021. Oil royalty income for the three months ended September 30, 2021 related primarily to production for May through July 2021. The average price of oil as reported by NYMEX for that time period was \$69.78 per barrel. The average price of oil was \$65.05 per barrel for January through September 2021. As of November 1, 2021, the average price of gas for the Henry Hub was \$4.70 per Mcf and the average price of oil reported by NYMEX was \$84.08 per barrel. It is difficult to estimate future prices of oil and gas, and any assumptions concerning future prices may prove to be incorrect.

Interest income for the quarter ended September 30, 2021 was relatively unchanged compared with the third quarter of 2020. Compared to the preceding quarter ended June 30, 2021, interest income was relatively unchanged as well. Interest income for the nine months ended September 30, 2021 decreased approximately \$25,000 over the same time period in 2020. Changes in interest income are the result of changes in interest rates and funds available for investment.

General and administrative expenses for the quarter ended September 30, 2021 decreased by approximately \$84,200 compared to the same quarter of 2020 primarily due to a decrease in the Escrow Agent/Trustee fees of approximately \$63,900 and due to the timing of payment of legal and professional services of approximately \$84,600. These decreases were offset somewhat by an increase in printing and unitholder services of approximately \$64,400.

Compared to the previous quarter ended June 30, 2021, general and administrative expenses decreased approximately \$80,900 primarily due to decreases in the Trustee/Escrow Agent fees of approximately \$88,400 and the timing of payment of legal and professional services of approximately \$54,300. These decreases were offset somewhat by an increase due to the timing of payment of printing and unitholder services of approximately \$61,800.

Administrative expenses decreased approximately \$52,900 for the nine months ended September 30, 2021 compared to the same time period in 2020 due primarily to decreases in legal and professional services of approximately \$100,600 and a decrease in printing and unitholder services of approximately \$1,200. These decreases were tempered somewhat by an increase Escrow Agent/Trustee fees of approximately \$48,900.

Sabine Royalty Trust  
By Simmons Bank, Trustee



By Ron E. Hooper  
SVP, Royalty Trust Management  
November 19, 2021

## Information About The Trust

Sabine Royalty Trust (the "Trust"), formed effective December 31, 1982, is an express trust existing under the Sabine Corporation Royalty Trust Agreement. All units of beneficial interest (the "Units") in the Trust were distributed to Sabine Corporation's shareholders of record on December 23, 1982 on the basis of one Unit for each outstanding share of Sabine Corporation's common stock. Pacific Enterprise Oil Company (USA), as successor to Sabine Corporation, has assumed by operation of law all of Sabine Corporation's rights and obligations with respect to the Trust. The Units are traded on the New York Stock Exchange under the symbol "SBR". The Trust has a December 31 fiscal year end.

The Trust's assets consist of royalty and mineral interests, including landowner's royalties and overriding royalty interests, in producing and proved undeveloped oil and gas properties in Florida, Louisiana, Mississippi, New Mexico, Oklahoma and Texas (the "Royalties"). Revenues of the Trust are directly dependent upon the price of oil and gas as well as the quantities produced. The Trust does not participate in any exploration or development projects and does not have any working interest revenues or expenses.

The Trust makes monthly distributions of net income to Unit holders of record on the monthly record date (generally the 15th of each calendar month). Distributions are mailed to Unit holders on or about the 29th of each month.

Distributions by the Trust in 2021 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$ .167140	July	\$ .278250
February	\$ .155290	August	\$ .318130
March	\$ .210990	September	\$ .274940
April	\$ .237940	October	\$ .341580
May	\$ .251570	November	\$ .375160
June	\$ .293880		

The Trust's monthly distributions include cash received by the Trustee, acting as Escrow Agent on the record date for such distribution, which represents cash attributable to the Royalties, and interest thereon, collected by the Trustee, acting as Escrow Agent, during the preceding calendar month.

Schedules of information on a per Unit basis for preparation of federal and state income tax returns will be provided in booklet form for calendar year 2021 in March 2022. Monthly schedules of income tax information for January through September 2021 are available now for those Unit holders who file fiscal year tax returns and need this information. Please request to be placed on a special mailing list if you need this interim tax information by writing to Tax Mailing List, Sabine Royalty Trust, Simmons Bank, 2911 Turtle Creek Blvd Ste 850, Dallas, TX 75219, 1 (855) 588-7839. Our website is [www.sbr-sabine.com](http://www.sbr-sabine.com).

## Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>		
Cash and short-term investments	\$ 8,618,047	\$ 4,792,795
Royalty interests in oil and gas properties (less accumulated amortization of \$22,252,950 and \$22,234,457 at September 30, 2021 and December 31, 2020) .....	<u>142,235</u>	<u>160,728</u>
<b>TOTAL .....</b>	<b><u>\$ 8,760,282</u></b>	<b><u>\$ 4,953,523</u></b>
<b>Liabilities and Trust Corpus</b>		
Trust expenses payable .....	\$ 196,585	\$ 202,805
Other payables.....	<u>1,601,373</u>	<u>763,154</u>
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding .....	<u>1,797,958</u>	<u>965,959</u>
<b>TOTAL .....</b>	<b><u>\$ 6,962,324</u></b>	<b><u>3,987,564</u></b>
	<b><u>\$ 8,760,282</u></b>	<b><u>\$ 4,953,523</u></b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Trust corpus, beginning of period.....	\$ 5,895,443	\$ 6,033,316	\$ 3,987,564	\$ 5,647,763
Amortization of royalty interests.....	(6,554)	(7,422)	(18,493)	(22,101)
Distributable income .....	13,776,711	7,453,001	34,894,758	27,159,786
Distributions.....	(12,703,276)	(9,219,104)	(31,901,505)	(28,525,657)
Trust corpus, end of period.....	<u>\$ 6,962,324</u>	<u>\$ 4,259,791</u>	<u>\$ 6,962,324</u>	<u>\$ 4,259,791</u>
Distributions per unit (14,579,345 units) .....	<u>\$ .87</u>	<u>\$ .63</u>	<u>\$ 2.19</u>	<u>\$ 1.96</u>

## Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Royalty income .....	\$ 14,487,262	\$ 8,247,775	\$ 37,180,402	\$ 29,473,312
Interest income .....	1,457	1,456	4,256	29,253
Total .....	<u>14,488,719</u>	<u>8,249,231</u>	<u>37,184,658</u>	<u>29,502,565</u>
General and administrative expenses .....	(712,008)	(796,230)	(2,289,900)	(2,342,779)
Distributable income .....	<u>\$ 13,776,711</u>	<u>\$ 7,453,001</u>	<u>\$ 34,894,758</u>	<u>\$ 27,159,786</u>
Distributable income per unit (14,579,345 units) .....	<u>\$ .94</u>	<u>\$ .51</u>	<u>\$ 2.39</u>	<u>\$ 1.86</u>