

# **SABINE ROYALTY TRUST**

## **TAX INFORMATION 2019**

*This booklet contains tax information relevant to ownership of  
Units of Sabine Royalty Trust and should be retained.*

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## SABINE ROYALTY TRUST

February 3, 2020

### To Unit Holders:

This booklet provides 2019 tax information, which will allow you to determine your pro rata share of income and deductions attributable to your investment in Sabine Royalty Trust (the "Trust"). Each Unit holder is encouraged to read the entire booklet very carefully.

The material included in this booklet enables you to compute the information to be included in your federal and state income tax returns, and the items of income, deduction, and any other information shown in this booklet must be taken into account in computing your taxable income and credits on your federal income tax return and any state tax returns. This booklet, as well as any Forms 1099-MISC received from the Trust relating to backup withholding (discussed on page 4) and any IRS Forms 1099 and written tax statements issued by certain middlemen (discussed in more detail on pg. A-1) that hold Trust Units on your behalf, are the only information sources for Unit holders to determine their share of the items of income and expense of the Trust for the entire 2019 calendar year. Unit holders should retain this booklet and any Forms 1099 and written tax statements received from middlemen and any Forms 1099-MISC received from the Trust as part of their tax records.

The material herein is not intended and should not be construed as professional tax or legal advice. Each Unit holder should consult the Unit holder's own tax advisor regarding all tax compliance matters relating to the Units.

**For your convenience, simple revenue/expense and cost depletion calculators are now available on the Sabine Royalty Trust website at: [www.sbr-sabine.com](http://www.sbr-sabine.com), on both the "Home" page and "Tax Information" page.**

Very truly yours,

Sabine Royalty Trust,  
By Simmons Bank, Trustee  
1-855-588-7839  
2911 Turtle Creek Blvd., Ste. 850  
Dallas, TX 75219  
EIN 75-6297143  
CUSIP 78568810

# SABINE ROYALTY TRUST

## TABLE OF CONTENTS

	<u>Page</u>
2019 TAX INFORMATION	
● Reading the Income and Expense Schedules . . . . .	1
● Identifying Which Income and Expense Schedules to Use . . . . .	1
● Applying the Data From the Income and Expense Schedules . . . . .	1
● Computing Depletion . . . . .	2
● Asset Sales and Dispositions . . . . .	3
● Redemptions . . . . .	3
● Sale or Exchange of Units . . . . .	3
● Classification of Investment . . . . .	3
● Nonresident Foreign Unit Holders . . . . .	3
● Unrelated Business Taxable Income . . . . .	3
● Net Investment Income Tax . . . . .	3
● Backup Withholding . . . . .	4
● State Tax . . . . .	4
● Table of 2019 Monthly Record Dates and Cash Distributions Per Unit . . . . .	4
● Tax Information Schedules	
● ● Form 1041, Grantor Trust for Calendar Year 2019 . . . . .	5
● ● Supplemental Tax Table I—Gross Royalty Income Federal . . . . .	6
● ● Supplemental Tax Table II—Severance Tax Federal . . . . .	6
● ● Supplemental Tax Table III—Interest Income Federal . . . . .	7
● ● Supplemental Tax Table IV—Trust Administrative Expense Federal . . . . .	7
● ● Supplemental Tax Tables A through D Texas . . . . .	8
● ● Supplemental Tax Tables A through C Oklahoma . . . . .	9
● ● Supplemental Tax Tables A through C Florida . . . . .	10
● ● Supplemental Tax Tables A through C Louisiana . . . . .	11
● ● Supplemental Tax Tables A through C Mississippi . . . . .	12
● ● Supplemental Tax Tables A through C New Mexico . . . . .	13
● ● Depletion Schedule D-I . . . . .	14
● ● Depletion Schedule D-II . . . . .	14
● ● Depletion Schedule D-III . . . . .	15
● ● Depletion Schedule D-IV . . . . .	17
● Sample Tax Forms for Individual Unit Holders . . . . .	18
● Tax Computation Worksheets . . . . .	22
● Comprehensive Examples . . . . .	23
● Sabine Royalty Trust Historical Tax Worksheet . . . . .	26
DISCUSSION OF TAX CONSIDERATIONS PERTAINING TO THE OWNERSHIP OF UNITS IN SABINE ROYALTY TRUST	
● Tax Background and WHFIT Information . . . . .	A-1
● ● Effect of Escrow Arrangement . . . . .	A-2
● Depletion . . . . .	A-2
● ● Cost Depletion . . . . .	A-2
● ● Percentage Depletion . . . . .	A-3
● Adjustment to Basis . . . . .	A-3
● Non-Passive Activity Income, Credits and Loss . . . . .	A-3
● Revenue/Expense and Depletion Calculators . . . . .	A-3
● Nonresident Foreign Unit Holders . . . . .	A-3
● Sale or Exchange of Units . . . . .	A-4
● Backup Withholding . . . . .	A-5
● State Tax . . . . .	A-5
● List of states' contact information . . . . .	A-7
(SRT 2019 TAX)	

# **SABINE ROYALTY TRUST**

## **2019 TAX INFORMATION**

### **Reading the Income and Expense Schedules**

The accompanying income and expense schedule and tables reflect tax information attributable to Sabine Royalty Trust (the "Trust") for 2019. This information has been assembled on a per-Unit basis and is expressed in decimal fractions of one dollar. A cumulative schedule for the twelve months ended December 31, 2019 and separate cumulative tables at the federal level as well as tables for each of the states in which the Trust has properties are included. Separate depletion schedules are enclosed that provide the necessary information for Unit holders to compute cost and percentage depletion with respect to their interests in the Trust.

### **Identifying Which Income and Expense Schedules to Use**

Pursuant to the terms of the Trust agreement and the escrow agreement (discussed below on page A-2), the Trust receives income and incurs expenses only on the Monthly Record Dates listed on page 4. Furthermore, only Unit holders of record on Monthly Record Dates are entitled to cash distributions. On the basis of these agreements, both cash and accrual basis Unit holders should be treated as realizing income and incurring expenses only on Monthly Record Dates. Therefore, if you were not the Unit holder of record on a specified Monthly Record Date, you should not use the tax information for the month in which that Monthly Record Date falls. A table of Monthly Record Dates and cash distributions per Unit is included on page 4.

The appropriate schedules to be used by a Unit holder will depend upon (i) the date the Unit holder became a holder of record of the Units, (ii) if applicable, the date the Unit holder ceased to be the holder of record of the Units, and (iii) the tax year-end of the Unit holder. For instance, a Unit holder reporting on the calendar year basis who acquired Units and became a Unit holder of record on June 17, 2019 and who still owned only those Units on December 13, 2019 must use the federal and individual state, where applicable, tables to determine their proportionate income and expenses (located on pages 6-13), and Depletion Schedules D-I and D-II or Depletion Schedule D-IV, as appropriate (located on pages 14 and 17, respectively) for such Units. However, Unit holders reporting on a calendar year basis who became Unit holders of record prior to January 15, 2019 and who continued to own only those Units on December 13, 2019, can use either the cumulative schedule for calendar year 2019 (located on page 5) or the federal and individual state, where applicable, tables (located on pages 6-13) and Depletion Schedule D-III (located on pages 15 and 16) or Depletion Schedule D-IV (located on page 17), as appropriate. As discussed in more detail herein, Unit holders may be entitled to a deduction for either cost depletion or percentage depletion (but not both), depending upon each Unit holder's individual facts relating to the ownership of Trust Units.

### **Applying the Data From the Income and Expense Schedules**

Unit holders who must use the separate income and expense tables should read the tables in the following manner: the months on the left-hand side of each table denote the month in which a Unit holder first became a Unit holder of record in 2019. Reading across from that month, choose the last month in 2019 in which the Unit holder was a holder of record with respect to those Units. Multiply that factor by the number of Units held for that specific period of time. For example, if Units were purchased on May 1, 2019 and held until December 31, 2019, a Unit holder would choose May from the left-hand side of the table and then choose the factor located under "December" from that row. For a worksheet approach to computing a Unit holder's income and expense amounts, see the Tax Computation Worksheet on page 22.

(SRT 2019 TAX)

## Computing Depletion

Depletion schedules are included that provide information for Unit holders to compute cost depletion and percentage depletion deductions with respect to their interests in the Trust. To compute cost depletion for any taxable period, Unit holders should multiply the cost depletion factor indicated on the relevant schedule by their original tax basis in the respective Unit(s) as reduced by the cost depletion and percentage depletion that was allowable as a deduction (whether or not deducted) in prior calendar years during which they owned the Units.

**For your convenience, a simple cost depletion calculator is now available on the Sabine Royalty Trust website at: [www.sbr-sabine.com](http://www.sbr-sabine.com), on both the “Home” page and “Tax Information” page.**

A factor for percentage depletion is also included on Depletion Schedule D-IV (located on page 17). A Unit holder may be entitled to a percentage depletion deduction, in lieu of a cost depletion deduction, if percentage depletion exceeds cost depletion for any taxable period. To compute percentage depletion for any taxable period, Unit holders should multiply the appropriate percentage depletion factor indicated on Depletion Schedule D-IV by the number of Units owned by such Unit holder. Unlike cost depletion, percentage depletion is not limited to a Unit holder’s depletable tax basis in the Units. Rather, a Unit holder is entitled to a percentage depletion deduction as long as the applicable Trust properties generate gross income.

As discussed at page A-2 in the back portion of this booklet, the composite cost depletion factors are determined on the basis of a weighted average ratio of current production from each Trust property to the estimated future production from such property. This method of weighting the cost depletion factors permits the presentation of a single cost depletion factor for all Unit holders acquiring Units during a period in which there is no substantial change in the relative fair market values of the Trust properties. Primarily as a result of the decline in oil prices that occurred during 1986, there was a change in the relative fair market values of the Trust properties. Accordingly, two mutually exclusive cost depletion computations are included herein reflecting the composite cost depletion factors required to compute cost depletion for Units acquired in 1986.

The proper cost depletion schedule to use in computing 2019 cost depletion depends on the date when the Units were acquired, as described below. Therefore, Unit holders are encouraged to maintain records indicating the date of acquisition and the acquisition price for each Unit or lot of Units acquired.

Unit holders taking a cost depletion deduction who acquired Units before 2019 should use Depletion Schedule D-III (located on pages 15 and 16). The federal cost depletion factors in Depletion Schedule D-III are presented on a cumulative basis for 2019. Depletion Schedule D-III contains no state-specific cost depletion factors. Unit holders should refer to Depletion Schedule D-II (located on page 14) for the state-specific cost depletion factors.

Unit holders who acquired Units in 2019 should use Depletion Schedule D-I (located on page 14). The federal cost depletion factors in Depletion Schedule D-I are presented on a cumulative and noncumulative basis for 2019. Depletion Schedule D-I contains no state-specific cost depletion factors. Unit holders should refer to Depletion Schedule D-II (located on page 14) for the state-specific cost depletion factors.

Depletion Schedule D-II (located on page 14) contains state-specific cost depletion factors, which are presented on a noncumulative basis for all years. These factors are appropriate for use in calculating the 2019 cost depletion allowance for Units purchased in all years. You may calculate state cost depletion by either (a) calculating the amount of state depletion for each month and adding together the monthly depletion amounts or (b) adding together the applicable monthly depletion factors for the relevant state to create a composite depletion factor for such state and, in both cases, multiplying that factor by the adjusted basis of your Units. Both methods should produce the same result.

(SRT 2019 TAX)

## **Asset Sales and Dispositions**

There have been no sales or dispositions of Trust assets during the year.

## **Redemptions**

There have been no redemptions of Trust interests during the year.

## **Sale or Exchange of Units**

A discussion concerning the tax consequences associated with the sale or exchange of Units is presented on pages A-4 to A-5 in the back portion of this booklet.

## **Classification of Investment**

Tax reform measures enacted in 1986 and 1987 require items of income and expense to be categorized as “passive,” “active” or “portfolio” in nature. An explanation of how these rules apply to the items of income and expense reported by the Trust is on page A-1 in the back portion of this booklet.

## **Nonresident Foreign Unit Holders**

Nonresident alien individual and foreign corporation Unit holders (“Foreign Taxpayer(s)”) are subject to special tax rules with respect to their investments in the Trust. These rules are outlined on pages A-3 to A-4 in the back portion of this booklet.

## **Unrelated Business Taxable Income**

Certain organizations that are generally exempt from federal income tax under Internal Revenue Code Section 501 are subject to federal income tax on certain types of business income defined in Section 512 as unrelated business taxable income (“UBTI”). The income of the Trust as to any tax-exempt organization should not be UBTI so long as the Trust Units are not “debt-financed property” within the meaning of Section 514(b) of the Internal Revenue Code (the “Code”). In general, a Trust Unit would be debt-financed if the Trust incurs debt or if the tax-exempt organization that is a Trust Unit holder incurs debt to acquire a Trust Unit or otherwise incurs or maintains a debt that would not have been incurred or maintained if the Trust Unit had not been acquired. A real property exception applies to the debt-financed property rules for certain types of exempt organizations. Consult your tax advisor if applicable.

## **Net Investment Income Tax**

Section 1411 of the Code imposes a 3.8% Medicare tax on certain investment income earned by individuals, estates, and trusts. For these purposes, investment income generally will include a Unit holder’s allocable share of the Trust’s interest and royalty income plus the gain recognized from a sale of Trust Units. In the case of an individual, the tax is imposed on the lesser of (i) the individual’s net investment income from all investments, or (ii) the amount by which the individual’s modified adjusted gross income exceeds specified threshold levels depending on such individual’s federal income tax filing status (\$250,000 for married persons filing a joint return and \$200,000 in most other cases). In the case of an estate or trust, the tax is imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins (\$12,750 for 2019).

## Backup Withholding

Unit holders, other than Foreign Taxpayers, who have had amounts withheld in 2019 pursuant to the federal backup withholding provisions should have received a Form 1099-MISC from the Trust. The Form 1099-MISC reflects the total federal income tax withheld from distributions. Unlike other Forms 1099 that you may receive, the amount reported on the Form 1099-MISC received from the Trust should not be included as additional income in computing taxable income, as such amount is already included in the per-Unit income items on the income and expense schedules included herein. The federal income tax withheld, as reported on the Form 1099-MISC, should be considered as a credit by the Unit holder in computing any federal income tax liability. Individual Unit holders should include the amount of backup withholding in the "Payments" section of the Unit holder's 2019 Form 1040. For a further discussion of backup withholding, see page A-5 in the back portion of this booklet. For amounts withheld from Foreign Taxpayers, see pages A-3 to A-4 in the back portion of this booklet.

## State Tax

Because the Trust holds royalty interests and receives income that is attributable to properties located in various states, Unit holders may be obligated to file a return and may have a tax liability in those states in addition to their state of residence. The accompanying tables have been prepared in such a manner that income and deductions attributable to the various states may be determined by each Unit holder. State tax matters are more fully discussed on pages A-5 to A-6 in the back portion of this booklet.

## Table of 2019 Monthly Record Dates and Cash Distributions Per Unit

Unit holders, as reflected in the transfer books of the Trust on a Monthly Record Date, received the following per-Unit cash distributions for 2019. The per-Unit cash distributions reflected below have not been reduced by any taxes that may have been withheld from distributions to Foreign Taxpayers or from distributions to Unit holders subject to the federal backup withholding rules. The distribution checks were dated and mailed on the corresponding Date Payable.

<u>Monthly Record Date</u>	<u>Date Payable</u>	<u>Distribution Per Unit</u>
January 15, 2019 . . . . .	January 29, 2019	0.302650
February 15, 2019 . . . . .	February 28, 2019	0.251090
March 15, 2019 . . . . .	March 29, 2019	0.278540
April 15, 2019 . . . . .	April 29, 2019	0.351660
May 15, 2019 . . . . .	May 29, 2019	0.146470
June 17, 2019 . . . . .	June 28, 2019	0.359050
July 15, 2019 . . . . .	July 29, 2019	0.176360
August 15, 2019 . . . . .	August 29, 2019	0.228930
September 16, 2019 . . . . .	September 30, 2019	0.241250
October 15, 2019 . . . . .	October 29, 2019	0.238780
November 14, 2019 . . . . .	November 29, 2019	0.322450
December 16, 2019 . . . . .	December 30, 2019	0.122560

**SABINE ROYALTY TRUST**

EIN 75-6297143

**FORM 1041, GRANTOR TRUST**

*Federal and State Income Tax Information*

*See Instructions for Use*

**SECTION I  
INCOME AND EXPENSE PER UNIT**

<u>Source</u>	<u>ROYALTY INCOME AND EXPENSE</u>			<u>OTHER INCOME AND EXPENSE</u>	
	<u>Gross Income</u>	<u>Severance Tax</u>	<u>Net Royalty Payments</u>	<u>Interest Income</u>	<u>Administrative Expense</u>
Florida . . . . .	\$0.029292	\$0.000649	\$0.028643	\$ *	\$0.001594
Louisiana . . . . .	0.038748	0.005679	0.033069	*	0.002137
Mississippi . . . . .	0.054968	0.002915	0.052053	*	0.003047
New Mexico . . . . .	0.143196	0.021381	0.121815	*	0.007636
Oklahoma . . . . .	0.733043	0.037463	0.695580	*	0.039970
Texas . . . . .	2.653719	0.384252	2.269467	0.012269	0.138667
<b>TOTAL . . . . .</b>	<b>\$3.652966</b>	<b>\$0.452339</b>	<b>\$3.200627</b>	<b>\$0.012269</b>	<b>\$0.193051</b>

**SECTION II  
RECONCILIATION OF CASH DISTRIBUTIONS PER UNIT**

<u>Item</u>	<u>AMOUNT</u>
1. Total Net Royalty Payments . . . . .	\$ 3.200627
2. Interest Income . . . . .	0.012269
3. Administrative Expense . . . . .	(0.193051)
4. Cash Distribution Per Unit ** . . . . .	<u>\$ 3.019845</u>

\* Revenue attributable to these states was invested and earned interest income. Since the investments were made in Dallas, Texas, and the interest was paid there, such interest is included in the Texas interest income.

\*\* Includes amounts withheld by the Trust from distributions to nonresident alien individuals and foreign corporations and remitted directly to the United States Treasury. This also includes amounts withheld pursuant to the backup withholding provisions.

## SABINE ROYALTY TRUST FEDERAL

**Table I: 2019 Gross Royalty Income (Cumulative \$ per Unit)**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
JANUARY . . . . .	0.373503	0.659019	0.987205	1.369320	1.546865	1.953534	2.160910	2.431252	2.721765	3.008117	3.419782	3.652966
FEBRUARY . . . . .		0.285516	0.613702	0.995817	1.173362	1.580031	1.787407	2.057749	2.348262	2.634614	3.046279	3.279463
MARCH . . . . .			0.328186	0.710301	0.887846	1.294515	1.501891	1.772233	2.062746	2.349098	2.760763	2.993947
APRIL . . . . .				0.382115	0.559660	0.966329	1.173705	1.444047	1.734560	2.020912	2.432577	2.665761
MAY . . . . .					0.177545	0.584214	0.791590	1.061932	1.352445	1.638797	2.050462	2.283646
JUNE . . . . .						0.406669	0.614045	0.884387	1.174900	1.461252	1.872917	2.106101
JULY . . . . .							0.207376	0.477718	0.768231	1.054583	1.466248	1.699432
AUGUST . . . . .								0.270342	0.560855	0.847207	1.258872	1.492056
SEPTEMBER . . . . .									0.290513	0.576865	0.988530	1.221714
OCTOBER . . . . .										0.286352	0.698017	0.931201
NOVEMBER . . . . .											0.411665	0.644849
DECEMBER . . . . .												0.233184

**Table II: 2019 Severance Tax (Cumulative \$ per Unit)**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
JANUARY . . . . .	0.060781	0.078464	0.106984	0.117948	0.136720	0.173241	0.192648	0.215892	0.244329	0.277656	0.355985	0.452339
FEBRUARY . . . . .		0.017683	0.046203	0.057167	0.075939	0.112460	0.131867	0.155111	0.183548	0.216875	0.295204	0.391558
MARCH . . . . .			0.028520	0.039484	0.058256	0.094777	0.114184	0.137428	0.165865	0.199192	0.277521	0.373875
APRIL . . . . .				0.010964	0.029736	0.066257	0.085664	0.108908	0.137345	0.170672	0.249001	0.345355
MAY . . . . .					0.018772	0.055293	0.074700	0.097944	0.126381	0.159708	0.238037	0.334391
JUNE . . . . .						0.036521	0.055928	0.079172	0.107609	0.140936	0.219265	0.315619
JULY . . . . .							0.019407	0.042651	0.071088	0.104415	0.182744	0.279098
AUGUST . . . . .								0.023244	0.051681	0.085008	0.163337	0.259691
SEPTEMBER . . . . .									0.028437	0.061764	0.140093	0.236447
OCTOBER . . . . .										0.033327	0.111656	0.208010
NOVEMBER . . . . .											0.078329	0.174683
DECEMBER . . . . .												0.096354

(SRT 2019 TAX)

## SABINE ROYALTY TRUST FEDERAL

**Table III: 2019 Interest Income (Cumulative \$ per Unit)**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
JANUARY . . . . .	0.001299	0.002484	0.003487	0.004692	0.005718	0.006687	0.007773	0.008708	0.009712	0.010639	0.011549	0.012269
FEBRUARY . . . . .		0.001185	0.002188	0.003393	0.004419	0.005388	0.006474	0.007409	0.008413	0.009340	0.010250	0.010970
MARCH . . . . .			0.001003	0.002208	0.003234	0.004203	0.005289	0.006224	0.007228	0.008155	0.009065	0.009785
APRIL . . . . .				0.001205	0.002231	0.003200	0.004286	0.005221	0.006225	0.007152	0.008062	0.008782
MAY . . . . .					0.001026	0.001995	0.003081	0.004016	0.005020	0.005947	0.006857	0.007577
JUNE . . . . .						0.000969	0.002055	0.002990	0.003994	0.004921	0.005831	0.006551
JULY . . . . .							0.001086	0.002021	0.003025	0.003952	0.004862	0.005582
AUGUST . . . . .								0.000935	0.001939	0.002866	0.003776	0.004496
SEPTEMBER . . . . .									0.001004	0.001931	0.002841	0.003561
OCTOBER . . . . .										0.000927	0.001837	0.002557
NOVEMBER . . . . .											0.000910	0.001630
DECEMBER . . . . .												0.000720

**Table IV: 2019 Trust Administrative Expense (Cumulative \$ per Unit)**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
JANUARY . . . . .	0.011368	0.029291	0.051415	0.072111	0.085432	0.097496	0.110187	0.129288	0.151113	0.166277	0.178063	0.193051
FEBRUARY . . . . .		0.017923	0.040047	0.060743	0.074064	0.086128	0.098819	0.117920	0.139745	0.154909	0.166695	0.181683
MARCH . . . . .			0.022124	0.042820	0.056141	0.068205	0.080896	0.099997	0.121822	0.136986	0.148772	0.163760
APRIL . . . . .				0.020696	0.034017	0.046081	0.058772	0.077873	0.099698	0.114862	0.126648	0.141636
MAY . . . . .					0.013321	0.025385	0.038076	0.057177	0.079002	0.094166	0.105952	0.120940
JUNE . . . . .						0.012064	0.024755	0.043856	0.065681	0.080845	0.092631	0.107619
JULY . . . . .							0.012691	0.031792	0.053617	0.068781	0.080567	0.095555
AUGUST . . . . .								0.019101	0.040926	0.056090	0.067876	0.082864
SEPTEMBER . . . . .									0.021825	0.036989	0.048775	0.063763
OCTOBER . . . . .										0.015164	0.026950	0.041938
NOVEMBER . . . . .											0.011786	0.026774
DECEMBER . . . . .												0.014988

(SRT 2019 TAX)

# SABINE ROYALTY TRUST TEXAS

## TABLE A TEXAS: Gross Royalty Income

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.269133	0.485623	0.691108	0.948376	1.072265	1.387725	1.531755	1.734100	1.956693	2.166515	2.496809	2.653719
February		0.216490	0.421975	0.679243	0.803132	1.118592	1.262622	1.464967	1.687560	1.897382	2.227676	2.384586
March			0.205485	0.462753	0.586642	0.902102	1.046132	1.248477	1.471070	1.680892	2.011186	2.168096
April				0.257268	0.381157	0.696617	0.840647	1.042992	1.265585	1.475407	1.805701	1.962611
May					0.123889	0.439349	0.583379	0.785724	1.008317	1.218139	1.548433	1.705343
June						0.315460	0.459490	0.661835	0.884428	1.094250	1.424544	1.581454
July							0.144030	0.346375	0.568968	0.778790	1.109084	1.265994
August								0.202345	0.424938	0.634760	0.965054	1.121964
September									0.222593	0.432415	0.762709	0.919619
October										0.209822	0.540116	0.697026
November											0.330294	0.487204
December												0.156910

## TABLE B TEXAS: Severance Tax

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.048306	0.086327	0.103883	0.124915	0.136606	0.162168	0.172537	0.188217	0.206763	0.231470	0.299049	0.384252
February		0.038021	0.055577	0.076609	0.088300	0.113862	0.124231	0.139911	0.158457	0.183164	0.250743	0.335946
March			0.017556	0.038588	0.050279	0.075841	0.086210	0.101890	0.120436	0.145143	0.212722	0.297925
April				0.021032	0.032723	0.058285	0.068654	0.084334	0.102880	0.127587	0.195166	0.280369
May					0.011691	0.037253	0.047622	0.063302	0.081848	0.106555	0.174134	0.259337
June						0.025562	0.035931	0.051611	0.070157	0.094864	0.162443	0.247646
July							0.010369	0.026049	0.044595	0.069302	0.136881	0.222084
August								0.015680	0.034226	0.058933	0.126512	0.211715
September									0.018546	0.043253	0.110832	0.196035
October										0.024707	0.092286	0.177489
November											0.067579	0.152782
December												0.085203

## TABLE C TEXAS: Interest Income

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.001299	0.002484	0.003487	0.004692	0.005718	0.006687	0.007773	0.008708	0.009712	0.010639	0.011549	0.012269
February		0.001185	0.002188	0.003393	0.004419	0.005388	0.006474	0.007409	0.008413	0.009340	0.010250	0.010970
March			0.001003	0.002208	0.003234	0.004203	0.005289	0.006224	0.007228	0.008155	0.009065	0.009785
April				0.001205	0.002231	0.003200	0.004286	0.005221	0.006225	0.007152	0.008062	0.008782
May					0.001026	0.001995	0.003081	0.004016	0.005020	0.005947	0.006857	0.007577
June						0.000969	0.002055	0.002990	0.003994	0.004921	0.005831	0.006551
July							0.001086	0.002021	0.003025	0.003952	0.004862	0.005582
August								0.000935	0.001939	0.002866	0.003776	0.004496
September									0.001004	0.001931	0.002841	0.003561
October										0.000927	0.001837	0.002557
November											0.000910	0.001630
December												0.000720

## TABLE D TEXAS: Administrative Expense

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.008180	0.021769	0.035604	0.049537	0.058830	0.068189	0.077002	0.091298	0.108019	0.119127	0.128582	0.138667
February		0.013589	0.027424	0.041357	0.050650	0.060009	0.068822	0.083118	0.099839	0.110947	0.120402	0.130487
March			0.013835	0.027768	0.037061	0.046420	0.055233	0.069529	0.086250	0.097358	0.106813	0.116898
April				0.013933	0.023226	0.032585	0.041398	0.055694	0.072415	0.083523	0.092978	0.103063
May					0.009293	0.018652	0.027465	0.041761	0.058482	0.069590	0.079045	0.089130
June						0.009359	0.018172	0.032468	0.049189	0.060297	0.069752	0.079837
July							0.008813	0.023109	0.039830	0.050938	0.060393	0.070478
August								0.014296	0.031017	0.042125	0.051580	0.061665
September									0.016721	0.027829	0.037284	0.047369
October										0.011108	0.020563	0.030648
November											0.009455	0.019540
December												0.010085

(SRT 2019 TAX)

## SABINE ROYALTY TRUST OKLAHOMA

**TABLE A OKLAHOMA: Gross Royalty Income**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.079146	0.125379	0.228943	0.329961	0.368883	0.434985	0.475514	0.520632	0.571438	0.612494	0.671796	0.733043
February		0.046233	0.149797	0.250815	0.289737	0.355839	0.396368	0.441486	0.492292	0.533348	0.592650	0.653897
March			0.103564	0.204582	0.243504	0.309606	0.350135	0.395253	0.446059	0.487115	0.546417	0.607664
April				0.101018	0.139940	0.206042	0.246571	0.291689	0.342495	0.383551	0.442853	0.504100
May					0.038922	0.105024	0.145553	0.190671	0.241477	0.282533	0.341835	0.403082
June						0.066102	0.106631	0.151749	0.202555	0.243611	0.302913	0.364160
July							0.040529	0.085647	0.136453	0.177509	0.236811	0.298058
August								0.045118	0.095924	0.136980	0.196282	0.257529
September									0.050806	0.091862	0.151164	0.212411
October										0.041056	0.100358	0.161605
November											0.059302	0.120549
December												0.061247

**TABLE B OKLAHOMA: Severance Tax**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.009570	(0.013391)	(0.004832)	(0.017853)	(0.012531)	(0.004543)	0.000712	0.006058	0.014035	0.019521	0.028009	0.037463
February		(0.022961)	(0.014402)	(0.027423)	(0.022101)	(0.014113)	(0.008858)	(0.003512)	0.004465	0.009951	0.018439	0.027893
March			0.008559	(0.004462)	0.000860	0.008848	0.014103	0.019449	0.027426	0.032912	0.041400	0.050854
April				(0.013021)	(0.007699)	0.000289	0.005544	0.010890	0.018867	0.024353	0.032841	0.042295
May					0.005322	0.013310	0.018565	0.023911	0.031888	0.037374	0.045862	0.055316
June						0.007988	0.013243	0.018589	0.026566	0.032052	0.040540	0.049994
July							0.005255	0.010601	0.018578	0.024064	0.032552	0.042006
August								0.005346	0.013323	0.018809	0.027297	0.036751
September									0.007977	0.013463	0.021951	0.031405
October										0.005486	0.013974	0.023428
November											0.008488	0.017942
December												0.009454

**TABLE C OKLAHOMA: Administrative Expense**

FIRST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January	0.002417	0.005320	0.012317	0.017789	0.020711	0.022672	0.025153	0.028341	0.032159	0.034334	0.036033	0.039970
February		0.002903	0.009900	0.015372	0.018294	0.020255	0.022736	0.025924	0.029742	0.031917	0.033616	0.037553
March			0.006997	0.012469	0.015391	0.017352	0.019833	0.023021	0.026839	0.029014	0.030713	0.034650
April				0.005472	0.008394	0.010355	0.012836	0.016024	0.019842	0.022017	0.023716	0.027653
May					0.002922	0.004883	0.007364	0.010552	0.014370	0.016545	0.018244	0.022181
June						0.001961	0.004442	0.007630	0.011448	0.013623	0.015322	0.019259
July							0.002481	0.005669	0.009487	0.011662	0.013361	0.017298
August								0.003188	0.007006	0.009181	0.010880	0.014817
September									0.003818	0.005993	0.007692	0.011629
October										0.002175	0.003874	0.007811
November											0.001699	0.005636
December												0.003937

(SRT 2019 TAX)

## SABINE ROYALTY TRUST FLORIDA

**TABLE A FLORIDA: Gross Royalty Income**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.003788	0.006447	0.008754	0.010993	0.013116	0.015442	0.017843	0.019989	0.022149	0.024915	0.027235	0.029292
February . . . . .		0.002659	0.004966	0.007205	0.009328	0.011654	0.014055	0.016201	0.018361	0.021127	0.023447	0.025504
March . . . . .			0.002307	0.004546	0.006669	0.008995	0.011396	0.013542	0.015702	0.018468	0.020788	0.022845
April . . . . .				0.002239	0.004362	0.006688	0.009089	0.011235	0.013395	0.016161	0.018481	0.020538
May . . . . .					0.002123	0.004449	0.006850	0.008996	0.011156	0.013922	0.016242	0.018299
June . . . . .						0.002326	0.004727	0.006873	0.009033	0.011799	0.014119	0.016176
July . . . . .							0.002401	0.004547	0.006707	0.009473	0.011793	0.013850
August . . . . .								0.002146	0.004306	0.007072	0.009392	0.011449
September . . . . .									0.002160	0.004926	0.007246	0.009303
October . . . . .										0.002766	0.005086	0.007143
November . . . . .											0.002320	0.004377
December . . . . .												0.002057

**TABLE B FLORIDA: Severance Tax**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000130	0.000181	0.000210	0.000236	0.000316	0.000362	0.000421	0.000469	0.000494	0.000560	0.000609	0.000649
February . . . . .		0.000051	0.000080	0.000106	0.000186	0.000232	0.000291	0.000339	0.000364	0.000430	0.000479	0.000519
March . . . . .			0.000029	0.000055	0.000135	0.000181	0.000240	0.000288	0.000313	0.000379	0.000428	0.000468
April . . . . .				0.000026	0.000106	0.000152	0.000211	0.000259	0.000284	0.000350	0.000399	0.000439
May . . . . .					0.000080	0.000126	0.000185	0.000233	0.000258	0.000324	0.000373	0.000413
June . . . . .						0.000046	0.000105	0.000153	0.000178	0.000244	0.000293	0.000333
July . . . . .							0.000059	0.000107	0.000132	0.000198	0.000247	0.000287
August . . . . .								0.000048	0.000073	0.000139	0.000188	0.000228
September . . . . .									0.000025	0.000091	0.000140	0.000180
October . . . . .										0.000066	0.000115	0.000155
November . . . . .											0.000049	0.000089
December . . . . .												0.000040

**TABLE C FLORIDA: Administrative Expense**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000116	0.000283	0.000439	0.000560	0.000719	0.000788	0.000935	0.001087	0.001249	0.001396	0.001462	0.001594
February . . . . .		0.000167	0.000323	0.000444	0.000603	0.000672	0.000819	0.000971	0.001133	0.001280	0.001346	0.001478
March . . . . .			0.000156	0.000277	0.000436	0.000505	0.000652	0.000804	0.000966	0.001113	0.001179	0.001311
April . . . . .				0.000121	0.000280	0.000349	0.000496	0.000648	0.000810	0.000957	0.001023	0.001155
May . . . . .					0.000159	0.000228	0.000375	0.000527	0.000689	0.000836	0.000902	0.001034
June . . . . .						0.000069	0.000216	0.000368	0.000530	0.000677	0.000743	0.000875
July . . . . .							0.000147	0.000299	0.000461	0.000608	0.000674	0.000806
August . . . . .								0.000152	0.000314	0.000461	0.000527	0.000659
September . . . . .									0.000162	0.000309	0.000375	0.000507
October . . . . .										0.000147	0.000213	0.000345
November . . . . .											0.000066	0.000198
December . . . . .												0.000132

(SRT 2019 TAX)

## SABINE ROYALTY TRUST LOUISIANA

**TABLE A LOUISIANA: Gross Royalty Income**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.002978	0.006361	0.008202	0.012503	0.014292	0.017742	0.026394	0.029432	0.031266	0.034548	0.036979	0.038748
February . . . . .		0.003383	0.005224	0.009525	0.011314	0.014764	0.023416	0.026454	0.028288	0.031570	0.034001	0.035770
March . . . . .			0.001841	0.006142	0.007931	0.011381	0.020033	0.023071	0.024905	0.028187	0.030618	0.032387
April . . . . .				0.004301	0.006090	0.009540	0.018192	0.021230	0.023064	0.026346	0.028777	0.030546
May . . . . .					0.001789	0.005239	0.013891	0.016929	0.018763	0.022045	0.024476	0.026245
June . . . . .						0.003450	0.012102	0.015140	0.016974	0.020256	0.022687	0.024456
July . . . . .							0.008652	0.011690	0.013524	0.016806	0.019237	0.021006
August . . . . .								0.003038	0.004872	0.008154	0.010585	0.012354
September . . . . .									0.001834	0.005116	0.007547	0.009316
October . . . . .										0.003282	0.005713	0.007482
November . . . . .											0.002431	0.004200
December . . . . .												0.001769

**TABLE B LOUISIANA: Severance Tax**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000287	0.000504	0.000729	0.001381	0.001625	0.001882	0.004238	0.004604	0.004901	0.005168	0.005455	0.005679
February . . . . .		0.000217	0.000442	0.001094	0.001338	0.001595	0.003951	0.004317	0.004614	0.004881	0.005168	0.005392
March . . . . .			0.000225	0.000877	0.001121	0.001378	0.003734	0.004100	0.004397	0.004664	0.004951	0.005175
April . . . . .				0.000652	0.000896	0.001153	0.003509	0.003875	0.004172	0.004439	0.004726	0.004950
May . . . . .					0.000244	0.000501	0.002857	0.003223	0.003520	0.003787	0.004074	0.004298
June . . . . .						0.000257	0.002613	0.002979	0.003276	0.003543	0.003830	0.004054
July . . . . .							0.002356	0.002722	0.003019	0.003286	0.003573	0.003797
August . . . . .								0.000366	0.000663	0.000930	0.001217	0.001441
September . . . . .									0.000297	0.000564	0.000851	0.001075
October . . . . .										0.000267	0.000554	0.000778
November . . . . .											0.000287	0.000511
December . . . . .												0.000224

**TABLE C LOUISIANA: Administrative Expense**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000091	0.000303	0.000427	0.000660	0.000794	0.000896	0.001426	0.001641	0.001779	0.001953	0.002023	0.002137
February . . . . .		0.000212	0.000336	0.000569	0.000703	0.000805	0.001335	0.001550	0.001688	0.001862	0.001932	0.002046
March . . . . .			0.000124	0.000357	0.000491	0.000593	0.001123	0.001338	0.001476	0.001650	0.001720	0.001834
April . . . . .				0.000233	0.000367	0.000469	0.000999	0.001214	0.001352	0.001526	0.001596	0.001710
May . . . . .					0.000134	0.000236	0.000766	0.000981	0.001119	0.001293	0.001363	0.001477
June . . . . .						0.000102	0.000632	0.000847	0.000985	0.001159	0.001229	0.001343
July . . . . .							0.000530	0.000745	0.000883	0.001057	0.001127	0.001241
August . . . . .								0.000215	0.000353	0.000527	0.000597	0.000711
September . . . . .									0.000138	0.000312	0.000382	0.000496
October . . . . .										0.000174	0.000244	0.000358
November . . . . .											0.000070	0.000184
December . . . . .												0.000114

(SRT 2019 TAX)

## SABINE ROYALTY TRUST MISSISSIPPI

**TABLE A MISSISSIPPI: Gross Royalty Income**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.004871	0.009650	0.014378	0.019503	0.023269	0.028263	0.032860	0.037278	0.041796	0.046148	0.050662	0.054968
February . . . . .		0.004779	0.009507	0.014632	0.018398	0.023392	0.027989	0.032407	0.036925	0.041277	0.045791	0.050097
March . . . . .			0.004728	0.009853	0.013619	0.018613	0.023210	0.027628	0.032146	0.036498	0.041012	0.045318
April . . . . .				0.005125	0.008891	0.013885	0.018482	0.022900	0.027418	0.031770	0.036284	0.040590
May . . . . .					0.003766	0.008760	0.013357	0.017775	0.022293	0.026645	0.031159	0.035465
June . . . . .						0.004994	0.009591	0.014009	0.018527	0.022879	0.027393	0.031699
July . . . . .							0.004597	0.009015	0.013533	0.017885	0.022399	0.026705
August . . . . .								0.004418	0.008936	0.013288	0.017802	0.022108
September . . . . .									0.004518	0.008870	0.013384	0.017690
October . . . . .										0.004352	0.008866	0.013172
November . . . . .											0.004514	0.008820
December . . . . .												0.004306

**TABLE B MISSISSIPPI: Severance Tax**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000239	0.000495	0.000756	0.001035	0.001232	0.001496	0.001732	0.001970	0.002211	0.002447	0.002685	0.002915
February . . . . .		0.000256	0.000517	0.000796	0.000993	0.001257	0.001493	0.001731	0.001972	0.002208	0.002446	0.002676
March . . . . .			0.000261	0.000540	0.000737	0.001001	0.001237	0.001475	0.001716	0.001952	0.002190	0.002420
April . . . . .				0.000279	0.000476	0.000740	0.000976	0.001214	0.001455	0.001691	0.001929	0.002159
May . . . . .					0.000197	0.000461	0.000697	0.000935	0.001176	0.001412	0.001650	0.001880
June . . . . .						0.000264	0.000500	0.000738	0.000979	0.001215	0.001453	0.001683
July . . . . .							0.000236	0.000474	0.000715	0.000951	0.001189	0.001419
August . . . . .								0.000238	0.000479	0.000715	0.000953	0.001183
September . . . . .									0.000241	0.000477	0.000715	0.000945
October . . . . .										0.000236	0.000474	0.000704
November . . . . .											0.000238	0.000468
December . . . . .												0.000230

**TABLE C MISSISSIPPI: Administrative Expense**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000149	0.000449	0.000768	0.001046	0.001329	0.001477	0.001758	0.002070	0.002410	0.002641	0.002770	0.003047
February . . . . .		0.000300	0.000619	0.000897	0.001180	0.001328	0.001609	0.001921	0.002261	0.002492	0.002621	0.002898
March . . . . .			0.000319	0.000597	0.000880	0.001028	0.001309	0.001621	0.001961	0.002192	0.002321	0.002598
April . . . . .				0.000278	0.000561	0.000709	0.000990	0.001302	0.001642	0.001873	0.002002	0.002279
May . . . . .					0.000283	0.000431	0.000712	0.001024	0.001364	0.001595	0.001724	0.002001
June . . . . .						0.000148	0.000429	0.000741	0.001081	0.001312	0.001441	0.001718
July . . . . .							0.000281	0.000593	0.000933	0.001164	0.001293	0.001570
August . . . . .								0.000312	0.000652	0.000883	0.001012	0.001289
September . . . . .									0.000340	0.000571	0.000700	0.000977
October . . . . .										0.000231	0.000360	0.000637
November . . . . .											0.000129	0.000406
December . . . . .												0.000277

(SRT 2019 TAX)

## SABINE ROYALTY TRUST NEW MEXICO

**TABLE A NEW MEXICO: Gross Royalty Income**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.013587	0.025559	0.035820	0.047984	0.055040	0.069377	0.076544	0.089821	0.098423	0.123497	0.136301	0.143196
February . . . . .		0.011972	0.022233	0.034397	0.041453	0.055790	0.062957	0.076234	0.084836	0.109910	0.122714	0.129609
March . . . . .			0.010261	0.022425	0.029481	0.043818	0.050985	0.064262	0.072864	0.097938	0.110742	0.117637
April . . . . .				0.012164	0.019220	0.033557	0.040724	0.054001	0.062603	0.087677	0.100481	0.107376
May . . . . .					0.007056	0.021393	0.028560	0.041837	0.050439	0.075513	0.088317	0.095212
June . . . . .						0.014337	0.021504	0.034781	0.043383	0.068457	0.081261	0.088156
July . . . . .							0.007167	0.020444	0.029046	0.054120	0.066924	0.073819
August . . . . .								0.013277	0.021879	0.046953	0.059757	0.066652
September . . . . .									0.008602	0.033676	0.046480	0.053375
October . . . . .										0.025074	0.037878	0.044773
November . . . . .											0.012804	0.019699
December . . . . .												0.006895

**TABLE B NEW MEXICO: Severance Tax**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.002249	0.004348	0.006238	0.008234	0.009472	0.011876	0.013008	0.014574	0.015925	0.018490	0.020178	0.021381
February . . . . .		0.002099	0.003989	0.005985	0.007223	0.009627	0.010759	0.012325	0.013676	0.016241	0.017929	0.019132
March . . . . .			0.001890	0.003886	0.005124	0.007528	0.008660	0.010226	0.011577	0.014142	0.015830	0.017033
April . . . . .				0.001996	0.003234	0.005638	0.006770	0.008336	0.009687	0.012252	0.013940	0.015143
May . . . . .					0.001238	0.003642	0.004774	0.006340	0.007691	0.010256	0.011944	0.013147
June . . . . .						0.002404	0.003536	0.005102	0.006453	0.009018	0.010706	0.011909
July . . . . .							0.001132	0.002698	0.004049	0.006614	0.008302	0.009505
August . . . . .								0.001566	0.002917	0.005482	0.007170	0.008373
September . . . . .									0.001351	0.003916	0.005604	0.006807
October . . . . .										0.002565	0.004253	0.005456
November . . . . .											0.001688	0.002891
December . . . . .												0.001203

**TABLE C NEW MEXICO: Administrative Expense**

FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019

LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019

	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.000415	0.001167	0.001860	0.002519	0.003049	0.003474	0.003913	0.004851	0.005497	0.006826	0.007193	0.007636
February . . . . .		0.000752	0.001445	0.002104	0.002634	0.003059	0.003498	0.004436	0.005082	0.006411	0.006778	0.007221
March . . . . .			0.000693	0.001352	0.001882	0.002307	0.002746	0.003684	0.004330	0.005659	0.006026	0.006469
April . . . . .				0.000659	0.001189	0.001614	0.002053	0.002991	0.003637	0.004966	0.005333	0.005776
May . . . . .					0.000530	0.000955	0.001394	0.002332	0.002978	0.004307	0.004674	0.005117
June . . . . .						0.000425	0.000864	0.001802	0.002448	0.003777	0.004144	0.004587
July . . . . .							0.000439	0.001377	0.002023	0.003352	0.003719	0.004162
August . . . . .								0.000938	0.001584	0.002913	0.003280	0.003723
September . . . . .									0.000646	0.001975	0.002342	0.002785
October . . . . .										0.001329	0.001696	0.002139
November . . . . .											0.000367	0.000810
December . . . . .												0.000443

(SRT 2019 TAX)

## SABINE ROYALTY TRUST

### Depletion Schedule D-I

The cumulative and noncumulative cost depletion factors reflected in Depletion Schedule D-I should be used to compute 2019 federal cost depletion amounts attributable to Units purchased for which the Unit holder initially became entitled to distributions in 2019. This schedule should not be used to compute depletion for any other Units owned. (See accompanying information for computation instructions.)

**FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY  
RECORD DATE IN 2019**

	January	February	March	April	May	June	July	August	September	October	November	December
January . . . . .	0.013805	0.024863	0.037882	0.051774	0.058650	0.073569	0.081404	0.091042	0.102894	0.115499	0.131663	0.141074
February . . . . .	—	0.011058	0.024077	0.037969	0.044845	0.059764	0.067599	0.077237	0.089089	0.101694	0.117858	0.127269
March . . . . .	—	—	0.013019	0.026911	0.033787	0.048706	0.056541	0.066179	0.078031	0.090636	0.106800	0.116211
April . . . . .	—	—	—	0.013892	0.020768	0.035687	0.043522	0.053160	0.065012	0.077617	0.093781	0.103192
May . . . . .	—	—	—	—	0.006876	0.021795	0.029630	0.039268	0.051120	0.063725	0.079889	0.089300
June . . . . .	—	—	—	—	—	0.014919	0.022754	0.032392	0.044244	0.056849	0.073013	0.082424
July . . . . .	—	—	—	—	—	—	0.007835	0.017473	0.029325	0.041930	0.058094	0.067505
August . . . . .	—	—	—	—	—	—	—	0.009638	0.021490	0.034095	0.050259	0.059670
September . . . . .	—	—	—	—	—	—	—	—	0.011852	0.024457	0.040621	0.050032
October . . . . .	—	—	—	—	—	—	—	—	—	0.012605	0.028769	0.038180
November . . . . .	—	—	—	—	—	—	—	—	—	—	0.016164	0.025575
December . . . . .	—	—	—	—	—	—	—	—	—	—	—	0.009411

### Depletion Schedule D-II

The non-cumulative cost depletion factors reflected in Depletion Schedule D-II should be used to compute 2019 state cost depletion amounts attributable to Units purchased for which the Unit holder initially became entitled to distributions in any year. The applicable number to use is the number related to the last month in which the units were owned in 2019. (See accompanying information for computation instructions.)

**STATE DEPLETION  
FACTORS**

	January	February	March	April	May	June	July	August	September	October	November	December
Florida . . . . .	0.000169	0.000137	0.000134	0.000127	0.000115	0.000115	0.000109	0.000101	0.000107	0.000132	0.000120	0.000103
Louisiana . . . . .	0.000107	0.000194	0.000066	0.000265	0.000068	0.000183	0.000620	0.000155	0.000074	0.000212	0.000133	0.000091
Mississippi . . . . .	0.000210	0.000219	0.000227	0.000222	0.000186	0.000207	0.000207	0.000206	0.000219	0.000223	0.000228	0.000228
New Mexico . . . . .	0.000511	0.000472	0.000476	0.000492	0.000260	0.000501	0.000276	0.000438	0.000387	0.001362	0.000461	0.000305
Oklahoma . . . . .	0.002787	0.001822	0.004853	0.003804	0.001583	0.002789	0.001812	0.001988	0.001974	0.001912	0.002670	0.002702
Texas . . . . .	0.010021	0.008214	0.007263	0.008982	0.004664	0.011124	0.004811	0.006750	0.009091	0.008764	0.012552	0.005982
TOTAL . . . . .	<u>0.013805</u>	<u>0.011058</u>	<u>0.013019</u>	<u>0.013892</u>	<u>0.006876</u>	<u>0.014919</u>	<u>0.007835</u>	<u>0.009638</u>	<u>0.011852</u>	<u>0.012605</u>	<u>0.016164</u>	<u>0.009411</u>

(SRT 2019 TAX)

# SABINE ROYALTY TRUST

## Depletion Schedule D-III

The cumulative federal cost depletion factors reflected in Depletion Schedule D-III should be used to compute 2019 federal cost depletion amounts attributable to Units purchased for which the Unit holder initially became entitled to distributions in the year stated. For depletion factors relating to the individual states, please use Depletion Schedule D-II on page 14. (See accompanying information for computation instructions.)

For a Unit  
acquired of  
record during  
the year of:

	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
Original Distribution . . . . .	.013692	.024638	.037816	.051642	.058607	.073395	.081018	.090634	.102515	.114540	.130633	.140227
1983 . . . . .	.012131	.021855	.032395	.044087	.049959	.063216	.069455	.077764	.088428	.099053	.113686	.121600
1984 . . . . .	.007595	.013693	.020225	.027520	.031190	.039502	.043407	.048603	.055296	.061902	.071092	.076024
1985 . . . . .	.010206	.018413	.027129	.036893	.041823	.052989	.058203	.065191	.074195	.083157	.095511	.102118
Before March 17, 1986 . . . . .	.008041	.014508	.021322	.028987	.032860	.041660	.045744	.051241	.058340	.065412	.075157	.080337
After March 17, 1986 . . . . .	.006166	.011133	.016360	.022242	.025215	.031965	.035104	.039325	.044772	.050229	.057699	.061673
1987 . . . . .	.008530	.015390	.022645	.030789	.034901	.044234	.048573	.054406	.061932	.069447	.079773	.085275
1988 . . . . .	.009308	.016760	.024866	.033837	.038341	.048502	.053269	.059639	.067809	.075972	.087183	.093253
1989 . . . . .	.009043	.016241	.024389	.033226	.037640	.047474	.052159	.058360	.066246	.074110	.084916	.090921
1990 . . . . .	.008558	.015372	.023089	.031457	.035633	.044933	.049371	.055245	.062696	.070213	.080419	.086098
1991 . . . . .	.008023	.014412	.021813	.029732	.033670	.042352	.046563	.052107	.059039	.066366	.075834	.081206
1992 . . . . .	.009652	.017248	.026643	.036391	.041168	.051567	.056678	.063362	.071608	.080345	.091604	.098241
1993 . . . . .	.009843	.017615	.027156	.037079	.041963	.052544	.057798	.064627	.073024	.082047	.093496	.100249
1994 . . . . .	.008715	.015575	.024132	.032970	.037320	.046665	.051379	.057417	.064825	.072641	.082738	.088766
1995 . . . . .	.009443	.016856	.026253	.035858	.040617	.050672	.055795	.062335	.070314	.078739	.089582	.096168
1996 . . . . .	.009313	.016530	.026352	.036087	.040821	.050693	.055829	.062300	.070060	.078304	.088848	.095535
1997 . . . . .	.012721	.022681	.035519	.048561	.054978	.068525	.075496	.084315	.095030	.106345	.120917	.129850
1998 . . . . .	.013703	.024448	.038348	.052443	.059391	.073996	.081566	.091100	.102666	.114823	.130531	.140221
1999 . . . . .	.013840	.024836	.038622	.052854	.059884	.074717	.086602	.096325	.108078	.120660	.136610	.146356
2000 . . . . .	.013635	.024518	.038134	.052146	.059148	.073717	.081605	.091248	.102845	.115463	.131118	.140786
2001 . . . . .	.013911	.024967	.040268	.055385	.062735	.077467	.086394	.096463	.107975	.121365	.136817	.147239
2002 . . . . .	.013746	.024707	.038908	.053299	.060420	.074990	.083285	.093075	.104560	.117789	.133255	.143129
2003 . . . . .	.013802	.024615	.038973	.053425	.060562	.075219	.083338	.093133	.104711	.117667	.133273	.143236

(SRT 2019 TAX)

## SABINE ROYALTY TRUST

### Depletion Schedule D-III

The cumulative federal cost depletion factors reflected in Depletion Schedule D-III should be used to compute 2019 federal cost depletion amounts attributable to Units purchased for which the Unit holder initially became entitled to distributions in the year stated. For depletion factors relating to the individual states, please use Depletion Schedule D-II on page 14. (See accompanying information for computation instructions.)

For a Unit  
acquired of  
record during  
the year of:

	LAST MONTH IN WHICH UNITS WERE OWNED ON THE MONTHLY RECORD DATE IN 2019											
	2019											
	January	February	March	April	May	June	July	August	September	October	November	December
2004	.013459	.024231	.037626	.051465	.058363	.072726	.080626	.090157	.101556	.114266	.129657	.139152
2005	.013748	.024660	.038749	.053040	.060130	.074738	.082791	.092516	.104078	.116877	.132475	.142319
2006	.013487	.024261	.037849	.051821	.058729	.073125	.081120	.090685	.102064	.114860	.130240	.139799
2007	.012979	.023389	.036021	.049291	.055870	.069758	.077283	.086439	.097454	.109862	.124776	.133776
2008	.012611	.022752	.034908	.047717	.054102	.067636	.074976	.083873	.094626	.106564	.121132	.129859
2009	.012752	.022987	.035626	.048808	.055313	.069021	.076695	.085741	.096588	.108467	.123167	.132164
2010	.012903	.023381	.035772	.049045	.055583	.069553	.077597	.086779	.097817	.109953	.124961	.133931
2011	.012686	.023033	.035032	.047992	.054400	.068150	.076013	.085056	.095942	.108114	.122902	.131647
2012	.012847	.023314	.035307	.048302	.054754	.068681	.076458	.085567	.096620	.108893	.123922	.132686
2013	.012901	.023461	.035555	.048735	.055248	.069251	.077409	.086609	.097681	.110009	.125070	.133930
2014	.012883	.023368	.035561	.048716	.055222	.069160	.077143	.086295	.097321	.109559	.124551	.133420
2015	.013212	.023862	.036646	.050180	.056860	.071105	.079032	.088385	.099657	.112090	.127402	.136580
2016	.013332	.024068	.036928	.050569	.057294	.071684	.079664	.089082	.100468	.112894	.128378	.137620
2017	.013488	.024294	.037480	.051375	.058158	.072725	.080807	.090313	.101791	.114219	.129869	.139257
2018	.013578	.024453	.037718	.051700	.058523	.073191	.081309	.090873	.102433	.114927	.130690	.140139

(SRT 2019 TAX)

**SABINE ROYALTY TRUST**

**Depletion Schedule D-IV**

The noncumulative and cumulative depletion factors reflected in Depletion Schedule D-IV should be used to compute 2019 Federal percentage depletion amounts attributable to Units purchased for which the Unit holder initially became entitled to distributions in any year. (See accompanying information for computation instructions.)

**FIRST MONTH IN WHICH  
UNITS WERE OWNED  
ON THE MONTHLY**

<b>RECORD DATE IN 2019</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
JANUARY . . . . .	0.056025	0.098852	0.148080	0.205397	0.232029	0.293029	0.324135	0.364686	0.408263	0.451216	0.512966	0.547944
FEBRUARY . . . . .		0.042827	0.092055	0.149372	0.176004	0.237004	0.268110	0.308661	0.352238	0.395191	0.456941	0.491919
MARCH . . . . .			0.049228	0.106545	0.133177	0.194177	0.225283	0.265834	0.309411	0.352364	0.414114	0.449092
APRIL . . . . .				0.057317	0.083949	0.144949	0.176055	0.216606	0.260183	0.303136	0.364886	0.399864
MAY . . . . .					0.026632	0.087632	0.118738	0.159289	0.202866	0.245819	0.307569	0.342547
JUNE . . . . .						0.061000	0.092106	0.132657	0.176234	0.219187	0.280937	0.315915
JULY . . . . .							0.031106	0.071657	0.115234	0.158187	0.219937	0.254915
AUGUST . . . . .								0.040551	0.084128	0.127081	0.188831	0.223809
SEPTEMBER . . . . .									0.043577	0.086530	0.148280	0.183258
OCTOBER . . . . .										0.042953	0.104703	0.139681
NOVEMBER . . . . .											0.061750	0.096728
DECEMBER . . . . .												0.034978

(SRT 2019 TAX)

**SCHEDULE E**  
(Form 1040 or 1040-SR)

**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

**2019**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

▶ Go to [www.irs.gov/ScheduleE](http://www.irs.gov/ScheduleE) for instructions and the latest information.

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note: If you are in the business of renting personal property, use Schedule C (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

**A** Did you make any payments in 2019 that would require you to file Form(s) 1099? (see instructions) . . . . .  Yes  No

**B** If "Yes," did you or will you file required Forms 1099? . . . . .  Yes  No

Name of Royalty →

<b>1a</b>	Physical address of each property (street, city, state, ZIP code)				
<b>A</b>					
<b>B</b>					
<b>C</b>					

<b>1b</b>	Type of Property (from list below)	<b>2</b>	Fair Rental Days	Personal Use Days	QJV
<b>A</b>		For each rental real estate property listed above, report the number of fair rental and personal use days. Check the <b>QJV</b> box only if you meet the requirements to file as a qualified joint venture. See instructions.	<b>A</b>		<input type="checkbox"/>
<b>B</b>			<b>B</b>		<input type="checkbox"/>
<b>C</b>			<b>C</b>		<input type="checkbox"/>

**Type of Property:**

- 1 Single Family Residence
- 2 Multi-Family Residence
- 3 Vacation/Short-Term Rental
- 4 Commercial
- 5 Land
- 6 Royalties
- 7 Self-Rental
- 8 Other (describe)

Gross Royalty Income →

Income:	Properties:	A	B	C
<b>3</b> Rents received . . . . .	<b>3</b>			
<b>4</b> Royalties received . . . . .	<b>4</b>			

**Expenses:**

Severance Tax →

Depletion →

Administrative Expenses →

<b>5</b> Advertising . . . . .	<b>5</b>			
<b>6</b> Auto and travel (see instructions) . . . . .	<b>6</b>			
<b>7</b> Cleaning and maintenance . . . . .	<b>7</b>			
<b>8</b> Commissions . . . . .	<b>8</b>			
<b>9</b> Insurance . . . . .	<b>9</b>			
<b>10</b> Legal and other professional fees . . . . .	<b>10</b>			
<b>11</b> Management fees . . . . .	<b>11</b>			
<b>12</b> Mortgage interest paid to banks, etc. (see instructions)	<b>12</b>			
<b>13</b> Other interest . . . . .	<b>13</b>			
<b>14</b> Repairs . . . . .	<b>14</b>			
<b>15</b> Supplies . . . . .	<b>15</b>			
<b>16</b> Taxes . . . . .	<b>16</b>			
<b>17</b> Utilities . . . . .	<b>17</b>			
<b>18</b> Depreciation expense or depletion . . . . .	<b>18</b>			
<b>19</b> Other (list) ▶ . . . . .	<b>19</b>			
<b>20</b> Total expenses. Add lines 5 through 19 . . . . .	<b>20</b>			
<b>21</b> Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198 . . . . .	<b>21</b>			
<b>22</b> Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions) . . . . .	<b>22</b>	( )	( )	( )
<b>23a</b> Total of all amounts reported on line 3 for all rental properties . . . . .	<b>23a</b>			
<b>b</b> Total of all amounts reported on line 4 for all royalty properties . . . . .	<b>23b</b>			
<b>c</b> Total of all amounts reported on line 12 for all properties . . . . .	<b>23c</b>			
<b>d</b> Total of all amounts reported on line 18 for all properties . . . . .	<b>23d</b>			
<b>e</b> Total of all amounts reported on line 20 for all properties . . . . .	<b>23e</b>			

<b>24</b> <b>Income.</b> Add positive amounts shown on line 21. Do not include any losses . . . . .	<b>24</b>	
<b>25</b> <b>Losses.</b> Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . . . .	<b>25</b>	( )
<b>26</b> <b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040 or 1040-SR), line 5, or Form 1040-NR, line 18. Otherwise, include this amount in the total on line 41 on page 2 . . . . .	<b>26</b>	

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11344L

Schedule E (Form 1040 or 1040-SR) 2019



**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))**

▶ Attach to your tax return.  
▶ Go to [www.irs.gov/Form4797](http://www.irs.gov/Form4797) for instructions and the latest information.

Name(s) shown on return	Identifying number
-------------------------	--------------------

1 Enter the gross proceeds from sales or exchanges reported to you for 2019 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions . . . . .	1
---	---

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year** (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39 . . . . .	3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .	4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .	5
6 Gain, if any, from line 32, from other than casualty or theft . . . . .	6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows . . . . .	7

**Partnerships and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120-S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years. See instructions . . . . .	8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions . . . . .	9

**Part II Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):							

11 Loss, if any, from line 7 . . . . .	11 ( )
12 Gain, if any, from line 7 or amount from line 8, if applicable . . . . .	12
13 Gain, if any, from line 31 . . . . .	13
14 Net gain or (loss) from Form 4684, lines 31 and 38a . . . . .	14
15 Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .	15
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . .	16
17 Combine lines 10 through 16 . . . . .	17

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below.	
a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the loss from income-producing property on Schedule A (Form 1040 or Form 1040-SR), line 16. (Do not include any loss on property used as an employee.) Identify as from "Form 4797, line 18a." See instructions . . . . .	18a
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Schedule 1 (Form 1040 or Form 1040-SR), Part I, line 4 . . . . .	18b

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

Gain or Loss on Units Sold

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)				
			A	B	C	D
These columns relate to the properties on lines 19A through 19D. ▶						
20 Gross sales price (Note: See line 1 before completing.) . . . . .	20					
21 Cost or other basis plus expense of sale . . . . .	21					
22 Depreciation (or depletion) allowed or allowable . . . . .	22					
23 Adjusted basis. Subtract line 22 from line 21. . . . .	23					
24 Total gain. Subtract line 23 from line 20 . . . . .	24					
<b>25 If section 1245 property:</b>						
a Depreciation allowed or allowable from line 22 . . . . .	25a					
b Enter the <b>smaller</b> of line 24 or 25a. . . . .	25b					
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.						
a Additional depreciation after 1975. See instructions . . . . .	26a					
b Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a. See instructions. . . . .	26b					
c Subtract line 26a from line 24. If residential rental property or line 24 isn't more than line 26a, skip lines 26d and 26e . . . . .	26c					
d Additional depreciation after 1969 and before 1976. . . . .	26d					
e Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e					
f Section 291 amount (corporations only) . . . . .	26f					
g Add lines 26b, 26e, and 26f . . . . .	26g					
<b>27 If section 1252 property:</b> Skip this section if you didn't dispose of farmland or if this form is being completed for a partnership.						
a Soil, water, and land clearing expenses . . . . .	27a					
b Line 27a multiplied by applicable percentage. See instructions . . . . .	27b					
c Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c					
<b>28 If section 1254 property:</b>						
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions . . . . .	28a					
b Enter the <b>smaller</b> of line 24 or 28a. . . . .	28b					
<b>29 If section 1255 property:</b>						
a Applicable percentage of payments excluded from income under section 126. See instructions . . . . .	29a					
b Enter the <b>smaller</b> of line 24 or 29a. See instructions . . . . .	29b					

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . .	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years. . . . .	33	
34 Recomputed depreciation. See instructions . . . . .	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	35	

# SABINE ROYALTY TRUST TAX COMPUTATION WORKSHEET

2019

(RETAIN THIS WORKPAPER AS PART OF YOUR PERMANENT TAX RECORDS)

## Part I

### INCOME AND EXPENSE

	A		B		C	
<u>Item</u>	<u>Number of Units Owned (Note 1)</u>	×	<u>Income/Expense Per Unit from Appropriate Schedule(s) (Note 2)</u>	=	<u>Totals</u>	<u>Where to Reflect on 2019 Form 1040 (Note 3)</u>
Gross Royalty Income . . . . .		×		=		Line 4, Part I, Schedule E
Severance Tax . . . . .		×		=		Line 16, Part I, Schedule E
Interest Income . . . . .		×		=		Line 1, Part I, Schedule B
Administrative Expense . . . . .		×		=		Line 19, Part I, Schedule E

## Part II

### COST DEPLETION (Note 4)

<u>Original Basis</u>	-	<u>Cost Depletion Allowable in Prior Calendar Years (Note 5)</u>	=	<u>Adjusted Basis for Cost Depletion Purposes</u>	×	<u>Appropriate 2019 Cost Depletion Factor (Note 4)</u>	=
	-		=		×		=
							<u>2019 Cost Depletion</u>

\*Reflect cost depletion on 2019 Form 1040, line 18, Part 1, Schedule E (Note 3).

## Part III

### COMPUTATION OF GAIN OR (LOSS) FOR UNITS SOLD

<u>Net Sales Price</u>	-	<u>Adjusted Basis (Note 6)</u>	=	<u>Gain (Loss)</u>	<u>Where to Reflect on 2019 Form 1040 (Note 3)</u>	
	-		=		Form 4797 Part III, Lines 19-24 and Schedule D	

### Notes

- (1) In order to correctly calculate total income and expense to be reported on your 2019 federal and, if applicable, state income tax returns, it is recommended that you reproduce and complete a separate Tax Computation Worksheet for each block of Units acquired and disposed of at different times, as different factors apply depending on when Units were acquired or disposed of. If more than one Tax Computation Worksheet is required, the separate amounts from each Tax Computation Worksheet should be added together and those aggregate numbers reported on your 2019 income tax returns.
- (2) If you did not become a Unit holder of record of any Unit(s) or did not cease to be a Unit holder of record of any Unit(s) during the period from January 15, 2019 through December 13, 2019, then the amounts reflected on the cumulative schedule for 2019 (located on page 5) should be used to complete Part I. See Comprehensive Example 1 on page 23. If any Units were held of record for only part of the period defined above, then the appropriate federal income and expense factors for Part I can be determined by using Tables I-IV (on pages 6 and 7) by locating the factor at the intersection of the first and last month in which the Units were owned by the Unit holder on the Monthly Record Date in 2019. See Comprehensive Examples 2 and 3 on pages 24 and 25 for further explanation. The appropriate state income and expense factors can be determined by using the state tables in the same manner, which are located on pages 8 through 13.
- (3) The Trustee believes that individual Unit holders owning the Units as an investment should report the amounts determined in this manner. See Sample Tax Forms on pages 18-21. The U.S. Corporation Income Tax Return (Form 1120) does not require that royalty income and related expenses be separately identified on any specific schedules. See "Sale or Exchange of Units" on pages A-4 to A-5 for a discussion of the tax consequences resulting from the sale of a Unit.
- (4) The appropriate depletion schedule(s) to be utilized depends on when the Units were acquired. See "Computing Depletion" on pages 2 to 3 to determine the proper schedule(s) to be used. This worksheet assumes a Unit holder will take the cost depletion deduction. Some Unit holders may be entitled to a percentage depletion deduction in lieu of a cost depletion deduction, in which case Depletion Schedule D-IV (on page 17) should be used to compute such Unit holder's depletion deduction for purposes of Part II of this worksheet. See pages 2-3 and A-2 - A-3 of this booklet for additional information regarding depletion deductions.
- (5) Cost depletion allowable in prior calendar years cannot be computed from the schedules contained in this booklet. Depletion schedules contained in Sabine Royalty Trust Tax Information Booklet(s) from prior years should be used to determine the appropriate cost depletion amount(s) allowable in prior calendar years.
- (6) The adjusted basis is equal to the cost or other basis of the Unit(s) less the cost depletion allowable from the date of acquisition through the date of sale (whether or not deducted).

(SRT 2019 TAX)

**COMPREHENSIVE EXAMPLE 1**

The following example illustrates the computations necessary for an individual to determine income and expense attributable to Units acquired in March of 1984 and held throughout 2019.

**COMPUTATION OF INCOME AND EXPENSE FOR UNITS OWNED ON ALL MONTHLY RECORD DATES IN 2019**

**SABINE ROYALTY TRUST  
TAX COMPUTATION WORKSHEET**

**2019**

(RETAIN THIS WORKPAPER AS PART OF YOUR PERMANENT TAX RECORDS)

**Part I  
INCOME AND EXPENSE**

<u>Item</u>	<u>A</u> <u>Number of</u> <u>Units Owned</u> <u>(Note 1)</u>	×	<u>B</u> <u>Income/Expense</u> <u>Per Unit</u> <u>from Appropriate</u> <u>Schedule(s)</u> <u>(Note 2)</u>	=	<u>C</u> <u>Totals</u>	<u>Where to Reflect on</u> <u>2019 Form 1040 (Note 3)</u>
Gross Royalty Income . . . . .	100	×	\$3.652966	=	\$365.30	Line 4, Part I, Schedule E
Severance Tax . . . . .	100	×	\$ .452339	=	\$ 45.23	Line 16, Part I, Schedule E
Interest Income . . . . .	100	×	\$ .012269	=	\$ 1.23	Line 1, Part I, Schedule B
Administrative Expense . . . . .	100	×	\$ .193051	=	\$ 19.31	Line 19, Part I, Schedule E

**Part II  
COST DEPLETION (Note 4)**

<u>Assumed</u> <u>Original Basis*</u>	-	<u>Cost Depletion</u> <u>Allowable in Prior</u> <u>Calendar Years</u> <u>(Notes 4 and 5)</u>	=	<u>Adjusted Basis for</u> <u>Cost Depletion</u> <u>Purposes</u>	×	<u>Appropriate 2019</u> <u>Cost Depletion Factor</u> <u>per Depletion</u> <u>Schedule D-III</u>	=	<u>2019 Cost Depletion**</u>
\$2,100.00	-	\$2,071.75	=	\$28.25	×	.076024	=	\$2.15

\*This number is used for example purposes only. Each Unit holder's basis is unique to that specific Unit holder.

\*\*Reflect cost depletion on 2019 Form 1040, line 18, Part 1, Schedule E (Note 3).

See Page 22 for Applicable Notes.

(SRT 2019 TAX)

## COMPREHENSIVE EXAMPLE 2

The following example illustrates the computations necessary for an individual to determine income and expenses and gain or loss on Units acquired in 1984 and disposed of during 2019. The factors in this example are located at the intersection of January and March on the appropriate tables (i.e., the first and last month of 2019 in which Units were owned on Monthly Record Dates).

<u>Acquisition Date</u>	<u>Units Acquired</u>	<u>Original Basis</u>	<u>Sales Date</u>	<u>Units Sold</u>	<u>Sales Price</u>
03-21-84	100	\$2,100.00	04-3-19	100	\$4,466.00

### COMPUTATION OF INCOME AND EXPENSE FOR UNITS SOLD IN 2019

#### SABINE ROYALTY TRUST TAX COMPUTATION WORKSHEET

2019

(RETAIN THIS WORKPAPER AS PART OF YOUR PERMANENT TAX RECORDS)

#### Part I INCOME AND EXPENSE

<u>Item</u>	<u>A</u> <u>Number of Units Owned (Note 1)</u>	×	<u>B</u> <u>Income/Expense Per Unit from Appropriate Schedule(s) (Note 2)</u>	=	<u>C</u> <u>Totals</u>	<u>Where to Reflect on 2019 Form 1040 (Note 3)</u>
Gross Royalty Income . . . . .	100	×	\$.987205	=	\$98.72	Line 4, Part I, Schedule E
Severance Tax . . . . .	100	×	\$.106984	=	\$10.70	Line 16, Part I, Schedule E
Interest Income . . . . .	100	×	\$.003487	=	\$ .35	Line 1, Part I, Schedule B
Administrative Expense . . . . .	100	×	\$.051415	=	\$ 5.14	Line 19, Part I, Schedule E

#### Part II COST DEPLETION (Notes 4 and 5)

<u>Assumed Original Basis*</u>	-	<u>Cost Depletion Allowable in Prior Calendar Years (Note 5)</u>	=	<u>Adjusted Basis for Cost Depletion Purposes</u>	×	<u>Appropriate 2019 Cost Depletion Factor per Depletion Schedule D-III</u>	=	<u>2019 Cost Depletion**</u>
\$2,100.00	-	\$2,071.75	=	\$28.25	×	.020225	=	\$.57

\*This number is used for example purposes only. Each Unit holder's basis is unique to that specific Unit holder.

\*\*Reflect cost depletion on 2019 Form 1040, line 18, Part 1, Schedule E (Note 3).

#### Part III COMPUTATION OF GAIN OR (LOSS) FOR UNITS SOLD

<u>Net Sales Price</u>	-	<u>Adjusted Basis (Note 6)</u>	=	<u>Gain (Loss)</u>	<u>Where to Reflect on 2019 Form 1040 (Note 3)</u>
\$4,466.00	-	\$27.68	=	\$4,438.32	Form 4797, Part III, Lines 19-24 and Schedule D

See Page 22 for Applicable Notes.

(SRT 2019 TAX)

**COMPREHENSIVE EXAMPLE 3**

The following example illustrates the computations necessary for an individual to determine income and expenses and gain or loss on Units acquired and disposed of during 2019. The factors in this example are located at the intersection of April and September on the appropriate tables (i.e., the first and last month of 2019 in which Units were owned on monthly Record Dates).

<u>Acquisition Date</u>	<u>Units Acquired</u>	<u>Original Basis</u>	<u>Sales Date</u>	<u>Units Sold</u>	<u>Sales Price</u>
03-25-19	100	\$4,100.00	09-27-19	100	\$4,300.00

**COMPUTATION OF INCOME AND EXPENSE FOR UNITS SOLD IN 2019**

**SABINE ROYALTY TRUST  
TAX COMPUTATION WORKSHEET  
2019**

(RETAIN THIS WORKPAPER AS PART OF YOUR PERMANENT TAX RECORDS)

**Part I  
INCOME AND EXPENSE**

<u>Item</u>	<u>A</u> <u>Number of Units Owned (Note 1)</u>	×	<u>B</u> <u>Income/Expense Per Unit from Appropriate Schedule(s) (Note 2)</u>	=	<u>C</u> <u>Totals</u>	<u>Where to Reflect on 2019 Form 1040 (Note 3)</u>
Gross Royalty Income . . . . .	100	×	\$1.734560	=	\$173.46	Line 4, Part I, Schedule E
Severance Tax . . . . .	100	×	\$ .137345	=	\$ 13.73	Line 16, Part I, Schedule E
Interest Income . . . . .	100	×	\$ .006225	=	\$ .62	Line 1, Part I, Schedule B
Administrative Expense . . . . .	100	×	\$ .099698	=	\$ 9.97	Line 19, Part I, Schedule E

**Part II  
COST DEPLETION (Notes 4 and 5)**

<u>Assumed Original Basis*</u>	-	<u>Cost Depletion Allowable in Prior Calendar Years (Note 5)</u>	=	<u>Adjusted Basis for Cost Depletion Purposes</u>	×	<u>Appropriate 2019 Cost Depletion Factor per Depletion Schedule D-I</u>	=	<u>2019 Cost Depletion**</u>
\$4,100.00		\$0.00		\$4,100.00		.065012		\$266.55

\*This number is used for example purposes only. Each Unit holder's basis is unique to that specific Unit holder.

\*\*Reflect cost depletion on 2019 Form 1040, line 18, Part 1, Schedule E (Notes 4 and 5).

**Part III  
COMPUTATION OF GAIN OR (LOSS) FOR UNITS SOLD**

<u>Net Sales Price</u>	-	<u>Adjusted Basis (Note 6)</u>	=	<u>Gain (Loss)</u>	<u>Where to Reflect on 2019 Form 1040 (Note 3)</u>
\$4,300.00		\$3,833.45		\$466.55	Form 4797, Part II, Line 10 and Schedule D

See Page 22 for Applicable Notes.

(SRT 2019 TAX)

**SABINE ROYALTY TRUST HISTORICAL TAX WORKSHEET**

	<u>GROSS INCOME</u>	<u>WINDFALL PROFIT TAX</u>	<u>SEVERANCE TAX</u>	<u>NET ROYALTY PMTS</u>	<u>INTEREST INCOME</u>	<u>ADMIN. EXPENSE</u>	<u>MISC. INCOME/ EXPENSE</u>	<u>NET CASH DISTRIB</u>
1983 . . . .	2.721361	0.316613	0.155445	2.249303	0.019377	0.086800	0.000000	2.181880
1984 . . . .	3.496106	0.323679	0.196022	2.976405	0.031846	0.155652	0.000000	2.852599
1985 . . . .	2.853378	0.190767	0.171256	2.491355	0.021277	0.169099	-0.005487	2.338046
1986 . . . .	1.807003	0.041149	0.114513	1.651341	0.012242	0.184580	0.005487	1.484490
1987 . . . .	1.648950	0.000209	0.095558	1.553183	0.010601	0.127094	0.000000	1.436690
1988 . . . .	1.556021	0.000077	0.101561	1.454383	0.010753	0.098526	0.000000	1.366610
1989 . . . .	1.594196	0.000028	0.131330	1.462838	0.013627	0.096295	0.000000	1.380170
1990 . . . .	1.748059	0.000000	0.155821	1.592238	0.014058	0.075026	0.000000	1.531270
1991 . . . .	1.810596	0.000000	0.188955	1.621641	0.010622	0.084643	0.000000	1.547620
1992 . . . .	1.556025	0.000000	0.132087	1.423938	0.005520	0.135228	0.000000	1.294230
1993 . . . .	1.751674	0.000000	0.126197	1.625477	0.005316	0.169163	0.000000	1.461630
1994 . . . .	1.422338	0.000000	0.094300	1.328038	0.005172	0.135390	0.000000	1.197820
1995 . . . .	1.257833	0.000000	0.086219	1.171614	0.007424	0.151878	0.000000	1.027160
1996 . . . .	1.650891	0.000000	0.102044	1.548847	0.009748	0.187465	0.000000	1.371130
1997 . . . .	1.955335	0.000000	0.144324	1.811011	0.010812	0.177263	0.000000	1.644560
1998 . . . .	1.937789	0.000000	0.123769	1.814020	0.011159	0.171521	0.000000	1.653658
1999 . . . .	1.663391	0.000000	0.115700	1.547691	0.008112	0.148838	0.000000	1.406965
2000 . . . .	2.586743	0.000000	0.157354	2.429389	0.016044	0.170794	0.000000	2.274639
2001 . . . .	3.240755	0.000000	0.210965	3.029790	0.014627	0.183788	0.000000	2.860629
2002 . . . .	2.175093	0.000000	0.125845	2.049248	0.003150	0.173568	0.000000	1.878830
2003 . . . .	2.930078	0.000000	0.214244	2.715834	0.003272	0.196541	0.000000	2.522565
2004 . . . .	3.277066	0.000000	0.271605	3.005461	0.003421	0.222941	0.000000	2.785941
2005 . . . .	3.874801	0.000000	0.304563	3.570238	0.011804	0.150250	0.000000	3.431792
2006 . . . .	4.733425	0.000000	0.376823	4.356602	0.024294	0.144170	0.000000	4.236726
2007 . . . .	4.334040	0.000000	0.361711	3.972329	0.023849	0.145689	0.000000	3.850489
2008 . . . .	6.587048	0.000000	0.421450	6.165598	0.020735	0.150146	0.000000	6.036187
2009 . . . .	3.162408	0.000000	0.218949	2.943459	0.001744	0.153550	0.000000	2.791653
2010 . . . .	4.153492	0.000000	0.308146	3.845346	0.000306	0.141111	0.000000	3.704541
2011 . . . .	4.436046	0.000000	0.325610	4.110436	0.000442	0.144662	0.000000	3.966216
2012 . . . .	4.202320	0.000000	0.345350	3.856970	0.000538	0.156560	0.000000	3.700948
2013 . . . .	4.375012	0.000000	0.313302	4.061710	0.000727	0.145937	0.000000	3.916500
2014 . . . .	4.714152	0.000000	0.453105	4.261047	0.000306	0.163512	0.000000	4.097841
2015 . . . .	3.832441	0.000000	0.513743	3.318698	0.000134	0.213553	0.000000	3.105279
2016 . . . .	2.465843	0.000000	0.345994	2.119849	0.000512	0.186268	0.000000	1.934093
2017 . . . .	2.907278	0.000000	0.368102	2.539176	0.002629	0.173375	0.000000	2.368430
2018 . . . .	3.960900	0.000000	0.443944	3.516956	0.009398	0.177247	0.000000	3.349107
2019 . . . .	3.652966	0.000000	0.452339	3.200627	0.012269	0.193051	0.000000	3.019845

(SRT 2019 TAX)

## **SABINE ROYALTY TRUST**

### **DISCUSSION OF TAX CONSIDERATIONS PERTAINING TO THE OWNERSHIP OF UNITS IN SABINE ROYALTY TRUST**

The tax law requires individuals, estates, trusts, closely held C corporations and personal service corporations to categorize income and expense into one of three classes, “active,” “portfolio” or “passive,” based upon the nature of the activity and the involvement of the taxpayer in such activity. Because the Trust is a grantor trust, the Unit holders are deemed to hold the investment in the royalty interests directly and the proper classification of the Trust income and expense will be dependent upon the relevant facts and circumstances of each Unit holder. Generally, income or loss resulting from an interest in the Trust is properly classified as portfolio income and as such can be reported as directed on the Tax Computation Worksheet (page 22). However, under certain limited circumstances a different tax classification may be appropriate. Accordingly, Unit holders should consult their own tax advisor regarding all tax compliance matters related to the Units.

#### **Tax Background and WHFIT Information**

The Trust was established by the Sabine Corporation Royalty Trust Agreement (the “Trust Agreement”), made and entered into effective as of December 31, 1982, to receive a distribution from Sabine Corporation (“Sabine”) of royalty and mineral interests, including landowner’s royalties, overriding royalty interests, minerals (other than executive rights, bonuses and delay rentals), production payments and any other similar, nonparticipatory interests, in certain producing and proved undeveloped oil and gas properties located in Florida, Louisiana, Mississippi, New Mexico, Oklahoma and Texas.

Sabine received a private letter ruling from the Internal Revenue Service, dated May 2, 1983 (the “Ruling”), concerning certain tax considerations relevant to the creation and continued existence of the Trust. Pursuant to the Ruling, the Trust is classified for federal income tax purposes as a “grantor trust” and not as an association taxable as a corporation. A grantor trust is not subject to federal income tax. Instead, its beneficiaries (the Unit holders in the case of the Trust) are generally considered to own the trust’s income and principal as though no trust were in existence. A grantor trust files an information return reflecting all items of income and/or deductions that will be included in the returns of the beneficiaries. Accordingly, each Unit holder of the Trust is taxable on his pro rata share of the Trust’s income and/or deductions.

The income received or accrued and the deductions paid or incurred by the Trust are deemed to be received or accrued and paid or incurred, respectively, by each Unit holder at the same time as the Trust, which is on each Monthly Record Date. On the basis of both the Trust Agreement and the escrow agreement (discussed below), both cash and accrual basis Unit holders should be treated as realizing income and incurring expenses only on the Monthly Record Dates.

Some Trust Units are held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners, and brokers holding an interest for a customer in street name, referred to herein collectively as “middlemen”). Therefore, the Trustee considers the Trust to be a non-mortgage widely held fixed investment trust (“WHFIT”) for U.S. federal income tax purposes. Simmons Bank, EIN: 71-0407808, 2911 Turtle Creek Blvd, Ste. 850, Dallas, Texas, 75219, telephone number 1-855-588-7839, email address trustee@sbr-sabine.com, is the representative of the Trust that will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. Tax information is also posted by the Trustee at [www.sbr-sabine.com](http://www.sbr-sabine.com). Notwithstanding the foregoing, the middlemen holding Trust Units on behalf of Unit holders, and not the Trustee of the Trust, are solely responsible for complying with the information reporting requirements under the U. S. Treasury Regulations with respect

to such Trust Units, including the issuance of IRS Forms 1099 and certain written tax statements. Unit holders whose Trust Units are held by middlemen should consult with such middlemen regarding the information that will be reported to them by the middlemen with respect to the Trust Units.

#### *Effect of Escrow Arrangement*

The assets of the Trust include royalty and mineral interests in certain producing and proved undeveloped oil and gas properties (the "Properties"), which constitute economic interests in gross production of oil, gas and other minerals free of the costs of production. The Properties are located in six states and were not carved out of any of Sabine's working interests in effecting the distribution. In order to facilitate the administration of the Trust and to avoid the expense and inconvenience of daily reporting to Unit holders, the Properties are subject to an escrow agreement, for which the Trustee currently serves as escrow agent.

Pursuant to the terms of the escrow agreement and the conveyances of the Properties by Sabine, the proceeds of production from the Properties for each calendar month, and interest thereon, are collected by the escrow agent and are paid to and received by the Trust only on the next Monthly Record Date. The escrow agent has agreed to endeavor to assure that it incurs and pays expenses for each calendar month only on the Monthly Record Date. The Trust Agreement also provides that the Trustee is to endeavor to assure that income of the Trust will be accrued and received and that expenses of the Trust will be incurred and paid only on each Monthly Record Date. Assuming the escrow arrangement is respected for federal income tax purposes and the Trustee, as escrow agent, is able to control the timing of income and expenses, as stated above, both cash and accrual basis Unit holders will be treated as realizing income and incurring expenses only on each Monthly Record Date. The Trustee is treating the escrow arrangement as effective for tax purposes and the accompanying tax information has been presented accordingly.

If the escrow arrangement is not respected for federal income tax purposes, a mismatching of income and deductions could occur between a transferor and a transferee upon the sale or exchange of Units. In addition, the Trustee would be required to report the proceeds from production, interest income thereon, and any deductions to the Unit holders on a daily basis, resulting in a substantial increase in the administrative expenses of the Trust.

## **Depletion**

### *Cost Depletion*

Pursuant to the Ruling, each Unit holder is entitled to deduct cost depletion with respect to his pro rata interest in the Properties. A Unit holder's cost depletion deduction is computed by reference to the Unit holder's adjusted basis in each of his Units.

The deduction for cost depletion must be computed by a Unit holder with respect to each separate property in the Trust. A Unit holder's tax basis in each separate property generally must be determined at the time each Unit is acquired by allocating such Unit holder's cost in each Unit among all properties in the Trust based on their relative fair market values. However, a corporate Unit holder that acquired Units in the distribution from Sabine must determine its tax basis in each separate property in the Trust at the time of the distribution by reference to Sabine's tax basis in each separate property included in the distribution. The cost depletion deduction attributable to each separate property is calculated for a taxable year by multiplying the tax basis of the property by the appropriate factor reported herein. The factors are derived by dividing total estimated equivalent units of production (barrels of oil and MCF's of gas) expected to be recovered from the property as of the beginning of the taxable year by the number of equivalent units produced and sold from such property during the taxable year. The resulting deduction for cost depletion cannot exceed the adjusted tax basis in the property. The composite depletion factors presented herein were derived in a manner that encompasses this separate property concept.

(SRT 2019 TAX)

### *Percentage Depletion*

The Revenue Reconciliation Act of 1990 repealed the rules denying percentage depletion to a transferee of a proven oil or gas property for transfers after October 11, 1990. Because substantially all of the properties were “proven properties” on the date of the original distribution, the percentage depletion deduction has limited applicability to Unit holders who became Unit holders prior to October 12, 1990.

A computation of percentage depletion has been made with respect to the post October 11, 1990 transfers. For some Unit holders, percentage depletion may exceed cost depletion. In such case, a Unit holder is entitled to a percentage depletion deduction in lieu of a cost depletion deduction. Percentage depletion will continue to be computed and compared to cost depletion on an annual basis for Unit holders that acquired their Units via applicable transfers occurring after October 11, 1990.

### **Adjustment to Basis**

Each Unit holder should reduce his tax basis (but not below zero) in the Properties (and correspondingly, his Units) (i) by the amount of cost depletion and percentage depletion allowable with respect to the Properties and (ii) by the amount of any return of capital.

### **Non-Passive Activity Income, Credits and Loss**

The income and expenses of the Trust will not be taken into account in computing the passive activity losses and income under Section 469 of the Code for a Unit holder who acquires and holds Units as an investment and not in the ordinary course of a trade or business.

### **Revenue/Expense and Depletion Calculators**

For your convenience, simple revenue/expense and cost depletion calculators are now available on the Sabine Royalty Trust website at: [www.sbr-sabine.com](http://www.sbr-sabine.com), on both the “Home” page and the “Tax Information” page.

### **Nonresident Foreign Unit Holders**

Nonresident alien individual and foreign corporation Unit holders (“Foreign Taxpayer(s)”), in general, are subject to tax on the gross income attributable to the Trust at a rate equal to 30 percent (or the lower rate under any applicable treaty) without any deductions. This 30 percent tax applies to U.S. source income that is not effectively connected with a U.S. trade or business. Different tax rates and rules apply to income effectively connected with a U.S. trade or business, and those rules are not discussed herein. The 30 percent tax is withheld by the Trust and remitted directly to the United States Treasury. Foreign Taxpayers who have had tax withheld in 2019 should have received a Form 1042-S from the Trust. The Form 1042-S will reflect the total federal income tax withheld from distributions. To avoid double inclusion, the amount reported on the Form 1042-S should not be included as additional income in computing taxable income, as such amount is already included in the per-Unit income items on the income and expense schedules included herein. The federal income tax withheld, as reported on the Form 1042-S, should be considered as a credit by the Unit holder in computing any federal income tax liability.

A Foreign Taxpayer holding income producing real property may elect to treat the income from such real property as effectively connected with the conduct of a United States trade or business. As discussed above, different tax rates and rules apply to Foreign Taxpayers with income effectively connected with a U.S. trade or business and those rules are not discussed in detail herein. The income attributable to the Properties is considered income produced from real property. Therefore, this election should be available to Foreign Taxpayers with respect to the taxable income resulting from the ownership of Units. A Unit holder so electing is entitled to claim all deductions with respect to such

income but must file a United States income tax return to claim such deductions. In the case of a Foreign Taxpayer that is a foreign corporation, a “branch profits tax” may be imposed at a 30 percent rate (or a lower rate under an applicable treaty). This election, once made, is generally irrevocable unless an application for revocation is approved by the Internal Revenue Service or an applicable treaty allows the election to be made periodically.

Pursuant to the Foreign Investment in Real Property Tax Act of 1980, as amended (“FIRPTA”), a Foreign Taxpayer is subject to U.S. income tax with respect to the sale, transfer, or disposition of a United States real property interest. FIRPTA generally treats interests in trusts owning United States real property as United States real property interests. However, Foreign Taxpayers with a 5% or less interest in the Trust are not considered to hold U.S. real property interests with respect to the Units because the Units are publicly traded. If the FIRPTA provisions apply because a Foreign Taxpayer holds a greater than 5% interest in the Trust, income tax is required to be withheld from any proceeds distributed to Foreign Taxpayers at the rate of 15% of the amount realized by Foreign Taxpayers upon the sale, exchange or other disposition of a Unit. In addition, distributions, if any, that represent the Foreign Taxpayer’s allocable share of gain realized upon the sale, exchange or other disposition of United States real property interest by the Trust will generally be subject to withholding tax at a 35% rate. The federal income tax withheld under FIRPTA should be considered a credit by the Foreign Taxpayer in computing any federal income tax liabilities.

In order to avoid withholding under FIRPTA, Foreign Taxpayers will be required to furnish the applicable withholding agent with an exemption certificate certifying why such withholding is not required.

Pursuant to the Foreign Account Tax Compliance Act (commonly referred to as “FATCA”), distributions from the Trust to “foreign financial institutions” and certain other “non-financial foreign entities” may be subject to U.S. withholding taxes. Specifically, certain “withholdable payments” (including certain royalties, interest and other gains or income from U.S. sources) made to a foreign financial institution or non-financial foreign entity will generally be subject to the withholding tax unless the foreign financial institution or non-financial foreign entity complies with certain information reporting, withholding, identification, certification and related requirements imposed by FATCA. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

According to Treasury Department guidance, the FATCA withholding rules described above generally will apply to qualifying payments made after June 30, 2014. Foreign Taxpayer Unit holders are encouraged to consult their own tax advisors regarding the possible implications of these withholding provisions on their investment in Trust Units.

Foreign Taxpayers are encouraged to consult their own tax advisors concerning the tax consequences of their investment in the Trust.

### **Sale or Exchange of Units**

Generally, a Unit holder realizes gain or loss upon the sale or exchange of any Unit measured by the difference between the amount realized from the sale or exchange and the adjusted tax basis of such Unit. The adjusted tax basis of a Unit is the original basis of such Unit reduced by depletion deductions allowable (whether deducted or not) with respect to such Unit and by any purchase price adjustment that constitutes a return of capital. Trust income allocable to such Unit is taxable to the selling Unit holder until the date of sale. The purchaser of a Unit is taxable on Trust income allocable to such Unit from the date of purchase forward. For federal income tax purposes, Trust income should generally be allocable only to the holder of record of a Unit on each Monthly Record Date.

For federal income tax purposes, the sale of a Unit will be treated as a sale by a Unit holder of his interest in a royalty interest. Gain or loss on the sale of Units by a Unit holder who is not a dealer with respect to such Units and who has a holding period for the Units of more than one year generally will be treated as long-term capital gain or loss except to the extent of the depletion recapture amount. The depletion recapture amount is ordinary income and equals the lesser of (1) the gain on such sale attributable to the disposition of the royalty interest, or (2) the sum of the prior depletion deductions taken with respect to the royalty interests (but not in excess of the initial basis of such Units allocated to the royalty interests).

### **Backup Withholding**

A payor is required under specified circumstances to withhold tax at the rate of 24 percent on “reportable interest or dividend payments” and “other reportable payments” (including certain oil and gas royalty payments). Generally, this “backup withholding” is required on payments if the payee has failed to furnish the payor a taxpayer identification number or if the payor is notified by the Secretary of the Treasury to withhold taxes on such payments with respect to the payee.

Amounts withheld by payors pursuant to the backup withholding provisions are remitted to the Internal Revenue Service and are considered a credit against the payee’s federal income tax liability. If the payee does not incur a federal income tax liability for the year in which the taxes are withheld, the payee will be required to file the appropriate income tax return to claim a refund of the taxes withheld.

### **State Tax**

Unit holders may be required to file state tax returns and may be liable for state tax as a result of their ownership of Trust Units. The Properties are located in Florida, Louisiana, Mississippi, New Mexico, Oklahoma and Texas. The tax information included in this booklet is presented in a manner to enable Unit holders to compute the income and deductions of the Trust attributable to each of these states. Unit holders will need this information to comply with the state tax filing requirements in those states imposing a tax. The laws pertaining to tax in any given state may vary from those of another state and from those applicable to federal income tax. Accordingly, Unit holders should consult their own tax advisors concerning state tax compliance matters relating to ownership of Units.

The Trustee has been informed that certain states have contacted Unit holders regarding underpayments of the state tax imposed on the Unit holders’ income from the Trust. Failure by Unit holders to report their state tax liability properly could result in the direct withholding of state taxes from Trust distributions. Accordingly, Unit holders are urged to review carefully the various filing requirements of the states in which the Properties are located to determine if a state tax liability exists as a result of the ownership of Units in the Trust.

Florida does not have a personal income tax. Florida imposes an income tax on resident and nonresident corporations (except for S corporations not subject to the built-in-gains tax or passive investment income tax), which will be applicable to royalty income allocable to a corporate Unit holder from Properties located within Florida.

Louisiana, Mississippi, New Mexico, and Oklahoma each impose taxes applicable to both resident and nonresident individuals and/or corporations (subject to certain exceptions for S corporations and limited liability companies, depending on their treatment for federal tax purposes), which will apply to royalty income allocable to a Unit holder from Properties located within those states. Even though there are variances from state to state, taxable income for state tax purposes is often computed in a manner similar to the computation of taxable income for federal income tax purposes.

New Mexico and Oklahoma impose a withholding tax on payments to nonresidents of oil and gas proceeds derived from royalty interests. To reduce the administrative burden imposed by these rules,

the Trustee has opted to allow the payors of oil and gas proceeds to withhold on royalty payments made to the Trust. The Trust has filed New Mexico and Oklahoma tax returns, obtained a refund, and distributed that refund to Unit holders. Unit holders who transfer their Units before either the New Mexico or Oklahoma tax refunds are received by the Trust or after the refunds are received but before the next Monthly Record Date will not receive any portion of the refund. As a result, such Unit holders may effectively incur a double tax—first, through the reduced distribution received from the Trust (as withholding at the Trust level reduces the amount of cash available for distribution); and second, by the tax payment made directly to New Mexico or Oklahoma taxing authorities with the filing of their New Mexico or Oklahoma income tax returns.

Texas imposes a franchise tax at a rate of .75% on gross revenues less certain deductions, as specifically set forth in the Texas franchise tax statutes. Entities subject to the Texas franchise tax generally include trusts and most other types of entities that provide limited liability protection, unless otherwise exempt. Trusts that receive at least 90% of their federal gross income from certain passive sources, including royalties from mineral properties and other non-operated mineral interest income, and do not receive more than 10% of their income from operating an active trade or business generally are exempt from the Texas franchise tax as “passive entities.” The Trust has been and expects to continue to be exempt from Texas franchise tax as a passive entity. Because the Trust should be exempt from Texas franchise tax at the Trust level as a passive entity, each Unit holder that is a taxable entity under the Texas franchise tax generally will be required to include its portion of Trust revenues in its own Texas franchise tax computation. This revenue is sourced to Texas under provisions of the Texas Administrative Code, sourcing such income according to the principal place of business of the Trust, which is Texas.

All states have not adopted federal law with respect to percentage depletion nor are the methods for computing percentage depletion consistent among the various states. It should be noted, however, that cost depletion generally is allowed by those states in which the Properties are located (Unit holders should note that a special depletion rule applies in Oklahoma). Information is included previously within this booklet to assist you in determining the respective allowable cost depletion deductions by state.

Unit holders should consult their own tax advisors concerning the type of state tax returns that may be required and their applicable due dates.

Following is a list of names and addresses of the various state taxing authorities from which you may obtain additional information:

Florida		Florida Department of Revenue 5050 W. Tennessee Street Tallahassee, Florida 32399-0100 (850) 488-6800 <a href="http://floridarevenue.com">http://floridarevenue.com</a>
New Mexico	Individuals:	State of New Mexico Taxation and Revenue Department 1100 South Saint Francis Drive P.O. Box 25122 Santa Fe, New Mexico 87504-5122 (505) 827-0700, (505) 827-0951 <a href="http://www.tax.newmexico.gov">www.tax.newmexico.gov</a>
	Corporations:	New Mexico Taxation and Revenue Department Attention: Corporate Income and Franchise Tax P.O. Box 25127 Santa Fe, New Mexico 87504-5127 (505) 827-0825 <a href="http://www.tax.newmexico.gov">www.tax.newmexico.gov</a>
Mississippi		Mississippi Department of Revenue P.O. Box 1033 Jackson, Mississippi 39215-1033 (601) 923-7700 <a href="http://www.dor.ms.gov">www.dor.ms.gov</a>
Louisiana		Department of Revenue and Taxation State of Louisiana P.O. Box 201 Baton Rouge, Louisiana 70821-0201 (855) 307-3893 <a href="http://revenue.louisiana.gov">http://revenue.louisiana.gov</a>
Oklahoma	Individuals:	Oklahoma Tax Commission P.O. Box 26800 Oklahoma City, OK 73126-0800 (405) 521-3160 <a href="http://www.ok.gov/tax/">www.ok.gov/tax/</a>
	Corporations:	Oklahoma Tax Commission P.O. Box 26800 Oklahoma City, Oklahoma 73126-0800 (405) 521-3126 <a href="http://www.ok.gov/tax/">www.ok.gov/tax/</a>
Texas		Texas Comptroller of Public Accounts P.O. Box 13528, Capitol Station Austin, Texas 78711-3528 (800) 252-1381 <a href="http://comptroller.texas.gov/">http://comptroller.texas.gov/</a>

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# **SABINE ROYALTY TRUST**

## TAX INFORMATION 2019

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