

	MONTHLY DISTRIBUTIONS PAID ON:				Total
	(\$/UNIT EXCEPT COST DEPLETION FACTORS)				
	August 14, 2020	September 15, 2020	October 15, 2020		
Gross Income.....	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000
Less Severance Taxes.....	(0.000000)	(0.000000)	(0.000000)	(0.000000)	(0.000000)
Interest Income.....	0.000001	0.000001	0.000001	0.000001	0.000003
Less Administration Expenses.....	(0.000634)	(0.003280)	(0.002093)	(0.002093)	(0.006007)
Reconciling Items.....	0.000633	0.003279	0.002092	0.002092	0.006004
NET CASH DISTRIBUTION	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000
Cost Depletion Factors:					
Kansas - 80%.....	0.000000	0.000000	0.000000	0.000000	0.000000
Oklahoma - 80%	0.000000	0.000000	0.000000	0.000000	0.000000
Wyoming - 80%	0.000000	0.000000	0.000000	0.000000	0.000000

Unitholders owning units in nominee name may obtain monthly tax information from the Trustee upon request or from the Trust's web site at www.hgt-hugoton.com.

Hugoton Royalty Trust 2911 Turtle Creek Blvd, Ste 850, Dallas, TX 75219
 855.588.7839 • Simmons Bank, Trustee • www.hgt-hugoton.com

Hugoton Royalty Trust



3rd
 Quarter Report
2020

To Unitholders:

For the quarter ended September 30, 2020, net profits income was \$0, as compared to \$0 for third quarter 2019. No change in net profits income is primarily the result of net excess costs activity (\$5.9 million), lower gas and oil prices (\$2.5 million), and lower oil production (\$0.5 million), partially offset by decreased development costs (\$6.6 million), decreased production expense (\$2.0 million), decreased taxes, transportation and other costs (\$0.2 million), and higher gas production (\$0.1 million).

After adding interest income of \$79, deducting administration expense of \$240,266, and utilizing \$240,187 of the expense reserve to pay Trust expenses, distributable income for the quarter ended September 30, 2020 was \$0, or \$0.000000 per unit of beneficial interest. Administration expense for the quarter increased \$3,575 as compared to the prior year quarter, primarily related to the timing of receipt and payment of Trust expenses and terms of professional services. Changes in interest income are attributable to fluctuations in net profits income and interest rates. For third quarter 2019, distributable income was \$0, or \$0.000000 per unit. **No distributions were made to unitholders for the quarter ended September 30, 2020.**

Liquidity and Going Concern

The accompanying condensed financial statements have been prepared assuming that the Trust will continue as a going concern. Financial statements prepared on a going concern basis assume the realization of assets and the settlement of liabilities in the normal course of business. Increases in excess costs for the Kansas, Oklahoma and Wyoming conveyances have resulted in insufficient net proceeds to the Trust and a reduction in the Trust's expense reserve. These conditions raise substantial doubt about the Trust's ability to continue as a going concern as the Trust's expense reserve used to pay administrative expenses in the absence of distributions was depleted in October 2020. As a result, the Trustee is currently paying the expenses for the Trust, subject to its rights to be indemnified and reimbursed pursuant to the terms of the Trust indenture (including reimbursement from proceeds received from a sale of The Trust's assets, if any). The Trustee is reviewing the Trust's alternatives to continuing as a going concern, which may include a sale of the Trust's assets and/or termination of the Trust. The Trustee has engaged a third party to market the Trust's assets; however, there can be no assurance that a buyer can be found for such assets. Any material sale of assets and/or termination of the Trust requires at least 80% unitholder approval. Please see Note 1 to the Condensed Financial Statements included in the Trust's Form 10-Q filing for the quarter ended September 30, 2020, for additional information regarding the liquidity and going concern of the Trust.

Please see Note 4 to the Condensed Financial Statements included in the Trust's Form 10-Q filing for the quarter ended September 30, 2020, for information regarding the arbitration proceeding relating to the *Chieftain* class action royalty case.

This letter, and all communications to unitholders, includes information provided to the Trustee by XTO Energy Inc.

Hugoton Royalty Trust

By: Simmons Bank, Trustee



By: Nancy Willis
Vice President

Hugoton Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus (Unaudited)

	September 30, 2020	December 31, 2019
Assets		
Cash and Short-term Investments	\$ 18,751	\$ 605,646
Net Profits Interests in Oil and Gas Properties – Net.....	—	—
	<u>\$ 18,751</u>	<u>\$ 605,646</u>
Liabilities and Trust Corpus		
Distribution Payable to Unitholders.....	\$ —	\$ —
Expense Reserve ^(a)	18,751	605,646
Trust Corpus (40,000,000 Units of Beneficial Interest Authorized and Outstanding)	—	—
	<u>\$ 18,751</u>	<u>\$ 605,646</u>

^(a) The expense reserve allows the Trustee to pay its obligations should it be unable to pay them out of the net profits income.

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Net Profits Income.....	\$ —	\$ —	\$ —	\$ 369,458
Interest Income	79	5,717	2,829	17,629
TOTAL INCOME	79	5,717	2,829	387,087
Administration Expense	240,266	236,691	589,724	675,019
Cash Reserves Withheld (used) for Trust Expenses	(240,187)	(230,974)	(586,895)	(287,932)
Distributable Income	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Distributable Income per Unit (40,000,000 Units)	<u>\$ 0.000000</u>	<u>\$ 0.000000</u>	<u>\$ 0.000000</u>	<u>\$ 0.000000</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Trust Corpus, Beginning of Period	\$ —	\$ 15,681,533	\$ —	\$ 15,816,990
Amortization of Net Profits Interests	—	—	—	(135,457)
Impairment of Net Profits Interests	—	(15,681,533)	—	(15,681,533)
Distributable Income	—	—	—	—
Distributions Declared	—	—	—	—
Trust Corpus, End of Period.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

These Condensed Financial Statements should be read in conjunction with the Condensed Financial Statements and notes thereto included in the Trust's quarterly report on Form 10-Q for the quarter ended September 30, 2020.