

## Tax Information Per Unit

## Second Quarter Report 2025

### MONTHLY DISTRIBUTIONS PAID ON: (\$/UNIT EXCEPT COST DEPLETION FACTORS)

	May 14, 2025	June 13, 2025	July 15, 2025	Total
Gross income.....	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000
Less severance taxes.....	(0.000000)	(0.000000)	(0.000000)	(0.000000)
Interest income.....	0.000012	0.000009	0.000042	0.000063
Less administration expenses.....	(0.002585)	(0.000583)	(0.000471)	(0.003639)
Reconciling items.....	0.002573	0.000574	0.000429	0.003576
Net cash distribution.....	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000
Cost depletion factors:				
Kansas - 80% .....	0.000000	0.000000	0.000000	0.000000
Oklahoma - 80% .....	0.000000	0.000000	0.000000	0.000000
Wyoming - 80% .....	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](http://www.hgt-hugoton.com).

**2<sup>nd</sup>**  
Quarter Report  
**2025**



**Hugoton Royalty Trust** 3838 Oak Lawn Ave, Suite 1720, Dallas, TX 75219  
855.588.7839 • Argent Trust Company, Trustee • [www.hgt-hugoton.com](http://www.hgt-hugoton.com)

To Unitholders:

For the quarter ended June 30, 2025, net profits income was \$0 compared to \$0 for second quarter 2024. This was primarily the result of higher gas prices (\$2.1 million), increased oil and gas production (\$1.6 million), net excess costs activity (\$0.9 million), partially offset by increased development costs (\$3.2 million), increased overhead (\$0.6 million) increased taxes, transportation and other costs (\$0.5 million), and lower oil prices (\$0.3 million).

After adding interest income of \$2,463, deducting administration expense of \$145,523, and utilizing \$143,060 of the cash reserve for the payment of Trust expenses, distributable income for the quarter ended June 30, 2025, was \$0 or \$0.000000 per unit of beneficial interest. Administration expense for the quarter increased \$31,800 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, cash reserve and interest rates. For second quarter 2024, distributable income was \$0 or \$0.000000 per unit. **No distributions were made to unitholders for the quarter ended June 30, 2025.**

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. However, substantial doubt about the Trust's ability to continue as a going concern exists.

Accumulated excess costs for the Kansas, Oklahoma and Wyoming conveyances have resulted in insufficient net proceeds to the Trust which have resulted in no unitholder distributions since July 2023, and a reduction in the Trust's expense reserve. As a result of these conditions the Trust may not have sufficient cash to meet its obligations during the one-year period after the dates that the financial statements are issued. Factors attributable to the cash shortage are primarily the previously disclosed development costs to drill four non-operated wells in Major County, Oklahoma, lower oil and natural gas prices, and excess cost positions on the Kansas, Oklahoma and Wyoming conveyances including accumulated interest.

The Trustee has prepared a preliminary budget estimating the administrative expenses for the year ending December 31, 2025, and through August 31, 2026, which assumes no cash inflow from either net profits income or from other sources other than the \$500,000 advance distribution received in second quarter 2024 from the Settlement Agreement with XTO Energy and the \$500,000 second advance distribution from XTO Energy received second quarter 2025, as described in Note 5 to Condensed Financial Statements. Based on the preliminary budget, the Trust's cash reserves may be depleted during the one-year period after the dates that the financial statements are issued. Once the Trust's cash reserves are depleted, the Trust will likely be unable to continue to make SEC filings, provide reporting to unitholders or provide audited financial statements or third-party reserve reports. To help control costs, the Trustee has reviewed all administrative functions and has attempted to reduce or eliminate costs for functions other than those required to comply with SEC regulations or the Trust Indenture; however, there can be no assurance that there will be sufficient funds available to continue such functions in

the future. To further reduce administrative costs to the Trust, the Trustee has deferred payment of its monthly fee of approximately \$7,300 since April 2024, and approximately \$8,000 since April 2025. Nothing in the Trust Indenture obligates the Trustee to pay for the Trust's expenses if the Trust's expense reserve were to be completely depleted, and the Trustee currently does not intend to advance funds to the Trust.

As previously disclosed, the Trustee has reviewed and may in the future review financing as an option to pay Trust obligations during the one-year period after the date the financial statements are issued; however, there can be no assurance that financing will be available on acceptable terms or at all. If financing became available to the Trust, it would have to be repaid, together with interest, and the Trust's expense reserve would have to be replenished prior to any distributions to unitholders. The Trustee has sought sources of financing, but currently believes that financing in an amount sufficient to satisfy the Trust's long term liquidity needs is unlikely to be a viable option for the Trust moving forward. As a result, the Trustee has reviewed and intends to continue to review options for the Trust which may include alternatives to continuing as a going concern such as seeking to terminate the Trust or marketing the Trust's interest (which are net profits interests burdened by excess costs) for a potential sale. The Trustee has reached out to potential third parties regarding interest in the Trust's assets but no interest has resulted from such discussions. As a result, the Trustee believes a potential sale of the Trust's assets may be unlikely in the near term; however, it will continue to consider any and all viable options. Even if a sale of the Trust assets were to occur, there is no assurance that the proceeds would result in funds to distribute to unitholders after all financial obligations of the Trust are met. Any material sale of assets and/or termination of the Trust requires unitholder approval by at least 80 percent of all outstanding units.

On July 9, 2020, the Trustee notified XTO Energy of the Trustee's claim to indemnification to the Trust Estate for all liability, expense, claims, damages or loss incurred by the Trustee in connection with the administration of the Trust. The Trustee stated it anticipates seeking reimbursement from XTO Energy upon depletion of the Trust's cash reserve. XTO Energy responded that any indemnity claim to XTO Energy is premature before the Trust Estate is exhausted. XTO Energy's position remains unchanged. XTO Energy and Mach have informed the Trustee that it currently has no intention of providing any additional financing or extending any credit to the Trustee or the Trust Estate beyond the outstanding advance distributions made in second quarter 2024 and second quarter 2025 that must be repaid from any future net proceeds. See Note 5 to the Condensed Financial Statements for further information on the advance distributions.

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

Hugoton Royalty Trust  
By: Argent Trust Company, Trustee

*Nancy Willis*

By: Nancy Willis  
Director of Royalty Trust Services

Hugoton Royalty Trust Financial Statements

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

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Cash and short-term investments .....	\$ 462,598	\$ 233,736
Net profits interests in oil and gas properties – net .....	—	—
	<u>\$ 462,598</u>	<u>\$ 233,736</u>
<b>Liabilities and Trust Corpus</b>		
Distribution payable to unitholders .....	\$ —	\$ —
Expense reserve <sup>(a)(b)</sup> .....	462,598	233,736
Trust corpus (40,000,000 units of beneficial interest authorized and outstanding) .....	—	—
	<u>\$ 462,598</u>	<u>\$ 233,736</u>

<sup>(a)</sup> The expense reserve allows the Trustee to pay its obligations should it be unable to pay them out of the net profits income.  
<sup>(b)</sup> Expense reserve partially replenished by advance distribution of \$500,000 from XTO Energy that was part of the Settlement Agreement between the Trust and XTO Energy as well as the second advance distribution of \$500,000 from XTO Energy that was disbursed to the Trust on April 30, 2025. See Note 5 to Condensed Financial Statements included in the Trust's quarterly report on Form 10-Q for the quarter ended June 30, 2025.

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Net profits income .....	\$ —	\$ —	\$ —	\$ —
Interest income .....	2,463	1,832	4,870	6,510
Total income .....	2,463	1,832	4,870	6,510
Administration expense ..	145,523	113,723	276,008	342,146
Cash reserves withheld (used) for Trust expenses	(143,060)	(111,891)	(271,138)	(335,636)
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 June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Trust corpus, beginning of period .....	\$ —	\$ —	\$ —	\$ —
Distributable income .....	\$ —	\$ —	\$ —	\$ —
Distributable 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 June 30, 2025.