

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

---

**FORM 10-Q**

---

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

or

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-10243

---

**BP PRUDHOE BAY ROYALTY TRUST**

(Exact Name of Registrant as Specified in its Charter)

---

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**13-6943724**  
(I.R.S. Employer  
Identification No.)

**The Bank of New York Mellon Trust Company, N.A.**  
**601 Travis Street, Floor 16**  
**Houston, Texas**  
(Address of principal executive offices)

**77002**  
(Zip Code)

**(713) 483-6020**  
(Registrant's telephone number, including area code)

---

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units of Beneficial Interest	BPT	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☒

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

As of November 8, 2022, 21,400,000 Units of Beneficial Interest were outstanding.

---

---

TABLE OF CONTENTS

	Page
<a href="#">PART I—FINANCIAL INFORMATION</a>	
Item 1. <a href="#">Financial Statements</a>	1
Item 2. <a href="#">Trustee’s Discussion and Analysis of Financial Condition and Results of Operations</a>	9
Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	16
Item 4. <a href="#">Controls and Procedures</a>	16
<a href="#">PART II—OTHER INFORMATION</a>	
Item 1. <a href="#">Legal Proceedings</a>	17
Item 1A. <a href="#">Risk Factors</a>	17
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	17
Item 3. <a href="#">Defaults Upon Senior Securities</a>	17
Item 4. <a href="#">Mine Safety Disclosures</a>	17
Item 5. <a href="#">Other Information</a>	17
Item 6. <a href="#">Exhibits</a>	17

**PART I—FINANCIAL INFORMATION**

## Item 1. Financial Statements

BP Prudhoe Bay Royalty Trust  
Statement of Assets, Liabilities and Trust Corpus  
(Prepared on a modified cash basis)  
(Unaudited)

(In thousands, except unit data)

	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents (Note 3)	\$ 6,009	\$ 6,002
Total Assets	<u>\$ 6,009</u>	<u>\$ 6,002</u>
Liabilities and Trust Corpus		
Accrued expenses	\$ 283	\$ 364
Total Liabilities	283	364
Trust Corpus (40,000,000 units of beneficial interest authorized, 21,400,000 units issued and outstanding)	5,726	5,638
Total Liabilities and Trust Corpus	<u>\$ 6,009</u>	<u>\$ 6,002</u>

See accompanying notes to financial statements (unaudited).

## BP Prudhoe Bay Royalty Trust

Statements of Cash Earnings and Distributions  
(Prepared on a modified cash basis)  
(Unaudited)

(In thousands, except unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Royalty revenues	\$ 30,341	\$ 3,272	\$ 66,956	\$ 3,272
Interest income (expense)	4	(1)	8	(2)
Less: Trust administrative expenses	(276)	(1,100)	(1,181)	(1,175)
Cash earnings (loss)	\$ 30,069	\$ 2,171	\$ 65,783	\$ 2,095
Cash distributions	\$ 30,066	\$ 521	\$ 65,776	\$ 521
Cash distributions per unit	\$ 1.4050	\$ 0.0244	\$ 3.0737	\$ 0.0244
Units outstanding	21,400,000	21,400,000	21,400,000	21,400,000

See accompanying notes to financial statements (unaudited).

## BP Prudhoe Bay Royalty Trust

Statements of Changes in Trust Corpus  
(Prepared on a modified cash basis)  
(Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Trust Corpus (deficit) at beginning of period	\$ 5,730	\$ (978)	\$ 5,638	\$ 59
Cash earnings	30,069	2,171	65,783	2,095
(Increase) decrease in accrued expenses	(7)	671	81	(290)
Cash distributions	(30,066)	(521)	(65,776)	(521)
Trust Corpus at end of period	<u>\$ 5,726</u>	<u>\$1,343</u>	<u>\$ 5,726</u>	<u>\$1,343</u>

See accompanying notes to financial statements (unaudited).

**(1) Formation of the Trust and Organization**

BP Prudhoe Bay Royalty Trust (the “Trust”), a grantor trust, was created as a Delaware business trust pursuant to a Trust Agreement dated February 28, 1989 (the “Trust Agreement”) among The Standard Oil Company (“Standard Oil”), BP Exploration (Alaska) Inc. (“BP Alaska”) (now known as Hilcorp North Slope, LLC (“HNS”), The Bank of New York Mellon, as trustee, and BNY Mellon Trust of Delaware (successor to The Bank of New York (Delaware)), as co-trustee. On December 15, 2010, The Bank of New York Mellon resigned as trustee and was replaced by The Bank of New York Mellon Trust Company, N.A., a national banking association, as successor trustee (the “Trustee”).

On February 28, 1989, Standard Oil conveyed an overriding royalty interest (the “Royalty Interest”) to the Trust. The Trust was formed for the sole purpose of owning and administering the Royalty Interest. The Royalty Interest represents the right to receive a per barrel royalty (the “Per Barrel Royalty”) of 16.4246% on the lesser of (a) the first 90,000 barrels of the average actual daily net production of oil and condensate per quarter or (b) the average actual daily net production of oil and condensate per quarter from HNS’s working interests as of February 28, 1989 in the Prudhoe Bay field situated on the North Slope of Alaska (the “1989 Working Interests”). Trust Unit holders are subject to the risk that production will be interrupted or discontinued or fall, on average, below 90,000 barrels per day in any quarter. BP guaranteed the performance of BP Alaska of its payment obligations with respect to the Royalty Interest and that guarantee remains in place with respect the performance of HNS of such payment obligations.

Effective January 1, 2000, BP Alaska and all other Prudhoe Bay working interest owners cross-assigned interests in the Prudhoe Bay field pursuant to the Prudhoe Bay Unit Alignment Agreement. BP Alaska retained all rights, obligations, and liabilities associated with the Trust.

The trustees of the Trust are The Bank of New York Mellon Trust Company, N.A. and BNY Mellon Trust of Delaware, a Delaware banking corporation. BNY Mellon Trust of Delaware serves as co-trustee in order to satisfy certain requirements of the Delaware Statutory Trust Act. The Bank of New York Mellon Trust Company, N.A. alone is able to exercise the rights and powers granted to the Trustee in the Trust Agreement.

The Per Barrel Royalty in effect for any day is equal to the price of West Texas Intermediate crude oil (the “WTI Price”) for that day less scheduled Chargeable Costs (adjusted for inflation) and Production Taxes (based on statutory rates then in existence).

The “break-even” price is calculated after the close of a quarter in accordance with the terms of the Overriding Royalty Conveyance. The “break-even” price changes over time primarily as a result of changes in the Cost Adjustment Factor, which is based on the Consumer Price Index published for the most recently past February, May, August or November, and Production Taxes, as Chargeable Costs remain constant for the calendar year. Additionally, as WTI Prices change, so do the Production Taxes and prescribed deductions, potentially increasing or decreasing the “break-even” price. HNS calculates the actual “break-even” price and provides such information to the Trustee.

The Trust is passive, with the Trustee having only such powers as are necessary for the collection and distribution of revenues, the payment of Trust liabilities, and the protection of the Royalty Interest. The Trustee, subject to certain conditions, is obligated to establish cash reserves and borrow funds to pay liabilities of the Trust when they become due. The Trustee may sell Trust properties only (a) as authorized by a vote of the Trust Unit holders, (b) when necessary to provide for the payment of specific liabilities of the Trust then due (subject to certain conditions) or (c) upon termination of the Trust. Each Trust Unit issued and outstanding represents an equal undivided share of beneficial interest in the Trust. Royalty payments are received by the Trust and distributed to Trust Unit holders, net of Trust expenses, in the month succeeding the end of each calendar quarter. The Trust will terminate (i) upon a vote of holders of not less than 60% of the outstanding Trust Units, or (ii) at such time the net revenues from the Royalty Interest for two successive years are less than \$1,000,000 per year (unless the net revenues during such period are materially and adversely affected by certain events).

## **(2) Liquidity**

In July 1999, the Trustee established a cash reserve to provide liquidity to the Trust during future periods in which the Trust does not receive revenues from the Royalty Interest. The Trustee has drawn funds from the cash reserve account during the quarters in which the quarterly revenues received by the Trust did not exceed the liabilities and expenses of the Trust, and has replenished or otherwise added to the reserve from deductions from quarterly distributions made to Unit holders during periods when the Trust received revenues from the Royalty Interest and Unit holders received distributions.

A novel strain of coronavirus, SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), surfaced in late 2019 and has since spread around the world. In March 2020, the World Health Organization characterized the disease caused by the virus—COVID-19—as a pandemic. Due to the economic impacts of the COVID-19 pandemic, the markets experienced a decline in oil prices in response to oil demand concerns and global storage considerations. As a result of, among other things, lower oil prices and the increase in Chargeable Costs, the Trust received no Royalty Payments attributable to the four quarters of 2020 or the first quarter of 2021. Therefore, the Trust was unable to make quarterly deductions to make any additions to the funds on deposit in the cash reserve since the January 2020 distribution made for Royalty Payments attributable to the fourth quarter of 2019. In December 2020, the remaining funds on deposit in the cash reserve were insufficient to pay the Trustee's fees and administrative fees, expenses, charges and costs, including accounting, engineering, legal, financial advisory, and other professional fees incurred in connection with the Trust ("Administrative Expenses") in 2020.

Pursuant to the indemnity provisions contained in Section 7.02 of the Trust Agreement, the Trustee made a demand for indemnity and reimbursement of expenses upon HNS in the amount of \$537,835, representing the Trust's unpaid expenses through December 18, 2020. HNS paid the requested funds to the Trustee on December 28, 2020, and the Trustee applied those funds to the Trust's unpaid expenses in accordance with the Trust Agreement.

Royalty Payments resumed in July 2021, attributable to the quarter ended June 30, 2021, and the Trust has received Royalty Payments attributable to the quarters ended September 30, 2021, December 31, 2021, March 31, 2022, June 30, 2022 and September 30, 2022. As a result, the Trust funded the cash reserve to a balance of approximately \$6.0 million as of September 30, 2022. The Trust currently intends to maintain the cash reserve at the \$6.0 million level. Although the Trust received net revenues attributable to the quarters ended June 30, September 30 and December 31, 2021 and March 31, June 30, and September 30, 2022, there can be no assurance that WTI Prices will remain at levels sufficient to result in Royalty Payments to the Trust in any future quarter or for the Trust to maintain the cash reserve at the current level.

The Trustee intends to continue to evaluate the adequacy of the cash reserve and may, at any time without notice to the Unit holders, increase or decrease the amount of the cash reserve due to the facts and circumstances prevailing from time to time. The Trustee believes the current cash reserve is sufficient to pay Trust fees and expenses for at least the next 12 months.

Cash held in reserve will be invested as required by the Trust Agreement. Any cash reserved in excess of the amount necessary to pay or provide for the payment of future known, anticipated or contingent expenses or liabilities eventually will be distributed to Unit holders, together with interest earned on the funds. Any amounts set aside for the cash reserve has been invested by the Trustee in U.S. government or agency securities secured by the full faith and credit of the United States, or mutual funds investing in such securities.



**(3) Basis of Accounting**

The financial statements of the Trust are prepared on a modified cash basis and reflect the Trust's assets, liabilities, corpus, earnings, and distributions, as follows:

- a. Revenues are recorded when received (generally within 15 days of the end of the preceding quarter) and distributions to Trust Unit holders are recorded when paid.
- b. Trust expenses (which include accounting, engineering, legal, and other professional fees, trustees' fees, and out-of-pocket expenses) are recorded on an accrual basis.
- c. Cash reserves may be established by the Trustee for certain contingencies that would not be recorded under generally accepted accounting principles.

While these statements differ from financial statements prepared in accordance with accounting principles generally accepted in the United States of America, the modified cash basis of reporting revenues and distributions is considered to be the most meaningful because quarterly distributions to the Trust Unit holders are based on net cash receipts. These modified cash basis financial statements are unaudited but, in the opinion of the Trustee, include all adjustments necessary to present fairly the assets, liabilities and corpus of the Trust as of September 30, 2022 and December 31, 2021, and the modified cash basis of earnings and distributions and changes in Trust corpus for the three and nine-month periods ended September 30, 2022 and 2021. The adjustments are of a normal recurring nature and are, in the opinion of the Trustee, necessary to fairly present the results of operations.

As of September 30, 2022 and December 31, 2021, cash equivalents which represent the cash reserve consist of a Morgan Stanley ILF Treasury Fund and U.S. Treasury Bills with original maturities of ninety days or less.

Estimates and assumptions are required to be made regarding assets, liabilities and changes in Trust corpus resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ, and the differences could be material.

These unaudited financial statements should be read in conjunction with the financial statements and related notes in the Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 2021. The cash earnings and distributions for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

**(4) Royalty Interest**

At inception in February 1989, the Royalty Interest held by the Trust had a carrying value of \$535,000,000. In accordance with generally accepted accounting principles, the Trust amortized the value of the Royalty Interest based on the units of production method. Such amortization was charged directly to the Trust corpus, and did not affect cash earnings. In addition, the Trust periodically evaluated impairment of the Royalty Interest by comparing the undiscounted cash flows expected to be realized from the Royalty Interest to the carrying value, pursuant to the Financial Accounting Standards Board Accounting Standards Codification 360, Property, Plant, and Equipment. If the expected future undiscounted cash flows were less than the carrying value, the Trust recognized impairment losses for the difference between the carrying value and the estimated fair value of the Royalty Interest. By December 31, 2010, the Trust had recognized accumulated amortization of \$359,473,000 and aggregate impairment write-downs of \$175,527,000 reducing the carrying value of the Royalty Interest to zero.

**(5) Income Taxes**

The Trust files its federal tax return as a grantor trust subject to the provisions of subpart E of Part I of Subchapter J of the Internal Revenue Code of 1986, as amended, rather than as an association taxable as a corporation. The Trust Unit holders are treated as the owners of Trust income and corpus, and the entire taxable income of the Trust will be reported by the Trust Unit holders on their respective tax returns.

If the Trust were determined to be an association taxable as a corporation, it would be treated as an entity taxable as a corporation on the taxable income from the Royalty Interest, the Trust Unit holders would be treated as shareholders, and distributions to Trust Unit holders would not be deductible in computing the Trust's tax liability as an association.

**(6) Alaska Oil and Gas Production Tax**

On April 14, 2013, Alaska's legislature passed an oil-tax reform bill amending Alaska's oil and gas production tax statutes, AS 43.55.10 et seq. (the "Production Tax Statutes") with the aim of encouraging oil production and investment in Alaska's oil industry. On May 21, 2013, the Governor of Alaska signed the bill into law as chapter 10 of the 2013 Session laws of Alaska (the "Act"). Among significant changes, the Act eliminated the monthly "progressivity" tax rate implemented by certain amendments to the Production Tax Statutes in 2006 and 2007, increased the base rate from 25% to 35% and added a stair-step per-barrel tax credit for oil production. This tax credit is based on the gross value at the point of production per barrel of taxable oil and may not reduce a producer's tax liability below the "minimum tax" (which is a percentage, ranging from zero to 4%, of the gross value at the point of production of a producer's taxable production during the calendar year based on the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast for the year) under the Production Tax Statutes. These changes became effective on January 1, 2014.

On January 15, 2014, the Trustee executed a letter agreement with BP Alaska dated January 15, 2014 (the "2014 Letter Agreement") regarding the implementation of the Act with respect to the Trust. Pursuant to the 2014 Letter Agreement, Production Taxes for the Trust's Royalty Production will equal the tax for the relevant quarter, minus the allowable monthly stair-step per-barrel tax credits for the Royalty Production during that quarter. If there is a "minimum tax"-related limitation on the amount of the stair-step per-barrel tax credits that could otherwise be claimed for any quarter during the year, any difference between that limitation as preliminarily determined on a quarterly basis and the actual limitation for the entire year will be reflected in the payment to the Trust for the first quarter Royalty Production in the following year.

On July 6, 2015, BP Alaska and the Trustee signed a letter agreement (the "2014 Letter Agreement Amendment") amending the 2014 Letter Agreement to provide that if there is a "minimum tax"-related limitation on the amount of the stair-step per-barrel tax credits that could otherwise be claimed for any quarter during the year, any difference between that limitation as preliminarily determined on a quarterly basis and the actual limitation for the entire year will be reflected in the payment to the Trust for the fourth quarter Royalty Production payment for such year rather than in the payment to the Trust for the first quarter Royalty Production in the following year.

## (7) Royalty Revenue Adjustments

Certain of the Royalty Payments received by the Trust in 2022 and 2021 were adjusted by HNS to compensate for underpayments or overpayment of the royalties due with respect to the quarters ended prior to the dates of such payments. Average net production of crude oil and condensate from the proved reserves allocated to the Trust was less than 90,000 barrels per day during these periods. Royalty Payments by HNS with respect to 2022 and 2021 were based on estimates by HNS of production levels because actual data was not available by the date on which payments were required to be made to the Trust. Subsequent recalculation by HNS of the Royalty Payments due based on actual production data resulted in the payment adjustments shown in the table below.

	Payments Received (In Thousands)				
	July 2022	Apr. 2022	Jan. 2022	Oct. 2021	July 2021
Royalty payment as calculated	\$30,334	\$23,053	\$12,467	\$ 6,149	\$ 3,272
Adjustment for previous quarter's underpayment (overpayment), plus accrued interest	7	761	334	(4)	(69)
Total payment received	<u>\$30,341</u>	<u>\$23,814</u>	<u>\$12,801</u>	<u>\$ 6,145</u>	<u>\$ 3,203</u>

## (8) Subsequent Event

In October 2022, the Trust received a cash distribution of \$15,325,874 from HNS. This payment consisted of \$15,535,655, representing the Royalty Payment due with respect to the Trust's Royalty Interest for the quarter ended September 30, 2022, less \$209,781 representing the amount of an overpayment by HNS, including interest on the overpayment, of the Royalty Payment due with respect to the quarter ended June 30, 2022. On October 19, 2022, after including \$4,136 in accrued interest and deducting Administrative Expenses of \$282,883, the Trustee distributed \$15,047,127 to Unit holders of record on October 17, 2022.

## Item 2. Trustee's Discussion and Analysis of Financial Condition and Results of Operations.

### Introduction

BP Prudhoe Bay Royalty Trust (the "Trust"), a grantor trust, was created as a Delaware business trust pursuant to a Trust Agreement dated February 28, 1989 (the "Trust Agreement"), among The Standard Oil Company ("Standard Oil"), BP Exploration (Alaska) Inc. ("BP Alaska") (now known as Hilcorp North Slope, LLC ("HNS")), The Bank of New York Mellon, as trustee, and BNY Mellon Trust of Delaware (successor to The Bank of New York (Delaware)), as co-trustee. On December 15, 2010, The Bank of New York Mellon resigned as trustee and was replaced by The Bank of New York Mellon Trust Company, N.A., a national banking association, as successor trustee (the "Trustee"). At the time of formation of the Trust, Standard Oil and BP Alaska were indirect, wholly-owned subsidiaries of BP p.l.c. ("BP").

On August 27, 2019, BP announced that it had agreed to sell BP Alaska and its other assets and operations in Alaska for total consideration of \$5.6 billion to Hilcorp Alaska, LLC and its affiliates, which are affiliates of Houston-based Hilcorp Energy Company (collectively "Hilcorp"). On June 30, 2020, Hilcorp completed its acquisition of BP's entire upstream business in Alaska, including BP's interest in BP Alaska, which owned all of BP's upstream oil and gas interest in Alaska (including oil and gas leases in the Prudhoe Bay field), and on December 18, 2020, an affiliate of Hilcorp completed its acquisition of BP's midstream business in Alaska. On July 1, 2020, BP Alaska, a Delaware corporation, converted to a Delaware limited liability company and changed its name to Hilcorp North Slope, LLC, a wholly-owned subsidiary of Hilcorp Alaska, LLC. As of September 30, 2022, Hilcorp and its affiliates employ approximately 1,500 full-time employees in Alaska. Under the terms of the Trust Agreement, HNS is the successor to BP Alaska. For purposes of this Quarterly Report on Form 10-Q, "HNS" means (i) at all times prior to June 30, 2020, BP Alaska, and (ii) at all times after and including June 30, 2020, Hilcorp North Slope, LLC (formerly known as BP Alaska).

The information in this report relating to the Prudhoe Bay Unit, the calculation of Royalty Payments and certain other matters has been furnished to the Trustee by HNS, and the Trustee is entitled to rely on the accuracy of such information in accordance with the Trust Agreement.

### Recent Developments

The average daily closing WTI price was above the "break-even" price for the third quarter ended September 30, 2022, resulting in a quarterly payment with respect to the Royalty Interest of \$15,325,874 to the Trust, after deducting \$209,781 representing an overpayment to the Trust for the quarter ended June 30, 2022. Because this revenue was not received by the Trust until October 14, 2022, it will be recorded in the fourth quarter of 2022. In accordance with the Trust Agreement, the Trustee paid all accrued expenses of the Trust through September 30, 2022, and then distributed the excess of the cash received by the Trust over the Trust's expenses, net of any additions to the cash reserve established for the payment of estimated liabilities before making a quarterly distribution to Unit holders. After paying the Trust's expenses accrued through September 30, 2022 and including accrued interest, \$15,047,127 was available for distribution to Unit holders. Although no addition was made to the cash reserve with respect to the Royalty Payment attributable to the third quarter of 2022, the Trustee continues to evaluate the adequacy of the cash reserve and may need to increase the amount of the cash reserve in the future. See Note 2 to the Financial Statements (Unaudited) in Item 1.

For the three months ended September 30, 2022, the Per Barrel Royalty was calculated based on the following information:

Average WTI Price	\$91.87
Average Adjusted Chargeable Costs	\$72.98
Average Production Taxes	\$ 3.30
Average Per Barrel Royalty	\$15.59
Average Net Production (mb/d)	65.6

Although the Trust received net revenues attributable to the quarters ended June 30, 2021, September 30, 2021, December 31, 2021, and the first three quarters of 2022, there can be no assurance that WTI Prices will remain at levels sufficient to result in Royalty Payments to the Trust in any future quarter.

## Forward-Looking Statements

Various sections of this report contain forward-looking statements (that is, statements anticipating future events or conditions and not statements of historical fact) within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Words such as “anticipate,” “estimates,” “expect,” “believe,” “intend,” “likely,” “plan,” “predict” or “project,” and “should,” “would,” “could,” “potentially,” “possibly” or “may,” and other words that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements in this report are subject to a number of risks and uncertainties beyond the control of the Trustee. These risks and uncertainties include such matters as future changes in oil prices, oil production levels, production charges and costs, changes in expenses of the Trust, cash reserve targets and the timing of the termination of the Trust, economic conditions, domestic and international political events and developments, legislation and regulation, international hostilities, war, including Russia’s large-scale invasion of Ukraine on February 24, 2022 and the international responses thereto, including the imposition of international sanctions, developments in the COVID-19 pandemic, including the emergence of more contagious or virulent strains of the virus and the availability, uptake, and efficacy of vaccines.

The actual results, performance and prospects of the Trust could differ materially from those expressed or implied by forward-looking statements. Descriptions of some of the risks that could affect the future performance of the Trust appear in Item 1A, “RISK FACTORS,” of the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “2021 Annual Report”). There may be additional risks of which the Trustee is unaware or which it currently deems immaterial.

In the light of these risks, uncertainties and assumptions, you should not rely unduly on any forward-looking statements. Forward-looking events and outcomes discussed in the 2021 Annual Report and in this report and the Trust’s other reports may not occur or may turn out differently. The Trustee undertakes no obligation to update forward-looking statements after the date of this report, except as required by law, and all such forward-looking statements in this report are qualified in their entirety by the preceding cautionary statements.

## Liquidity and Capital Resources

*Background.* The Trust is a passive entity. The Trustee’s activities are limited to collecting and distributing the revenues from the Royalty Interest and paying liabilities and expenses of the Trust. Generally, the Trust has no source of liquidity and no capital resources other than the revenues attributable to the Royalty Interest that it receives from time to time. See the discussion under “THE ROYALTY INTEREST” in Part I, Item 1 of the 2021 Annual Report for a description of the calculation of the Per Barrel Royalty, and the discussion under “THE PRUDHOE BAY UNIT AND FIELD – Reserve Estimates” in Part I, Item 1 of the 2021 Annual Report for information concerning the estimated future net revenues of the Trust. However, the Trust Agreement gives the Trustee power to borrow, establish a cash reserve, or dispose of all or part of the Trust property under limited circumstances. See the discussion under “THE TRUST – Sales of Royalty Interest; Borrowings and Reserves” in Part I, Item 1 of the 2021 Annual Report.

*Cash Reserve.* In July 1999, the Trustee established a cash reserve to provide liquidity to the Trust during future periods in which the Trust does not receive sufficient revenues from the Royalty Interest. The Trustee has drawn funds from the cash reserve account during the quarters in which the quarterly revenues received by the Trust did not exceed the liabilities and expenses of the Trust, and has replenished and added to the reserve from deductions from quarterly distributions made to Unit holders during periods when the Trust received revenues from the Royalty Interest and Unit holders received distributions.

Due in part to the economic impacts of the COVID-19 pandemic, the markets experienced a decline in oil prices in response to oil demand concerns and global storage considerations. As a result of, among other things, lower oil prices and the increase in Chargeable Costs, the Trust received no revenues from the Royalty Interest attributable to the four quarters of 2020 or the first quarter of 2021. Consequently, the Trust was unable to make any additions to the funds on deposit in the cash reserve account since the January 2020 distribution made for revenues from the Royalty Interest attributable to the fourth quarter of 2019. In December 2020, the remaining funds on deposit in the cash reserve were insufficient to pay the Trustee’s fees and administrative fees, expenses, charges and costs, including accounting, engineering, legal, financial advisory, and other professional fees incurred in connection with the Trust (“Administrative Expenses”) in 2020 and the Trustee made a demand for indemnity and reimbursement of Administrative Expenses upon HNS in accordance with the Trust Agreement in the amount of \$537,835, representing the Trust’s unpaid expenses through December 18, 2020.

Following the receipt of the indemnity payment from HNS in December 2020, the Trust continued to accrue Administrative Expenses but did not receive any revenues from the Royalty Interest until July 2021, when the Trust received a quarterly payment of approximately \$3.2 million attributable to the quarter ended June 30, 2021.

In July 2021, the Trust announced that the Trustee had determined to increase the Trustee's existing cash reserve of \$1.27 million by \$500 thousand, funding the full amount of the cash reserve from the Royalty Payment attributable to the second quarter of 2021. In October 2021, the Trust determined to increase the Trustee's existing cash reserve to \$6.0 million, which was fully funded from the Royalty Payment attributable to the third quarter of 2021.

The total amounts added to the cash reserve in July and October 2021 took into account that (i) the Trust had not received any revenues attributable to 2020 or the first quarter of 2021 and therefore had been unable to make any additions to the cash reserve for the prior five quarters, (ii) the likelihood of future revenue from the Royalty Interest, (iii) the increase in Trust Administrative Expenses in 2020, (iv) the reset of the earliest potential termination date of the Trust, and (v) the expected expenses associated with the future termination of the Trust. The Trustee will continue to review and reassess the adequacy of the cash reserve on an on-going basis based on the facts and circumstances at the time of such evaluations and may increase or decrease the targeted cash reserve or the rate at which it is withholding funds to build the cash reserve at any time, without advance notice to the Unit holders. As previously disclosed by the Trust, the Trustee has increased and funded the cash reserve to a level it believes is sufficient to provide funding to pay the Administrative Expenses for a two-year period commencing when the sum of the net revenues from the Royalty Interest for two successive years are less than \$1.0 million per year, and to carry out an orderly termination of the Trust as set forth in Article IX of the Trust Agreement. Depending on the facts and circumstances at the time, the expenses of the termination process may include, without limitation, costs related to a professional evaluation of the value of the Royalty Interest, any and all other costs and expenses necessary to terminate the Trust, sell the Trust assets and provide for the orderly distribution of the remaining proceeds to the Unit holders, the costs of one or more consent solicitations of the Unit holders, legal fees and expenses, and all other professional services necessary to comply with the requirements of the Trust termination process.

Given the uncertainty with respect to the amount or timing of any future revenue from the Royalty Interest combined with the expenses of operating the Trust prior to termination and the limited ability to terminate the Trust in accordance with its terms, the Trustee has determined to withhold amounts necessary, when received by the Trust, to maintain the cash reserve at its current level of approximately \$6.0 million at this time. This cash reserve level assumes an orderly termination of the Trust sometime in the future based on current facts and circumstances, and if the receipt of additional Royalty Payments continues to reset that time line, the Trustee will re-evaluate the adequacy of the cash reserve balance and may increase or decrease it without notice to Unit holders. Accordingly, even if the Trust receives revenues from the Royalty Interest during the remainder of 2022 or beyond, it is possible that Unit holders will not receive a distribution on outstanding Units during such periods, because the Trust may need to withhold funds from any such revenue to first pay accrued Administrative Expenses and to replenish or add to the cash reserve, before distributing any funds to Unit holders. There can be no assurance that WTI prices will be at levels sufficient to result in revenues to the Trust in any future quarter. The Trustee intends to keep the cash reserve program in place until termination of the Trust.

Cash held in reserve will be invested as required by the Trust Agreement. Any cash reserved in excess of the amount necessary to pay or provide for the payment of accrued Administrative Expenses and future known, anticipated or contingent expenses or liabilities eventually will be distributed to Unit holders, together with interest earned on the funds. Any amounts set aside for the cash reserve are invested by the Trustee in U.S. government or agency securities secured by the full faith and credit of the United States, or mutual funds investing in such securities.

## Results of Operations

Relatively modest changes in oil prices significantly affect the Trust's revenues and results of operations. Crude oil prices are subject to significant changes in response to fluctuations in the domestic and world supply and demand and other market conditions as well as the world political situation, particularly the invasion of Ukraine by Russia, as it affects OPEC+ and other producing countries. The effect of changing political and economic conditions on the demand and supply for energy throughout the world and future prices of oil cannot be accurately projected.

Royalty revenues are generally received on the Quarterly Record Date (generally the fifteenth day of the month) following the end of the calendar quarter in which the related Royalty Production occurred. The Trustee, to the extent possible, pays all expenses of the Trust for each quarter on the Quarterly Record Date on which the revenues for the quarter are received. For the statement of cash earnings and distributions, revenues and Trust expenses are recorded on a cash basis and, as a result, distributions shown for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively, are attributable to HNS's operations during the three-month and nine-month periods ended June 30, 2022 and 2021, respectively.

Under the terms of the Conveyance of the Royalty Interest to the Trust, the Per Barrel Royalty for any day is the WTI Price for the day less the sum of (i) Chargeable Costs multiplied by the Cost Adjustment Factor and (ii) Production Taxes. The narrative under the captions "THE TRUST – Trust Property" and "THE ROYALTY INTEREST" in the 2021 Annual Report explains the meanings of the terms "Conveyance," "Royalty Interest," "Per Barrel Royalty," "WTI Price," "Chargeable Costs" and "Cost Adjustment Factor" and should be read in conjunction with this report.

"Royalty Production" for each day in a calendar quarter is 16.4246% of the first 90,000 barrels of the actual average daily net production of oil and condensate for the quarter from the proved reserves allocated to the Trust. When HNS's average net production of oil and condensate per quarter from the 1989 Working Interests exceeds 90,000 barrels a day, the principal factors affecting the Trust's revenues and distributions to Unit holders are changes in WTI Prices, scheduled annual increases in Chargeable Costs, changes in the Consumer Price Index and changes in Production Taxes. However, the Trust's revenues have also been affected by decreases in production from the 1989 Working Interests. HNS's net production of oil and condensate allocated to the Trust from proved reserves was less than 90,000 barrels per day on an annual basis during 2018, 2019, 2020 and 2021, and for the first three quarters of 2022. The Trustee has been advised that HNS expects that average net production allocated to the Trust from the proved reserves will be less than 90,000 barrels a day on an annual basis in future years. This is due to the normal declining production rate from the Prudhoe Bay field and variance in the impacts of planned and unplanned maintenance programs.

The "break-even" (the price at which all taxes and prescribed deductions are equal to the WTI Price) WTI Price changes over time primarily as a result of changes in the Cost Adjustment Factor, which is based on the Consumer Price Index published for the most recently past February, May, August or November and Production Taxes, as Chargeable Costs remain constant for the calendar year. Additionally, as WTI Prices change, so do the Production Taxes and prescribed deductions, potentially increasing or decreasing the "break-even" WTI Price. The quarterly Royalty Payment by HNS to the Trust is the sum of the individual revenues attributed to the Trust as calculated each day during the quarter. Any single calculation of a calendar day will not reflect the value of the dividend paid to the Trust for the quarter, nor will it reflect the estimated future value of the Trust.

From the beginning of the second quarter of 2022 through June 30, 2022, the closing WTI crude oil spot price fluctuated between a high of \$122.11 per barrel on June 8, 2022 and a low of \$94.29 per barrel on April 11, 2022, and on average was above the "break-even" level necessary for the Trust to receive a Per Barrel Royalty for the second quarter of 2022, which was paid to the Trust on July 15, 2022.

From the beginning of the third quarter of 2022 through September 30, 2022, the closing WTI crude oil spot price fluctuated between a high of \$108.43 per barrel between July 1, 2022 and July 4, 2022 and a low of \$76.71 per barrel on September 26, 2022, and on average was above the "break-even" level necessary for the Trust to receive a Per Barrel Royalty for the third quarter of 2022, which was paid to the Trust on October 14, 2022.

Whether the Trust will be entitled to future net revenue from the Royalty Interest during the remainder of 2022 will depend on, among other things, WTI Prices prevailing during the remainder of the year. While future oil prices cannot be accurately projected, the U.S. Energy Information Administration forecasts in its Short-Term Energy Outlook, released on October 12, 2022, that WTI prices will average approximately \$85.98 per barrel in the fourth quarter of 2022 and \$87.30 per barrel in the first quarter of 2023. There can be no assurance that WTI prices for the fourth quarter of 2022 or beyond will be at or above these projected prices or that WTI prices will be above the "break even" level necessary for the Trust to receive a Per Barrel Royalty in future periods.

HNS estimates Royalty Production from the 1989 Working Interests for purposes of calculating quarterly Royalty Payments to the Trust because complete actual field production data for the preceding calendar quarter generally is not available by the Quarterly Record Date. To the extent that average net production from the 1989 Working Interests is below 90,000 barrels per day, calculation by HNS of actual Royalty Production data may result in revisions of prior Royalty Production estimates. Revisions by HNS of its

Royalty Production calculations may result in quarterly Royalty Payments by HNS which reflect adjustments for overpayments or underpayments of royalties with respect to prior quarters. Such adjustments, if material, may adversely affect certain Unit holders who buy or sell Units between the Quarterly Record Dates for the Quarterly Distributions affected.

The quarterly distribution received by the Trust from HNS in July 2022 was adjusted by HNS to compensate for the underpayment of royalties due to the Trust with respect to the quarter ended March 31, 2022. See Note 7 of Notes to Financial Statements (Unaudited) in Item 1. Because the statements of cash earnings and distributions of the Trust are prepared on a modified cash basis, royalty revenues for the three-month and nine-month periods ended September 30, 2022 and 2021 reflect the amount of the adjustments with respect to the earlier fiscal periods.



[Table of Contents](#)

The following table summarizes the factors which determined the Per Barrel Royalty used to calculate payments, if any, received by the Trust in July, April and January 2022 and 2021. See Note 1 of Notes to Financial Statements (Unaudited) in Item 1. The information in the table has been furnished to the Trust by HNS.

Royalty Payment in Month	Based on Data for Quarter Ended	Data for Quarter Average					Average Per Barrel Royalty (paid)	Average Net Production (mb/d)
		Average WTI Price	Chargeable Costs	Cost Adjustment Factor	Adjusted Chargeable Costs	Average Production Taxes		
July 2022	06/30/22	\$108.70	\$ 32.00	2.2507	\$ 72.02	\$ 7.21	\$29.47	68.4
April 2022	03/31/22	\$ 94.45	\$ 32.00	2.1846	\$ 69.91	\$ 3.42	\$21.12	73.5
Jan 2022	12/31/21	\$ 76.91	\$ 29.25	2.1402	\$ 62.60	\$ 2.73	\$11.57	71.4
July 2021	06/30/21	\$ 66.04	\$ 29.25	2.0728	\$ 60.63	\$ 2.31	\$ 3.10	70.8
April 2021	03/31/21	\$ 57.82	\$ 29.25	2.0252	\$ 59.24	\$ 1.99	\$ 0.00	74.7
Jan 2021	12/31/20	\$ 42.66	\$ 26.50	2.0038	\$ 53.10	\$ 1.39	\$ 0.00	74.8

### Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

#### Royalty Production

Trust royalty revenues received during the third quarter of the fiscal year are based on Royalty Production during the second quarter of the fiscal year. The following table shows the changes between the three months ended June 30, 2022 and the three months ended June 30, 2021 in the factors that determined the Per Barrel Royalties used to calculate the Royalty Payment received by the Trust during the quarters ended September 30, 2022 and 2021.

	Three Months Ended 6/30/2022	Increase (decrease)		Three Months Ended 6/30/2021
		Amount	Percent	
Average WTI Price	\$ 108.70	\$42.66	64.6	\$ 66.04
Adjusted Chargeable Costs	\$ 72.02	\$11.39	18.8	\$ 60.63
Average Production Taxes	\$ 7.21	\$ 4.90	212.1	\$ 2.31
Average Per Barrel Royalty (paid)	\$ 29.47	\$26.37	850.6	\$ 3.10
Average net production (mb/d)	68.4	(2.4)	(3.4)	70.8

The average WTI Price for the second quarter of 2022 increased 64.6% compared to the average WTI Price for the second quarter of 2021. The increase in the Consumer Price Index used to calculate the Cost Adjustment Factor, as well as the scheduled increase in Chargeable Costs from \$29.25 in calendar year 2021 to \$32.00 in calendar year 2022, resulted in an 18.8% percent increase in Adjusted Chargeable Costs for the three months ended June 30, 2022. Production Taxes increased 212.1% as a result of the increase in the WTI Price for the second quarter of 2022 and an increase in the Consumer Price Index used to calculate the Cost Adjustment Factor. As a result, Production Taxes were not calculated on the basis of the minimum tax under Alaska law and the 2014 Letter Agreement Amendment. See Note 6 of Notes to Financial Statements (Unaudited) in Item 1 above. HNS has informed the Trustee that the minimum tax did not apply due to the taxable value of the oil produced. The Average Per Barrel Royalty paid increased by \$26.37 as a result of the significant increase in the Average WTI Price during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. The average net production from the 1989 Working Interest for the two reporting periods declined by 3.4%. This decrease was due to the naturally declining production rate from the Prudhoe Bay field.

The following table shows the changes to the Trust's revenues received and distributions paid during the quarter ended September 30, 2022, as compared to the same period in 2021 resulting from the factors in the table above, as well as changes in Administrative Expenses.

	<b>Three Months Ended 9/30/2022</b>	<b>Increase (decrease)</b>		<b>Three Months Ended 9/30/2021</b>
		<b>Amount</b>	<b>Percent</b>	
		(Dollar amounts in thousands)		
Royalty revenues	\$30,341	\$27,069	827.3	\$ 3,272
Cash earnings (loss)	\$30,069	\$27,898	1,285.0	\$ 2,171
Cash distributions	\$30,066	\$29,545	5,670.8	\$ 521
Administrative expenses (paid)	\$ 276	\$ (824)	(74.9)	\$ 1,100

The increase in royalty revenues, cash earnings and cash distributions for the three months ended September 30, 2022 as compared to the same period in 2021 resulted from the increase in the average WTI Price, offset by an the increase in Adjusted Chargeable Costs and average Production Taxes and a decline in average net production that prevailed during the three months ended September 30, 2022 as compared to same period in 2021. The decrease in Administrative Expenses paid during the three months ended September 30, 2022, reflects the resumption of the payment of Trust expenses in July 2021 following the prior cessation of royalty revenue. The increase in the Trust corpus is primarily due to the receipt of royalty revenues.

#### *Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021*

Trust royalty revenues received during the first nine months of the fiscal year are based on the Royalty Production during the first and second quarters of the fiscal year. The following table shows the changes between the nine months ended June 30, 2022 and the nine months ended June 30, 2021, in the factors that determined the Per Barrel Royalties used to calculate the Royalty Payment received by the Trust during the nine months ended September 30, 2022 and 2021.

	<b>Nine Months Ended 6/30/2022</b>	<b>Increase (decrease)</b>		<b>Nine Months Ended 6/30/2021</b>
		<b>Amount</b>	<b>Percent</b>	
Average WTI Price	\$ 93.31	\$37.86	68.3	\$ 55.45
Adjusted Chargeable Costs	\$ 68.15	\$10.52	18.3	\$ 57.63
Average Production Taxes	\$ 4.45	\$ 2.56	135.5	\$ 1.89
Average Per Barrel Royalty (paid)	\$ 20.71	\$17.62	570.2	\$ 3.09
Average net production (mb/d)	71.3	(2.1)	(2.9)	73.4

The average WTI Price for the nine-month period of 2022 increased 68.3% compared to the average WTI Price for the nine-month period in 2021. The increase in the Consumer Price Index used to calculate the Cost Adjustment Factor, as well as the scheduled increase in Chargeable Costs from \$29.25 in calendar year 2021 to \$32.00 in calendar year 2022, resulted in an 18.3% percent increase in Adjusted Chargeable Costs for the nine-month period. Production Taxes increased by 135.5% as a result of the increase in the WTI Price for the second quarter of 2022 and an increase in the Consumer Price Index used to calculate the Cost Adjustment Factor. As a result, Production Taxes were not calculated on the basis of the minimum tax under Alaska law and the 2014 Letter Agreement Amendment. See Note 6 of Notes to Financial Statements (Unaudited) in Item 1 above. HNS has informed the Trustee that the minimum tax did not apply due to the taxable value of the oil produced. The Average Per Barrel Royalty paid increased by \$17.62 as a result of the significant increase in the Average WTI Price during the nine-month period in 2022. The average net production from the 1989 Working Interest for the two reporting periods declined by 2.9%. This decrease was due to the naturally declining production rate from the Prudhoe Bay field.

The following table shows the changes to the Trust's revenues received and distributions paid during the nine months ended September 30, 2022, as compared to the same period in 2021 resulting from the factors in the table above, as well as changes in the Trust's Administrative Expenses.

	Nine Months Ended 9/30/2022	Increase (decrease)		Nine Months Ended 9/30/2021
		Amount	Percent	
		(Dollar amounts in thousands)		
Royalty revenues	\$66,956	\$63,684	1,946.3	\$ 3,272
Cash earnings	\$65,783	\$63,688	3,040.0	\$ 2,095
Cash distributions	\$65,776	\$65,255	12,525.0	\$ 521
Administrative expenses (paid)	\$ 1,181	\$ 6	0.5	\$ 1,175

The period-to-period increase in royalty revenues, cash earnings and cash distributions are due to the significantly higher average WTI Prices that prevailed in the nine-month period ended June 30, 2022, compared to the same period in 2021. Administrative Expenses paid did not change materially between the two periods. The increase in the Trust corpus is primarily due to the receipt of royalty revenues.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Trust is a passive entity and except for the Trust's ability to borrow money as necessary to pay liabilities of the Trust that cannot be paid out of cash on hand, the Trust is prohibited from engaging in borrowing transactions. The Trust periodically holds short-term investments acquired with funds held by the Trust pending distribution to Unit holders and funds held in reserve for the payment of Trust expenses and liabilities. Because of the short-term nature of these investments and limitations on the types of investments which may be held by the Trust, the Trust is not subject to any material interest rate risk. The Trust does not engage in transactions in foreign currencies which could expose the Trust or Unit holders to any foreign currency related market risk or invest in derivative financial instruments. The Trust has no foreign operations and holds no long-term debt instruments.

### Item 4. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

The Bank of New York Mellon Trust Company, N.A., as Trustee of the Trust, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) promulgated under the Exchange Act. The Trust's internal control over financial reporting is defined as a process designed by or under the supervision of the Trustee to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Trust's financial statements for external reporting purposes in accordance with the modified cash basis of accounting. The Trust's internal control over financial reporting includes policies and procedures that pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with the modified cash basis of accounting, and that receipts and expenditures are being made only in accordance with authorizations of the Trustee; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Trust's assets that could have a material effect on the Trust's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Trustee conducted an evaluation of the effectiveness of the Trust's internal control over financial reporting based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Based on the Trustee's evaluation under the COSO criteria, the Trustee concluded that the Trust's internal control over financial reporting was effective as of September 30, 2022.

#### Changes in Internal Control Over Financial Reporting

There has not been any change in the Trust's internal control over financial reporting identified in connection with the Trustee's evaluation of the Trust's internal control over financial reporting that occurred during the Trust's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

None.

### Item 1A. Risk Factors.

There have been no changes from the risk factors disclosed in the Trust's annual report on Form 10-K for the year December 31, 2021.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable

### Item 5. Other Information.

None.

### Item 6. Exhibits.

31\* [Rule 13a-14\(a\) Certification](#)

32\* [Section 1350 Certification](#)

101 Explanatory note: An Interactive Data File is not submitted with this filing pursuant to Item 601(101) of Regulation S-K, because the Trust does not prepare its financial statements in accordance with generally accepted accounting principles as used in the United States. See Note 3 of Notes to Financial Statements (Unaudited) in Part I, Item 1.

\* Filed herewith.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**BP PRUDHOE BAY ROYALTY TRUST**

By: THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By: /s/ Elaina C. Rodgers

Elaina C. Rodgers  
Vice President

Date: November 9, 2022

The Registrant is a trust and has no officers or persons performing similar functions. No additional signatures are available and none have been provided.

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Elaina C. Rodgers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BP Prudhoe Bay Royalty Trust, for which The Bank of New York Mellon Trust Company, N.A., acts as Trustee;
2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, cash earnings and distributions and changes in the Trust corpus of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and I have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within that entity, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves persons who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ Elaina C. Rodgers  
 Elaina C. Rodgers  
 Vice President  
 The Bank of New York Mellon Trust Company, N.A.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002**

In connection with the Quarterly Report of BP Prudhoe Bay Royalty Trust (the “Registrant”), on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. I am an authorized officer of The Bank of New York Mellon Trust Company, N.A., the Trustee of the Registrant;
2. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
3. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of the dates and for the periods covered by the Report.

Date: November 9, 2022

By: /s/ Elaina C. Rodgers  
Elaina C. Rodgers  
Vice President  
The Bank of New York Mellon Trust Company, N.A.