

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

OR

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

For the transition period from _____ to _____ .

Commission file number 000-08565

Marine Petroleum Trust

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation or organization)

75-6008017
(I.R.S. Employer
Identification No.)

c/o The Corporate Trustee:

Simmons Bank

2911 Turtle Creek Blvd.

Dallas, Texas 75219

(Address of principal executive offices)

(Zip Code)

(855) 588-7839

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year,
if changed since last report)

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	MARPS	NASDAQ Capital Market

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. (Check one):

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

Indicate the number of units of beneficial interest outstanding as of the latest practicable date:

As of May 1, 2020, Marine Petroleum Trust had 2,000,000 units of beneficial interest outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARINE PETROLEUM TRUST AND SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS
As of March 31, 2020 and June 30, 2019**

ASSETS

	March 31, 2020	June 30, 2019
	<u>(Unaudited)</u>	
Current assets:		
Cash and cash equivalents	\$ 962,028	\$ 966,619
Federal income tax refundable.....	2,800	2,800
Producing oil and natural gas properties.....	7	7
Total assets	<u>\$ 964,835</u>	<u>\$ 969,426</u>

LIABILITIES AND TRUST CORPUS

Current liabilities:		
Federal income tax payable	\$ —	\$ —
Total current liabilities.....	<u>\$ —</u>	<u>\$ —</u>
Trust corpus – 2,000,000 units of beneficial interest authorized, 2,000,000 units issued at nominal value	<u>\$ 964,835</u>	<u>\$ 969,426</u>
	<u>\$ 964,835</u>	<u>\$ 969,426</u>

See accompanying notes to condensed consolidated financial statements.

MARINE PETROLEUM TRUST AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME
For the Three and Nine Months Ended March 31, 2020 and 2019
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Income:				
Oil and natural gas royalties	\$ 214,980	\$ 175,280	\$ 554,588	\$ 646,010
Oil and natural gas royalties from affiliate	—	—	—	—
Interest and dividend income	3,127	5,837	12,858	15,644
Total income	218,016	567,446	567,446	661,654
Expenses:				
General and administrative	67,265	73,694	172,614	189,773
Distributable income before federal income taxes	150,841	107,421	394,832	471,881
Federal income taxes of subsidiary	—	—	—	—
Distributable income	\$ 150,841	\$ 107,421	\$ 394,832	\$ 471,881
Distributable income per unit	\$ 0.08	\$ 0.05	\$ 0.20	\$ 0.24
Units outstanding	2,000,000	2,000,000	2,000,000	2,000,000

See accompanying notes to condensed consolidated financial statements.

MARINE PETROLEUM TRUST AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS
For the Nine Months Ended March 31, 2020 and 2019
(Unaudited)

	Nine Months Ended	
	March 31,	
	2020	2019
Trust corpus, beginning of period	\$ 969,426	\$ 987,023
Distributable income	394,832	471,881
Distributions to unitholders.....	(399,423)	(531,851)
Trust corpus, end of period	\$ 964,835	\$ 927,053
Distributions per unit	\$ 0.20	\$ 0.27

See accompanying notes to condensed consolidated financial statements.

MARINE PETROLEUM TRUST AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS
For the Three Months Ended March 31, 2020 and 2019
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Trust corpus, beginning of period	\$ 944,898	\$ 979,392
Distributable income	150,841	107,421
Distributions to unitholders	(130,904)	(159,760)
Trust corpus, end of period	\$ 964,835	\$ 927,053
Distributions per unit	\$ 0.07	\$ 0.08

See accompanying notes to condensed consolidated financial statements.

MARINE PETROLEUM TRUST AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

(Unaudited)

Note 1. Accounting Policies

The financial statements herein include the financial statements of Marine Petroleum Trust (the “Trust”) and its wholly owned subsidiary, Marine Petroleum Corporation (“MPC,” and collectively with the Trust, “Marine”). The financial statements are condensed and consolidated and should be read in conjunction with Marine’s Annual Report on Form 10-K for the fiscal year ended June 30, 2019. The financial statements included herein are unaudited, but in the opinion of Simmons Bank (the “Trustee”), the Trustee of the Trust, they include all adjustments necessary for a fair presentation of the results of operations for the periods presented. Operating results for the interim periods reported herein are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2020.

Note 2. Basis of Accounting

The financial statements of Marine are prepared on the modified cash basis method and are not intended to present Marine’s financial position and results of operations in conformity with generally accepted accounting principles in the United States (“GAAP”). Under the modified cash basis method the financial statements of Marine differ from financial statements prepared in conformity with GAAP because of the following:

- Royalty income is recognized in the month when received by Marine rather than in the month of production.
- Marine’s expenses (including accounting, legal, other professional fees, trustees’ fees and out-of-pocket expenses) are recorded on an actual paid basis in the month paid rather than in the month incurred. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary, which would not be recorded under GAAP.
- At the time the Trust was established, no determinable market value was available for the assets transferred to the Trust; consequently, nominal values were assigned. Accordingly, no allowance for depletion has been included. All income from oil and natural gas royalties relate to proved developed oil and natural gas reserves.

The modified cash basis method of accounting corresponds to the accounting principles permitted for royalty trusts by the U.S. Securities and Exchange Commission (the “SEC”), as specified by Staff Accounting Bulletin Topic 12:E, *Financial Statements of Royalty Trusts*. Because the Trust’s financial statements are prepared on the modified cash basis, as described above, most accounting pronouncements are not applicable to or do not have a significant impact on the Trust’s financial statements.

Note 3. Distributable Income

The Trust’s Indenture (the “Indenture”) provides that the Trustee is to distribute all cash in the Trust, less an amount reserved for payment of accrued liabilities and estimated future expenses, to unitholders of record on the 28th day of March, June, September and December of each year. If the 28th day falls on a Saturday, Sunday or legal holiday, the payments are to be made on the immediately succeeding business day. Total estimated reserve for future expenses deducted from calculated distributable income for the three months ended March 31, 2020 was \$71,500.

As stated under “Note 1. Accounting Policies” above, the financial statements in this Quarterly Report on Form 10-Q are the condensed and consolidated financial statements of the Trust and MPC. However, distributable income is paid from the account balances of the Trust. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by the Trust, (ii) 98% of the royalties received from offshore Louisiana leases

owned by MPC, which are retained by and delivered to the Trust on a quarterly basis, (iii) cash distributions from the Trust's interest in Tidelands Royalty Trust "B" ("Tidelands"), a separate royalty trust, (iv) dividends paid by MPC, less (v) administrative expenses incurred by the Trust. Distributions fluctuate from quarter to quarter primarily due to changes in oil and natural gas prices and production quantities and expenses incurred.

Note 4. Investment in Affiliate — Tidelands Royalty Trust "B"

At March 31, 2020 and 2019, the Trust owned 32.6% of the outstanding units of beneficial interest in Tidelands.

The following summary financial statements have been derived from the unaudited condensed consolidated financial statements of Tidelands:

TIDELANDS CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME

	Three Months Ended March 31, 2020	Nine Months Ended March 31, 2020	Three Months Ended March 31, 2019	Nine Months Ended March 31, 2019
Income	\$ 1,090	\$ 4,991	\$ 1,059	\$ 40,468
Expenses	6,060	12,968	22,545	106,438
Distributable income (loss) before Federal income taxes.....	(4,970)	(7,977)	(21,486)	(65,970)
Federal income taxes of Tidelands' subsidiary.....	—	—	—	—
Distributable income (loss).....	\$ (4,970)	\$ (7,977)	\$ (21,486)	\$ (65,970)

Tidelands was a reporting company under the Securities Exchange Act of 1934, as amended. On March 8, 2019, Tidelands terminated the registration of its units under Section 12(g) of the Exchange Act, and suspended its reporting obligations under Section 13(a) of the Exchange Act. As of that date, Tidelands' obligations to file certain reports with the SEC, including annual, quarterly and current reports on Form 10-K, Form 10-Q and Form 8-K, respectively, were automatically and immediately suspended.

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

Organization

Marine Petroleum Trust (the "Trust") is a royalty trust that was created in 1956 under the laws of the State of Texas. Effective February 20, 2018, Simmons Bank became corporate trustee of the Trust (the "Trustee") as a result of a merger between Simmons Bank and Southwest Bank, the former corporate Trustee of the Trust. The Trust's Indenture (the "Indenture") provides that the term of the Trust will expire on June 1, 2021, unless extended by the vote of the holders of a majority of the outstanding units of beneficial interest. The Trust is not permitted to engage in any business activity because it was organized for the sole purpose of providing an efficient, orderly and practical means for the administration and liquidation of rights to payments from certain oil and natural gas leases in the Gulf of Mexico, pursuant to license agreements and amendments between the Trust's predecessors and Gulf Oil Corporation ("Gulf"). As a result of various transactions that have occurred since 1956, these interests now are held by Chevron Corporation ("Chevron") and its assignees, including Arena Energy, LP (collectively with Chevron and its assignees, the "Interest Owners"). The Trust holds title to interests in properties that are situated offshore of Texas.

The Trust's wholly owned subsidiary, Marine Petroleum Corporation ("MPC," and collectively with the Trust, "Marine"), holds title to interests in properties that are situated offshore of Louisiana because at the time the Trust was created, trusts could not hold these interests under Louisiana law. MPC is prohibited from engaging in a

trade or business and only takes those actions that are necessary for the administration and liquidation of its properties.

Marine's rights are generally referred to as overriding royalty interests in the oil and natural gas industry. An overriding royalty interest is created by an assignment by the owner of a working interest in an oil or natural gas lease. The royalty rights associated with an overriding royalty interest terminate when the underlying lease terminates. All production and marketing functions are conducted by the working interest owners of the leases. Income from overriding royalties is paid to Marine either (i) on the basis of the selling price of oil, natural gas and other minerals produced, saved or sold, or (ii) at the value at the wellhead as determined by industry standards, when the selling price does not reflect the value at the wellhead.

The Trustee assumes that some units of beneficial interest 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). Therefore, the Trustee considers the Trust to be a widely held fixed investment trust ("WHFIT") for U.S. federal income tax purposes. Accordingly, the Trust will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. The Trustee will provide the required information and the contact information for the Trustee is below:

Simmons Bank
2911 Turtle Creek Blvd., Suite 850
Dallas, Texas 75219
Telephone number: (855) 588-7839

Each unitholder should consult its own tax advisor for compliance with U.S. federal income tax laws and regulations.

Commodity Prices

The Trust's income and monthly distributions are heavily influenced by commodity prices. Commodity prices may fluctuate widely in response to (i) relatively minor changes in the supply of and demand for oil and natural gas, (ii) market uncertainty and (iii) a variety of additional factors that are beyond the Trustee's control. Recently, there has been a substantial decrease in oil and natural gas prices due in part to significantly decreased demand as a result of the novel coronavirus ("COVID-19") pandemic and an oversupply of crude oil driven by a dispute between members of the Organization of Petroleum Exporting Countries ("OPEC") and Russia over production cuts, each of which are discussed below under "Item 1A– Risk Factors". A combination of these factors resulted in the price of West Texas Intermediate crude oil falling below zero to \$(37.63) per barrel of oil on April 20, 2020 recovering the following day to \$10.01 per barrel of oil. Factors that may impact future commodity prices, including the price of oil and natural gas, include but are not limited to:

- political conditions in major oil producing regions, especially in the Middle East;
- worldwide economic conditions;
- weather conditions;
- trade barriers;
- public health concerns;
- the supply and price of domestic and foreign crude oil or natural gas;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity to, and capacity of, transportation facilities;
- the effect of worldwide energy conservation measures; and
- the nature and extent of governmental regulation and taxation.

Although the Trustee cannot predict the occurrence of events that may affect future commodity prices or the degree to which these prices will be affected, gas royalty income for a given period generally relates to production three months prior to the period and crude oil royalty income for a given period generally relates to production two

months prior to the period and will generally approximate current market prices in the geographic region of the production at the time of production. When crude oil and natural gas prices decline, the Trust is affected in two ways. First, distributable income from the Trust's royalty properties is reduced. Second, exploration and development activity by operators on the Trust's royalty properties may decline as some projects may become uneconomic and are either delayed or eliminated. It is impossible to predict future crude oil and natural gas price movements, and this reduces the predictability of future cash distributions to unitholders.

Liquidity and Capital Resources

As stated in the Indenture, there is no requirement for capital due to the limited purpose of the Trust. The Trust's only obligation is to distribute the distributable income that is actually collected to unitholders. As an administrator of oil and natural gas royalty interests, the Trust collects royalties monthly, pays administrative expenses and disburses all net royalties that are collected to its unitholders each quarter, subject to the availability of distributable income on the distribution date after the payment of expenses.

The Indenture (and MPC's charter and by-laws) expressly prohibits the operation of any kind of trade or business. The Trust's oil and natural gas properties are depleting assets that are not being replaced due to the prohibition against investments. These restrictions, along with other factors, allow the Trust to be treated as a grantor trust. As a grantor trust, all income and deductions for state and U.S. federal income tax purposes generally flow through to each individual unitholder. The State of Texas imposes a franchise tax, but the Trust does not believe that it is subject to the franchise tax because at least 90% of its income is from passive sources. Please see Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2019 for further information. MPC is a taxable entity that pays state and U.S. federal income taxes and state franchise taxes. However, MPC's income specifically excludes 98% of the oil and natural gas royalties collected by MPC, which are retained by and delivered to the Trust because of the Trust's net profits interest.

The Leases

Marine relies on public records for information regarding drilling and workover operations. The public records available up to the date of this report indicate that there were no new well completions made during the three months ended March 31, 2020 on leases in which Marine has an interest. As of May 1, 2020, public records also indicated that there were no wells in the process of being drilled or recompleted on other leases in which Marine has an interest.

Marine holds an overriding royalty interest that is equal to three-fourths of one percent of the working interest and is calculated on the value at the well of any oil, natural gas or other minerals produced and sold from 55 leases covering 199,868 gross acres located in the Gulf of Mexico. Marine's overriding royalty interest applies only to existing leases and does not apply to any new leases that the Interest Owners may acquire. The Trust also owns a 32.6% interest in Tidelands Royalty Trust "B" ("Tidelands"). Tidelands has an overriding royalty interest in four oil and natural gas leases covering 17,188 gross acres in the Gulf of Mexico. As a result of this ownership, the Trust has the right to receive periodic distributions from Tidelands to the extent Tidelands makes distributions to its unitholders.

Critical Accounting Policies and Estimates

In accordance with the Staff Accounting Bulletin Topic 12:E, *Financial Statements of Royalty Trusts*, Marine uses the modified cash basis method of accounting. Under this accounting method, royalty income is recorded when received, and distributions to unitholders are recorded when declared by the Trustee of the Trust. Expenses of Marine (including accounting, legal, other professional fees, trustees' fees and out-of-pocket expenses) are recorded on an actual paid basis. Marine also reports distributable income instead of net income under the modified cash basis method of accounting. Cash reserves are permitted to be established by the Trustee for certain contingencies that would not be recorded under generally accepted accounting principles in the United States.

Marine did not have any changes in its critical accounting policies or estimates during the three and nine months ended March 31, 2020. Please see Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2019 for a detailed discussion of its critical accounting policies.

New Accounting Pronouncements

Since the Trust financial statements are prepared on a modified-cash basis, most accounting pronouncements are not applicable to the Trust. No new accounting pronouncements have been adopted or issued that would have a significant impact on Marine's financial statements.

General

Marine's royalty income is derived from the oil and natural gas production activities of third parties. Marine's royalty income fluctuates from period to period based upon factors beyond Marine's control, including, without limitation, the number of productive wells drilled and maintained on leases that are subject to Marine's interest, the level of production over time from such wells and the prices at which the oil and natural gas from such wells are sold.

Important aspects of Marine's operations are conducted by third parties. Marine's royalty income is dependent on the operations of the working interest owners of the leases on which Marine has an overriding royalty interest. The oil and natural gas companies that lease tracts subject to Marine's interests are responsible for the production and sale of oil and natural gas and the calculation of royalty payments to Marine. The only obligation of the working interest owners to Marine is to make monthly overriding royalty payments that reflect Marine's interest in the oil and natural gas sold. Marine's distributions are processed and paid by its transfer agent, American Stock Transfer & Trust Company, LLC.

The volume of oil and natural gas produced and the selling prices of such oil and natural gas are the primary factors in calculating overriding royalty payments. Production is affected by the natural production decline of the producing wells, the number of new wells drilled and the number of existing wells that are re-worked and placed back in production on the leases. Production from existing wells is anticipated to decrease in the future due to normal well depletion. The operators do not provide Marine with information regarding future drilling or re-working operations that could impact the oil and natural gas production from the leases for which Marine has an overriding royalty interest.

Summary of Operating Results

During the nine months ended March 31, 2020, the Trust realized approximately 87% of its royalty income from the sale of oil and approximately 13% of its royalty income from the sale of natural gas. During the nine months ended March 31, 2019, the Trust realized approximately 92% of its royalty income from the sale of oil and approximately 8% of its royalty income from the sale of natural gas. Royalty income includes royalties from oil and natural gas received from producers.

Distributable income per unit for the nine months ended March 31, 2020 was \$0.20 as compared to \$0.24 for the comparable period in 2019. Distributions per unit amounted to \$0.20 per unit for the nine months ended March 31, 2020, a decrease from distributions of \$0.27 per unit for the comparable period in 2019.

For the nine months ended March 31, 2020, oil production decreased to 8,161 barrels (bbls) from 8,871 bbls and natural gas production increased to 28,110 thousand cubic feet (mcf) from 14,024 mcf as compared to the comparable period in 2019. For the nine months ended March 31, 2020, the average price realized for oil decreased to \$59.31 per bbl as compared to the price of \$66.65 realized for the comparable period in 2019 and the average price realized for natural gas (net of expenses) decreased to \$2.52 per mcf as compared to the average price of \$3.88 realized for the comparable period in 2019.

The following table presents the net production quantities of oil and natural gas and distributable income and distributions per unit for the last six quarters.

Net Production Quantities ⁽¹⁾	Natural	Distributable	Distributions
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<u>Quarter Ended</u>	<u>Oil (bbls)</u>	<u>Gas (mcf)</u>	<u>Income Per Unit</u>	<u>Per Unit</u>
December 31, 2018...	2,976	5,681	\$0.07	\$0.10
March 31, 2019...	2,553	4,151	\$0.05	\$0.08
June 30, 2019...	2,511	8,122	\$0.08	\$0.06
September 30, 2019...	2,700	10,542	\$0.07	\$0.09
December 31, 2019...	2,123	8,150	\$0.05	\$0.05
March 31, 2020...	3,339	9,418	\$0.08	\$0.07

(1) Excludes the Trust's interest in Tidelands.

Results of Operations—Three Months Ended March 31, 2020 Compared to the Three Months Ended March 31, 2019

Income from oil and natural gas royalties, increased to \$214,980 during the three months ended March 31, 2020 from \$175,280 realized for the comparable period in 2019. Royalties increased for the three months ended March 31, 2020 as compared to the comparable period in 2019 primarily due to an increase in production of oil and gas, offset by a decrease in pricing of natural gas and oil.

Distributable income increased to \$150,841 for the three months ended March 31, 2020 from \$107,421 realized for the comparable period in 2019.

Income from oil royalties, for the three months ended March 31, 2020 increased to \$191,960 from \$155,109 realized for the comparable period in 2019. The volume of oil sold in the three months ended March 31, 2020 increased to 3,339 bbls from 2,553 bbls realized for the comparable period in 2019, and the average price realized for oil decreased to \$57.50 per bbl for the three months ended March 31, 2020 from \$60.76 per bbl realized for the comparable period in 2019.

Income from natural gas royalties (net of expenses), for the three months ended March 31, 2020 increased to \$23,020 from \$20,171 for the comparable period in 2019. The volume of natural gas sold in the three months ended March 31, 2020 increased to 9,419 mcf from 4,151 mcf realized for the comparable period in 2019, and the average price realized for natural gas (net of expenses) decreased to \$2.44 per mcf for the three months ended March 31, 2020 from \$4.86 per mcf realized for the comparable period in 2019.

We did not receive any income from distributions from Tidelands for the three months ended March 31, 2020 and 2019. We understand that Tidelands does not currently have sufficient production in economic quantities to generate any revenue to be distributed to its unitholders.

The following table presents the quantities of oil and natural gas sold and the average price realized for the three months ended March 31, 2020, and those realized for the comparable period in 2019.

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>(unaudited)</u>	
Oil		
Bbls sold	3,339	2,553
Average price	\$ 57.50	\$ 60.76
Natural gas		
Mcf sold	9,419	4,151
Average price, net of expenses	\$ 2.44	\$ 4.86

General and administrative expenses decreased to \$67,265 for the three months ended March 31, 2020 from \$73,694 for the comparable period of 2019, primarily due to a decrease in printing fees and professional expenses.

Results of Operations—Nine Months Ended March 31, 2020 Compared to the Nine Months Ended March 31, 2019

Income from oil and natural gas royalties, decreased to \$554,588 during the nine months ended March 31, 2020 from \$646,010 realized for the comparable period in 2019. Royalties decreased for the nine months ended March 31, 2020 primarily due to a decrease in the price and production of oil and the price of natural gas, offset by an increase in the production of natural gas, as compared to the comparable period in 2019.

Distributable income decreased to \$394,832 for the nine months ended March 31, 2020 from \$471,881 realized for the comparable period in 2019.

Income from oil royalties, for the nine months ended March 31, 2020 decreased to \$484,061 from \$591,551 realized for the comparable period in 2019. The volume of oil sold in the nine months ended March 31, 2020 decreased to 8,161 bbls from 8,871 bbls realized for the comparable period in 2019, and the average price realized for oil decreased to \$59.31 per bbl for the nine months ended March 31, 2020 from \$66.65 per bbl realized for the comparable period in 2019.

Income from natural gas royalties (net of expenses), for the nine months ended March 31, 2020 increased to \$70,527 from \$54,424 for the comparable period in 2019. The volume of natural gas sold in the nine months ended March 31, 2020 increased to 28,110 mcf from 14,024 mcf realized for the comparable period in 2019, and the average price realized for natural gas (net of expenses) decreased to \$2.52 per mcf for the nine months ended March 31, 2020 from \$3.88 per mcf realized for the comparable period in 2019.

We did not receive any income from distributions from Tidelands for the nine months ended March 31, 2020 and 2019. We understand that Tidelands does not currently have sufficient production in economic quantities to generate any revenue to be distributed to its unitholders. Accordingly, we do not expect to receive any income from distributions from Tidelands in future quarters.

The following table presents the quantities of oil and natural gas sold and the average price realized for the nine months ended March 31, 2020, and those realized for the comparable period in 2019.

	<u>Nine Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	(unaudited)	
Oil		
Bbls sold	8,161	8,871
Average price	\$ 59.31	\$ 66.65
Natural gas		
Mcf sold	28,110	14,024
Average price, net of expenses.....	\$ 2.52	\$ 3.88

General and administrative expenses decreased to \$172,614 for the nine months ended March 31, 2020 from \$189,773 for the comparable period of 2019, primarily due to decreased printing fees and professional expenses.

Forward-Looking Statements

The statements discussed in this Quarterly Report on Form 10-Q regarding Marine’s future financial performance and results, and other statements that are not historical facts, are forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Exchange Act. This report uses the

words “anticipate,” “believe,” “budget,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” or other similar words to identify forward-looking statements. You should read statements that contain these words carefully because they discuss future expectations, contain projections of Marine’s financial condition, and/or state other “forward-looking” information. Actual results may differ from expected results because of: reductions in price or demand for oil and natural gas, which might then lead to decreased production or impair Marine’s ability to make distributions; the impact of COVID-19 on future production and distributions; reductions in production due to the depletion of existing wells or disruptions in service, which may be caused by storm damage to production facilities, blowouts or other production accidents, or geological changes such as cratering of productive formations; changes in regulations; general economic conditions; actions and policies of petroleum-producing nations; other changes in domestic and international energy markets; the resignation of the Trustee; and the expiration, termination or release of leases subject to Marine’s interests. Additional risks are set forth in Marine’s Annual Report on Form 10-K for the fiscal year ended June 30, 2019. Events may occur in the future that Marine is unable to accurately predict or over which it has no control. If one or more of these uncertainties materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those forward-looking statements included in this Quarterly Report on Form 10-Q. Except as required by applicable securities laws, Marine does not undertake any obligation to update or revise any forward-looking statements.

Website

Marine makes available, free of charge, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports at its website at www.marps-marine.com. Each of these reports will be posted on this website as soon as reasonably practicable after such report is electronically filed with, or furnished, to the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except as described below in “Item 1A – Risk Factors,” there has been no material change from the information provided in Marine’s Annual Report on Form 10-K, “Item 7A: Quantitative and Qualitative Disclosures About Market Risk,” for the fiscal year ended June 30, 2019.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Simmons Bank, as Trustee of the Trust, is responsible for establishing and maintaining Marine’s disclosure controls and procedures. Marine’s disclosure controls and procedures include controls and other procedures that are designed to ensure that information required to be disclosed by Marine in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Marine in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Trustee as appropriate to allow timely decisions regarding required disclosure.

As of March 31, 2020, the Trustee carried out an evaluation of the effectiveness of the design and operation of Marine’s disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based upon that evaluation, the Trustee concluded that Marine’s disclosure controls and procedures were effective as of March 31, 2020.

Changes in Internal Control Over Financial Reporting

There have not been any changes in Marine’s internal control over financial reporting during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, Marine’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

The recent spread of COVID-19, or the novel coronavirus, and the measures taken to mitigate the impact of the COVID-19 pandemic could have an adverse effect on trust distributions.

As the coronavirus pandemic and government responses are rapidly evolving, the extent of the impact on domestic sales of crude oil and natural gas remains unknown and is constantly evolving. Markets are experiencing a sharp and rapid decline in the demand for crude oil and natural gas as the U.S. and global economy, and commodity prices, are being negatively impacted as economic activity is curtailed in response to the COVID-19 pandemic, as well as due to an oversupply of crude oil driven by a dispute between members of OPEC and Russia over production costs. Official restrictions on non-essential activities, including “shelter in place” and “stay at home” orders, have been introduced throughout the U.S. and the world, which may impact oil and natural gas operators’ production activities, and the length of time such measures are in place may adversely affect us. Fewer businesses than normal are open and fewer people are going to work which has reduced the demand for oil and natural gas, and operators’ reliance on third-party suppliers, contractors, and service providers exposes them to possibility of delay or interruption of operations. At this time, the full extent to which COVID-19 will negatively impact the global economy and the oil and gas industry is uncertain, but pandemics or other significant public health events will most likely have a material adverse effect on operators’ business and financial condition which would likely have an adverse effect on trust distributions.

Other than the item listed above, there have been no material changes from the risk factors previously disclosed in the “Risk Factors” in Marine’s Annual Report filed on Form 10-K for the fiscal year ended June 30, 2019.

Item 6. Exhibits

The following exhibits are included herein:

- 31.1 Certification of the Corporate Trustee pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Corporate Trustee pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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.

MARINE PETROLEUM TRUST

Simmons Bank, trustee of Marine Petroleum Trust and not in its individual capacity or otherwise

May 15, 2020

By: /s/ Ron E. Hooper
Ron E. Hooper
Senior Vice President

Marine Petroleum Trust
c/o Simmons Bank, Trustee
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