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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2023

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 No. 1-10982

Cross Timbers Royalty Trust

(Exact name of registrant as specified in its charter)

Texas	**75-6415930**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
c/o Corporate Trustee: **Argent Trust Company** **3838 Oak Lawn Ave, Suite 1720** **Dallas, Texas 75219-4518**	**75219**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code (at the office of the Corporate Trustee): (855) 588-7839

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

Title of each class	Trading symbol	Name of each exchange on which registered
Units of Beneficial Interest	CRT	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

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	☐	Accelerated filer	☐
Non-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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of units of beneficial interest held by non-affiliates of the registrant at June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $132.2 million.

The number of units of beneficial interest outstanding as of March 15, 2024, was 6,000,000.

CROSS TIMBERS ROYALTY TRUST
2023 ANNUAL REPORT ON FORM 10-K

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Glossary of Terms

The following is a glossary of certain defined terms used in this Annual Report on Form 10-K.

GLOSSARY

Bbl	Barrel (of oil)
Bcf	Billion cubic feet (of natural gas)
BOE	Barrel of oil equivalent
gross acres or gross wells	The total acres or wells, as the case may be, in which a working interest is owned
Mcf	Thousand cubic feet (of natural gas)
MMBtu	One million British Thermal Units, a common energy measurement
net acres or net wells	The sum of the fractional working interests owned in gross acres or wells, as the case may be
net proceeds	Gross proceeds received by XTO Energy from sale of production from the underlying properties, less applicable costs, as defined in the net profits interest conveyances
net profits income	Net proceeds multiplied by the applicable net profits percentage of 75% or 90%, which is paid to the Trust by XTO Energy. "Net profits income" is referred to as "royalty income" for income tax purposes.
net profits interest	An interest in an oil and gas property measured by net profits from the sale of production, rather than a specific portion of production. The following defined net profits interests were conveyed to the Trust from the underlying properties:
	90% net profits interests—interests that entitle the Trust to receive 90% of the net proceeds from the underlying properties that are substantially all royalty or overriding royalty interests in Texas, Oklahoma and New Mexico
	75% net profits interests—interests that entitle the Trust to receive 75% of the net proceeds from the underlying properties that are working interests in Texas and Oklahoma
royalty interest (and overriding royalty interest)	A non-operating interest in an oil and gas property that provides the owner a specified share of production without any production expense or development costs
underlying properties	XTO Energy's interest in certain oil and gas properties from which the net profits interests were conveyed. The underlying properties include royalty and overriding royalty interests in producing and nonproducing properties in Texas, Oklahoma and New Mexico, and working interests in producing properties located in Texas and Oklahoma.
working interest	An operating interest in an oil and gas property that provides the owner a specified share of production that is subject to all production expense and development costs

PART I

ITEM 1. *BUSINESS*

Cross Timbers Royalty Trust (the “Trust”) is an express trust created under the laws of Texas pursuant to the Cross Timbers Royalty Trust Indenture entered into on February 12, 1991 between predecessors of XTO Energy Inc. (formerly known as Cross Timbers Oil Company and, hereafter, “XTO Energy”), as grantors, and NCNB Texas National Bank, as Trustee. The current trustee of the Trust is Argent Trust Company, a Tennessee chartered trust company (“Argent”). Effective December 30, 2022, Simmons Bank resigned as trustee, and Argent was appointed as the successor trustee.

The defined term “Trustee” as used herein shall refer to Simmons Bank for periods from February 20, 2018, through December 29, 2022, and shall refer to Argent for periods on and after December 30, 2022.

The principal office of the Trust is 3838 Oak Lawn Ave, Suite 1720, Dallas, Texas 75219. The telephone number of the Trust is 1-855-588-7839. The Trust’s internet website is www.crt-crosstimbers.com. We make available free of charge, through our website, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. These reports are accessible through our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Information on our website is not incorporated into this report.

On February 12, 1991, the predecessors of XTO Energy conveyed defined net profits interests to the Trust under five separate conveyances:

1. one in each of the states of Texas, Oklahoma and New Mexico, to convey a 90% defined net profits interest carved out of substantially all royalty and overriding royalty interests owned by the predecessors in those states, and
2. one in each of the states of Texas and Oklahoma, to convey a 75% defined net profits interest carved out of specific working interests owned by the predecessors in those states.

The conveyance of these net profits interests was effective for production from October 1, 1990. The net profits interests and the underlying properties are further described under Item 2. *Properties*.

In exchange for the net profits interests conveyed to the Trust, the predecessors of XTO Energy received 6,000,000 units of beneficial interest of the Trust. Predecessors of XTO Energy distributed units to their owners in February 1991 and November 1992, and in February 1992, sold units in the Trust’s initial public offering. Units are listed and traded on the New York Stock Exchange under the symbol “CRT”. XTO Energy currently is not a unitholder of the Trust.

On June 25, 2010, XTO Energy became a wholly owned subsidiary of Exxon Mobil Corporation.

Under the terms of each of the five conveyances, the Trust receives net profits income from the net profits interests generally on the last business day of each month. Net profits income is determined by XTO Energy by multiplying the net profit percentage (90% or 75%) times net proceeds from the underlying properties for each conveyance during the previous month. Net proceeds are the gross proceeds received from the sale of production, less “production costs,” as defined in the conveyances. For the 90% net profits interests and the 75% net profits interests, production costs generally include applicable property taxes, transportation, marketing and other charges. For the 75% net profits interests, production costs also include capital and operating costs paid (e.g., drilling, production and other direct costs of owning and operating the property), monthly overhead charged by operators of the underlying properties, and a monthly overhead XTO Energy deducts as reimbursement for costs associated with monitoring these interests. If production costs exceed gross proceeds for any conveyance, this excess is carried forward to future monthly computations of net proceeds until the excess costs (plus interest accrued as specified in the conveyances) are completely recovered. Excess production costs and related accrued interest from one conveyance cannot be used to reduce net proceeds from any other conveyance. For further information on excess costs, see Note 7 to Financial Statements under Item 8. *Financial Statements and Supplementary Data.*

The Trust is not liable for any production costs or liabilities attributable to the underlying properties. If at any time the Trust receives net profits income in excess of the amount due, the Trust is not obligated to return such overpayment, but future net profits income payable to the Trust will be reduced until the overpayment, plus interest at the prime rate, is recovered.

As a working interest owner, XTO Energy can generally decline participation in any operation and allow consenting parties to conduct such operations, as provided under the operating agreements. XTO Energy also can assign, sell, or otherwise transfer its interest in the underlying properties, subject to the net profits interests, or can abandon an underlying property that is a working interest if it is incapable of producing in paying quantities, as determined by XTO Energy.

To the extent allowed, XTO Energy is responsible for marketing its production from the underlying properties under existing sales contracts or new arrangements on the best terms reasonably obtainable in the circumstances.

Net profits income received by the Trust on or before the last business day of the month is generally attributable to oil production two months prior and gas production three months prior. The monthly distribution amount to unitholders is determined by:

Adding -

1. net profits income received;
2. estimated interest income to be received on the monthly distribution amount, including an adjustment for the difference between the estimated and actual interest received for the prior monthly distribution amount;
3. cash available as a result of reduction of cash reserves; and
4. other cash receipts; then

Subtracting -

1. liabilities paid; and
2. the reduction in cash available due to establishment of or increase in any cash reserve.

The monthly distribution amount is distributed to unitholders of record within ten business days after the monthly record date. The monthly record date is generally the last business day of the month. The Trustee calculates the monthly distribution amount and announces the distribution per unit at least ten days prior to the monthly record date.

The Trustee may establish cash reserves for contingencies. Cash held for such reserves, as well as for pending payment of the monthly distribution amount, may be invested in federal obligations or certificates of deposit of major banks.

The Trustee's function is to collect the net profits income from the net profits interests, to pay all Trust expenses, and to pay the monthly distribution amount to unitholders. The Trustee's powers are specified by the terms of the Trust indenture. The Trust cannot engage in any business activity or acquire any assets other than the net profits interests and specific short-term cash investments. The Trust has no employees since all administrative functions are performed by the Trustee.

Approximately 57 percent of the net profits income received by the Trust during 2023 was attributable to natural gas, as well as 53 percent of the Trust's estimated future net cash flows from proved reserves at December 31, 2023 (based on estimated future net cash flows using 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period). There is generally a greater demand for gas during the winter. Otherwise, Trust income is not subject to seasonal factors, nor dependent upon patents, licenses, franchises, or concessions. The Trust conducts no research activities.

The oil and gas industry is highly competitive in all its phases. Operators of the properties in which the Trust holds interests encounter competition from other oil and gas companies and from individual producers and operators. Oil and natural gas are commodities, for which market prices are determined by external supply and demand factors. Current market conditions are not necessarily indicative of future conditions.

ITEM 1A. *RISK FACTORS*

The following factors could cause actual results to differ materially from those contained in forward-looking statements made in this report and presented elsewhere by the Trustee from time to time. Such factors may have a material adverse effect upon the Trust's financial condition, distributable income and changes in trust corpus.

The following discussion of risk factors should be read in conjunction with the financial statements and related notes included under Item 8. *Financial Statements and Supplementary Data*. Because of these and other factors, past financial performance should not be considered an indication of future performance.

The market price for the Trust units may not reflect the value of the net profits interests held by the Trust.

The public trading price for the Trust units tends to be tied to the recent and expected levels of cash distributions on the Trust units. The amounts available for distribution by the Trust vary in response to numerous factors outside the control of the Trust or XTO Energy, including prevailing prices for oil and natural gas produced from the underlying properties. The market price of the Trust units is not necessarily indicative of the value that the Trust would realize if the net profits interests were sold to a third-party buyer. In addition, such market price is not necessarily reflective of the fact that, since the assets of the Trust are depleting assets, a portion of each cash distribution paid on the Trust units should be considered by investors as a return of capital, with the remainder being considered as a return on investment. There is no guarantee that distributions made to a unitholder over the life of these depleting assets will equal or exceed the purchase price paid by the unitholder.

Current and future oil and natural gas prices fluctuate due to a number of uncontrollable factors, and any decline will adversely affect the net proceeds payable to the Trust and Trust distributions.

The Trust's monthly cash distributions are highly dependent upon the prices realized from the sale of natural gas and oil. Oil and natural gas prices can fluctuate widely on a month-to-month basis in response to a variety of factors that are beyond the control of the Trust and XTO Energy. Factors that contribute to price fluctuations include instability in oil-producing regions, worldwide economic conditions, weather conditions, trade barriers, political instability, public health concerns, the supply of domestic and foreign oil, natural gas and natural gas liquids, consumer demand, the price and availability of alternative fuels, the proximity to, and capacity of, transportation facilities and the effect of worldwide energy conservation measures. Moreover, government regulations, such as regulation of natural gas transportation and price controls, environmental regulations, production restrictions, or trade barriers, can affect product prices. Oil and natural gas prices have fluctuated wildly over the recent past and may vary significantly from period to period. Further, a significant decline in current oil or natural gas prices or lower anticipated long-term prices could have a material adverse effect on the amount of oil and natural gas that is economic to produce, Trust net profits (and therefore cash available for distribution to unitholders) and proved reserves attributable to the Trust's interests. Adjustments impacting volume or value could also impact the reported natural gas and oil prices. The volatility of energy prices reduces the predictability of future cash distributions to Trust unitholders.

Higher production expense and/or development costs, without concurrent increases in revenue, will directly decrease the net proceeds payable to the Trust from the properties underlying the 75% net profits interests.

Production expense and development costs are deducted in the calculation of the Trust's share of net proceeds from properties underlying the 75% net profits interests. Accordingly, higher or lower production expense and development costs, without concurrent changes in revenue, will directly decrease or increase the amount received by the Trust for its 75% net profits interests. If development costs and production expense for properties underlying the 75% net profits in a particular state exceed the production proceeds from the properties (as was the case with respect to the properties underlying the Texas working interests for all of 2022 and 2023 and with respect to the properties underlying the Oklahoma working interests for the 2022 distribution months of February, March, October, November and December and the 2023 distribution months of January through June), the Trust will not receive net profits income for those properties until future net proceeds from production in that state exceed the total of the excess costs plus accrued interest during the deficit period. Development activities may not generate sufficient additional revenue to repay the costs.

Government action, policies or regulations designed to discourage production, reduce demand for, or promote alternatives to oil and natural gas could impact the price of oil and natural gas produced on the properties underlying the Trust's net profits interests, directly as intended or through unintended consequences.

Governments around the world are considering actions intended to reduce greenhouse gas emissions by decreasing both the supply of and the demand for oil and natural gas products or promote alternatives. These include the adoption of cap-and-trade regimes, carbon taxes, trade tariffs, minimum renewable usage requirements, restrictive permitting, increased mileage and other efficiency standards, mandates for sales of electric vehicles, mandates for use of specific fuels or technologies, and other incentives or mandates designed to support transitioning to lower-emission energy sources. Political and other actors and their agents also increasingly seek to advance climate change objectives indirectly, such as by seeking to reduce the availability or increase the cost of financing and investment in the oil and gas sector. Depending on how policies are formulated and applied, such policies could impact the ability and costs of the operators of the properties underlying the Trust's net profits interests to supply products, demand for their products, or the competitiveness of hydrocarbon-based products, which in turn, could reduce net proceeds to the Trust. Any policy that increases the costs for operators of the properties underlying the net profits interests or lower market prices could have a material impact on the distributable income of the Trust.

War, terrorism, geopolitical hostilities, and other military actions or political instability could adversely affect Trust distributions or the market price of the Trust units.

There are a number of national and international events that could cause instability in global financial and energy markets. War, terrorist attacks and the threat of war or terrorist attacks, whether domestic or foreign, as well as other military or similar actions taken in response, impact the demand for and price of oil and natural gas in unpredictable ways, including increasing volatility in pricing. Actual or threatened acts of war, terrorism and other geopolitical hostilities could adversely affect Trust distributions or the market price of the Trust units in unpredictable ways, including through the disruption of fuel supplies and markets, increased volatility in oil and natural gas prices, or the possibility that the infrastructure on which the operators of the underlying properties rely could be a direct target or an indirect casualty of such an event.

Proved reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in reserve estimates or underlying assumptions could cause the quantities and net present value of the reserves to be overstated.

Estimating proved oil and gas reserves is inherently uncertain. Petroleum engineers consider many factors and make assumptions in estimating reserves and future net cash flows. Those factors and assumptions include historical production from the area compared with production rates from similar producing areas, the effects of governmental regulation, assumptions about future commodity prices, production expense and development costs, taxes and capital expenditures, the availability of enhanced recovery techniques and relationships with landowners, working interest partners, pipeline companies and others. Lower oil and gas prices generally cause lower estimates of proved reserves. Ultimately, actual production, revenues and expenditures for the underlying properties will vary from estimates and those variances could be material. Because the Trust owns net profits interests, it does not own a specific percentage of the oil and gas reserves. Estimated proved reserves for the net profits interests are based on estimates of reserves for the underlying properties and an allocation method that considers estimated future net proceeds and oil and gas prices. Because Trust reserve quantities are determined using an allocation formula, increases or decreases in oil and gas prices can significantly affect estimated reserves of the net profits interests.

Operational risks and hazards associated with the development and operations of the underlying properties may decrease Trust distributions.

There are operational risks and hazards associated with the production and transportation of oil and natural gas, including without limitation natural disasters, blowouts, explosions, fires, leakage of oil or natural gas, releases of other hazardous materials, mechanical failures, cratering, and pollution. Any of these or similar occurrences could result in the interruption or cessation of operations, personal injury or loss of life, property damage, damage to productive formations or equipment, damage to the environment or natural resources, or cleanup obligations. The operation of oil and gas properties is also subject to various laws and regulations. Non-compliance with such laws and regulations could subject the operator to additional costs, sanctions or liabilities. The uninsured costs resulting from any of the above or similar occurrences could be deducted as a production expense or development cost in calculating the net proceeds payable to the Trust from properties underlying the 75% net profits interests, and would therefore reduce Trust distributions by the amount of such uninsured costs.

The Trust may be subject to attempted cybersecurity disruptions from a variety of sources including state-sponsored actors.

XTO Energy's defensive preparedness includes multi-layered technological capabilities designed to prevent and detect cybersecurity disruptions; non-technological measures such as threat information sharing with governmental and industry groups; internal training and awareness campaigns including routine testing of employee awareness and business preparedness for response and recovery. The Trustee also maintains robust cybersecurity protocols including, but not limited to, technological capabilities that prevent and detect disruptions; computer workstations and programs protected with passwords and passphrases, as well as employee training throughout the year on banking regulations and cybersecurity followed up by testing of that knowledge. Other, non-technical protocols include securing of documents and work areas that could contain personal, non-public information. If the measures taken to protect against cybersecurity disruptions prove to be insufficient or if proprietary data is otherwise not protected, XTO Energy, the Trustee or customers, employees, or third parties could be adversely affected. The Trust has limited ability to influence third parties, including our partners, suppliers, and service providers (including providers of cloud-hosting services for our data or applications), to implement strong cybersecurity controls and is exposed to potential harm from cybersecurity events that may affect their operations. Cybersecurity disruptions could cause physical harm to people or the environment; damage or destroy assets; compromise business systems; result in proprietary information being altered, lost, or stolen; result in employee, customer, or third-party information being compromised; or otherwise disrupt our business operations. We could incur significant costs to remedy the effects of a major cybersecurity disruption in addition to costs in connection with resulting regulatory actions, litigation, or reputational harm.

Future net profits may be subject to risks relating to the creditworthiness of third parties.

The Trust does not lend money and has limited ability to borrow money, which the Trustee believes limits the Trust's risk from exposure to credit markets. The Trust's future net profits, however, may be subject to risks relating to the creditworthiness of the operators of the underlying properties and other purchasers of crude oil and natural gas produced from the underlying properties. This creditworthiness may be impacted by the price of crude oil and natural gas.

Trust unitholders and the Trustee have no influence over the operations on, or future development of, the underlying properties.

Because XTO Energy does not operate most of the underlying properties, it is unable to significantly influence the operations or future development of the underlying properties. Neither the Trustee nor the Trust unitholders can influence or control the operation or future development of the underlying properties. The failure of an operator to conduct its operations or discharge its obligations in a proper manner could have an adverse effect on the net proceeds payable to the Trust. Although XTO Energy and the other operators of the underlying properties must adhere to the standard of a prudent operator, they are under no obligation to continue operating the properties. Neither the Trustee nor Trust unitholders have the right to replace an operator.

The assets of the Trust represent interests in depleting assets and, if XTO Energy or any other operators developing the underlying properties do not perform additional successful development projects, the assets may deplete faster than expected. Eventually, the assets of the Trust will cease to produce in commercial quantities and the Trust will cease to receive proceeds from such assets.

The net proceeds payable to the Trust are derived from the sale of hydrocarbons from depleting assets. Future maintenance and development projects on the underlying properties will affect the quantity of proved reserves and can offset the reduction in the depletion of proved reserves. The timing and size of these projects will depend on the market prices of oil and natural gas. If the operator(s) of the properties do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently expected by the Trust. Because the net proceeds payable to the Trust are derived from the sale of hydrocarbons from depleting assets, the portion of distributions to unitholders attributable to depletion may be considered a return on capital as opposed to a return on investment. Distributions that are a return of capital will ultimately diminish the depletion tax benefits available to the unitholders, which could reduce the market value of the units over time. Eventually, the properties underlying the Trust's net profits interests will cease to produce in commercial quantities and the Trust will, therefore, cease to receive any net proceeds therefrom.

XTO Energy may transfer its interest in the underlying properties without the consent of the Trust or the Trust unitholders.

XTO Energy may at any time transfer all or part of its interest in the underlying properties to another party. Neither the Trust nor the Trust unitholders are entitled to vote on any transfer of the properties underlying the Trust's net profits interests, and the Trust will not receive any proceeds of any such transfer. Following any transfer, the transferred property will continue to be subject to the net profits interests of the Trust, but the calculation, reporting and remitting of net proceeds to the Trust will be the responsibility of the transferee.

XTO Energy or any other operator of any underlying property may abandon the property, thereby terminating the related net profits interest payable to the Trust.

XTO Energy or any other operator of the underlying properties, or any transferee thereof, may abandon any well or property without the consent of the Trust or the Trust unitholders if they reasonably believe that the well or property can no longer produce in commercially economic quantities. This could result in the termination of the net profits interest relating to the abandoned well or property.

The net profits interests can be sold and the Trust would be terminated. The Trust will also be terminated if it fails to generate sufficient gross revenues.

The Trust may sell the net profits interests if the holders of 80 percent or more of the outstanding Trust units approve the sale or vote to terminate the Trust. The Trust will terminate if it fails to generate gross revenues from the underlying properties of at least $1,000,000 per year over any successive two-year period. Sale of all of the net profits interests will terminate the Trust. The net proceeds of any sale must be for cash with the proceeds less any Trust administrative costs promptly distributed to the Trust unitholders.

The sale of the remaining net profits interests and the termination of the Trust will be taxable events to the Trust unitholders. Generally, Trust unitholders will realize gain or loss equal to the difference between the amount realized on the sale and termination of the Trust and their adjusted basis in such units. Gain or loss realized by a Trust unitholder who is not a dealer with respect to such units and who has a holding period for the units of more than one year will be treated as long-term capital gain or loss except to the extent of any depletion recapture amount, which must be treated as ordinary income. Other federal and state tax issues concerning the Trust are discussed under Item 2 and Note 4 to the Trust's financial statements, which are included herein. Trust unitholders should consult their own tax advisor regarding all Trust tax compliance matters, including federal and state tax implications concerning the sale of the net profits interests and the termination of the Trust.

Trust unitholders have limited voting rights and have limited ability to enforce the Trust's rights against XTO Energy or any other operator of the underlying properties.

The voting rights of a Trust unitholder are more limited than those of stockholders of most public corporations. For example, there is no requirement for annual meetings of Trust unitholders or for an annual or other periodic re-election of the Trustee. Additionally, Trust unitholders have no voting rights in XTO Energy or Exxon Mobil Corporation.

The Trust indenture and related trust law permit the Trustee and the Trust to sue XTO Energy or any other operator of the underlying properties to compel them to fulfill the terms of the conveyance of the net profits interests. If the Trustee does not take appropriate action to enforce provisions of the conveyance, the recourse of the Trust unitholders would likely be limited to bringing a lawsuit against the Trustee to compel the Trustee to take specified actions. Trust unitholders probably would not be able to sue XTO Energy or any other operator of the underlying properties.

Financial information of the Trust is not prepared in accordance with U.S. GAAP.

The financial statements of the Trust are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("U.S. GAAP"). Although this basis of accounting is permitted for royalty trusts by the Securities and Exchange Commission, the financial statements of the Trust differ from U.S. GAAP financial statements because net profits income is not accrued in the month of production, expenses are not recognized when incurred and cash reserves may be established for certain contingencies that would not be recorded in U.S. GAAP financial statements.

The limited liability of Trust unitholders is uncertain.

The Trust unitholders are not protected from the liabilities of the Trust to the same extent that a shareholder would be protected from a corporation's liabilities. The structure of the Trust does not include the interposition of a limited liability entity such as a corporation or limited partnership which would provide further limited liability protection to Trust unitholders. While the Trustee is liable for any excess liabilities incurred if the Trustee fails to ensure that such liabilities are to be satisfied only out of Trust assets, under the laws of Texas, which are unsettled on this point, a unitholder may be jointly and severally liable for any liability of the Trust if the satisfaction of such liability was not contractually limited to the assets of the Trust and the assets of the Trust and the Trustee are not adequate to satisfy such liability. As a result, Trust unitholders may be exposed to personal liability. The Trust, however, is not liable for production costs or other liabilities of the underlying properties.

Drilling oil and natural gas wells is a high-risk activity and subjects the Trust to a variety of factors that it cannot control.

Drilling oil and natural gas wells involves numerous risks, including the risk that commercially productive oil and natural gas reservoirs are not encountered. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause drilling activities to be unsuccessful. In addition, there is often uncertainty as to the future cost or timing of drilling, completing and operating wells. Further, development activities may be curtailed, delayed or canceled as a result of a variety of factors, including:

1. reduced oil or natural gas prices;
2. unexpected drilling conditions;
3. title problems;
4. restricted access to land for drilling or laying pipeline;
5. pressure or irregularities in formations;
6. equipment failures or accidents;
7. adverse weather conditions, natural disasters, or public health events; and
8. costs of, or shortages or delays in the availability of, drilling rigs, labor, tubular materials, and equipment.

While these risks do not expose the Trust to liabilities of the drilling contractor or operator of the well, they can reduce net proceeds payable to the Trust and Trust distributions by decreasing oil and gas revenues or increasing production expense or development costs from the underlying properties. Furthermore, these risks may cause the costs of development activities on properties underlying the 75% net profits interests to exceed the revenues therefrom, thereby reducing net proceeds payable to the Trust and Trust distributions.

The underlying properties are subject to complex federal, state and local laws and regulations that could adversely affect net proceeds payable to the Trust and Trust distributions.

Extensive federal, state and local regulation of the oil and natural gas industry significantly affects operations on the underlying properties. In particular, oil and natural gas development and production are subject to stringent environmental regulations. These regulations have increased the costs of planning, designing, drilling, installing, operating and abandoning oil and natural gas wells and other related facilities, which costs could reduce net proceeds payable to the Trust and Trust distributions. These regulations may become more demanding in the future. These regulations can often be changed by administrative agencies without formal legislation, resulting in additional costs that can impact distributions. See “Regulation” in Item 2. *Properties*, and “Greenhouse Gas Emissions and Climate Change Regulations” in Item 7. *Trustee’s Discussion and Analysis of Financial Condition and Results of Operations.*

Cash held by the Trustee is not insured by the Federal Deposit Insurance Corporation.

Currently, cash held by the Trust reserved for the payment of accrued liabilities and estimated future expenses and distributions to unitholders is typically held in a treasury fund that under normal market conditions invests exclusively in U.S. Treasury obligations. Although the fund’s underlying investments are obligations of the U.S. government, the fund itself is not insured by the Federal Deposit Insurance Corporation. In the event that the fund becomes insolvent, the Trustee may be unable to recover any or all such cash from the insolvent fund. Any loss of such cash may have a material adverse effect on the Trust’s cash balances and any distributions to unitholders.

The tax treatment of an investment in Trust units could be affected by recent and potential legislative changes, possibly on a retroactive basis.

U.S. federal tax reform legislation informally known as the Tax Cuts and Jobs Act (TCJA) was enacted December 22, 2017, and made significant changes to the federal income tax rules applicable to both individuals and entities, including changes to the effective tax rate on a Trust unitholder’s allocable share of certain income from the Trust. The TCJA is complex and Trust unitholders should consult their tax advisor regarding the TCJA and its effect on an investment in Trust units. In addition, the current administration has generally proposed repealing fossil fuel tax subsidies, which could impact certain tax benefits available to Trust unitholders.

Any modification to the U.S. federal income tax laws or interpretations thereof may be applied retroactively and could adversely affect our business, financial condition or results of operations. The Trust is unable to predict whether any changes or other proposals will ultimately be enacted, or whether any adverse interpretations will be used. Any such changes or interpretations could negatively impact the value of an investment in the Trust units.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

As of December 31, 2023, the Trust did not have any unresolved Securities and Exchange Commission staff comments.

ITEM 1C. *CYBERSECURITY*

The Trust does not have a board of directors; therefore, the Trustee is responsible for oversight of the Trust’s risks from cybersecurity threats. The Trustee has dedicated personnel that are responsible for assessing and managing the Trust’s cyber risk management program, informing senior management of the Trustee regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents and supervising such efforts. The Trustee’s information technology team has decades of experience selecting, deploying, and operating cybersecurity technologies, initiatives, and processes, and relies on threat intelligence as well as other information obtained from governmental, public or private sources, including external consultants engaged by the Trustee to monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents. External partners are a key part of the Trustee's cybersecurity protocols and policies. The Trustee works with leading firms in the cybersecurity industry, leveraging their technology and expertise to monitor and maintain the performance and effectiveness of products and services that are used by the Trustee.

The Trustee maintains a cyber risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats, which processes are integrated into the Trustee's overall risk management process. The Trustee maintains robust cybersecurity protocols including, but not limited to technological capabilities that prevent and detect disruptions; computer workstations and programs protected with passwords and passphrases, as well as employee training throughout the year on financial regulations and cybersecurity followed up by testing of that knowledge. The protocols are based on recognized best practices and standards for cybersecurity and information technology. The Trustee has an annual assessment, performed by a third-party vendor, of the Trustee's cyber risk management program.

Other, non-technical protocols include securing of documents and work areas that could contain personal, non-public information and independent verification of information changes by outside vendors.

The Trust faces risks from cybersecurity threats that could have a material adverse effect on its business, financial condition, results of operations, cash flows or reputation. The Trustee has experienced, and will continue to experience, cyber incidents in the normal course of its business. However, prior cybersecurity incidents have not had a material adverse effect on the Trust's business, financial condition, results of operations, or cash flows. See Item 1A. *Risk Factors—The Trust may be subject to attempted cybersecurity disruptions from a variety of sources including state-sponsored actors*.

ITEM 2. ***PROPERTIES***

The net profits interests are the principal asset of the Trust. The Trustee cannot acquire any other asset, with the exception of certain short-term investments as specified under Item 1. *Business*. The Trustee is prohibited from selling any portion of the net profits interests unless approved by holders of at least 80 percent or more of the outstanding Trust units or at such time as Trust gross revenue is less than $1 million for two successive years.

The net profits interests comprise:

1. the 90% net profits interests which are carved from:
    a) producing royalty and overriding royalty interest properties in Texas, Oklahoma and New Mexico; and
    b) 11.11% nonparticipating royalty interests in nonproducing properties located primarily in Texas and Oklahoma; and
2. the 75% net profits interests which are carved from working interests in four properties in Texas and three properties in Oklahoma.

All underlying royalties, underlying nonproducing royalties and underlying working interest properties are currently owned by XTO Energy or other affiliated companies of ExxonMobil. XTO Energy may sell all or any portion of the underlying properties at any time, subject to and burdened by the net profits interests.

The underlying properties include over 2,900 producing properties with established production histories in Texas, Oklahoma and New Mexico. The average reserve-to-production index for the underlying properties as of December 31, 2023, is approximately 10 years. This index is calculated using total proved reserves and estimated 2024 production for the underlying properties. The projected 2024 production is from proved developed producing reserves as of December 31, 2023. Based on estimated future net cash flows at 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period, the future net cash flows from proved reserves of the underlying properties are approximately 51 percent natural gas and 49 percent oil. The underlying properties also include certain nonproducing properties in Texas, Oklahoma and New Mexico that are primarily mineral interests.

Producing Acreage, Wells and Drilling

90% Net Profits Interests Underlying Royalties. Royalty and overriding royalty properties underlying the 90% net profits interests represent approximately 74 percent of the discounted future net cash flows from Trust's net profits interests proved reserves at December 31, 2023. Approximately 69 percent of the discounted future net cash flows from the 90% net profits interests are from gas reserves, totaling 10.9 Bcf. Oil reserves allocated to the 90% net profits interests are primarily located in West Texas and are estimated to be 270,000 Bbls at December 31, 2023.

The underlying royalties are royalty and overriding royalty interests primarily located in mature producing oil and gas fields. The most significant producing region in which the underlying royalties are located is the San Juan Basin in northwestern New Mexico. The New Mexico royalties gas production accounted for approximately 78 percent of the Trust's net profits interests gas sales volumes and 45 percent of the net profits income for 2023. The Trust's net profits interests estimated proved gas reserves from New Mexico totaled 9.5 Bcf at December 31, 2023, or approximately 87 percent of Trust's net profits interests total gas reserves at that date. The majority of these wells are operated by Hilcorp Energy Company or Simcoe LLC.

San Juan Basin oil and gas accumulations, inclusive of the Fruitland Coal, Pictured Cliffs, Mancos, Mesaverde, and Dakota formations, have produced within the basin for over 100 years. Although these reservoirs have seen almost a century of development, numerous upside opportunities are still available to basin operators via down-spacing drilling, recompletions, lateral drilling, and lease cost optimizations. Recently, operators have moved development toward the more liquid-rich portions of the basin through the following:

1. reduced dry gas drilling with a shift toward horizontal drilling in the more liquids-rich areas;
2. lease optimization via compression upgrades, restimulations, and improved artificial lift;
3. basinal work to rail crude oil out of basin to improve pricing; and
4. stable gas pipeline infrastructure.

The underlying royalties also include royalties in the Sand Hills field of Crane County, Texas. The Sand Hills field was discovered in 1931 and includes production from three main intervals, the Tubb, McKnight and Judkins. Development potential for the field includes recompletions and additional infill drilling.

Because the properties related to the 90% net profits interests are primarily royalty interests and overriding royalty interests, the net profits income from these properties is not reduced by production or development costs, with the exception of a limited number of wells that were converted to working interest after conveyance that incur production and development costs. Additionally, net profits income from these interests cannot be reduced by any excess costs of the 75% net profits interests. The Trust, therefore, should generally receive monthly net profits income from these interests, as determined by oil and gas sales volumes and prices.

The limited number of underlying working interest properties, referred to above, consists of five productive gross wells (0.23 net). Well counts for the underlying royalties cannot be provided because information regarding the number of wells on royalty properties is generally not made available to royalty interest owners.

75% Net Profits Interests Underlying Working Interest Properties. Underlying the 75% net profits interests are working interests in seven large, predominantly oil-producing properties in Texas and Oklahoma operated primarily by established oil companies. These properties are located in mature fields undergoing secondary or tertiary recovery operations. Most of the oil produced from the 75% net profits interest properties is sour oil, which is sold at a discount to NYMEX sweet crude oil prices. XTO Energy is the operator of the Hewitt Unit, which is one of the properties underlying the Oklahoma 75% net profits interests. With the exception of the Hewitt Unit, XTO Energy and ExxonMobil generally have little influence or control over operations on any of these properties.

Trust's net profits interests proved reserves from the 75% net profits interests are almost entirely oil, estimated to be approximately 278,000 Bbls and represent approximately 26 percent of the discounted future net cash flows of the Trust's net profits interests proved reserves at December 31, 2023.

The underlying working interest properties are detailed below:

			Ownership by XTO Energy	
Unit	County/State	Operator	Working Interest	Revenue Interest
North Cowden	Ector/Texas	Occidental Permian Ltd.	1.7%	1.4%
North Central Levelland	Hockley/Texas	Apache Corporation	3.2%	2.1%
Penwell	Ector/Texas	Cross Timbers Energy, LLC	5.2%	4.6%
Sharon Ridge Canyon	Borden/Texas	OXY USA WTP LP	4.3%	2.8%
Hewitt	Carter/Oklahoma	XTO Energy Inc.	11.3%	9.9%
Wildcat Jim	Carter/Oklahoma	Citation Oil & Gas Corporation	8.6%	7.5%
South Graham Deese Sand	Carter/Oklahoma	Scout Energy Management LLC	9.2%	7.4%

The underlying working interest properties consist of 3,824 gross (3,005 net) producing acres. As of December 31, 2023, there were 1,188 gross (66.8 net) productive oil wells. There were six gross (0.68 net) wells drilled in 2023, no wells in progress, 15 gross (1.69 net) wells drilled in 2022, and two gross (0.23 net) wells drilled in 2021. As operator of the Hewitt Unit, XTO Energy has advised the Trustee that it has no plans to drill in 2024.

Because these underlying properties are working interests, production expense and development costs are deducted in calculating net profits income from the 75% net profits interests. As a result, net profits income from these interests is affected by the level of maintenance and development activity on these underlying properties. Net profits income is also dependent upon oil and gas sales volumes and prices and is subject to reduction for any prior period excess costs.

Total underlying 2023 development costs were $1,061,887, down 60 percent from 2022 development costs of $2,656,813. Development costs were lower in 2023 primarily because of decreased development activity and costs related to drilling in the Hewitt Unit.

As reported to XTO Energy by unit operators in February of each year, underlying budgeted development costs were $1.4 million for 2023 and $1.4 million for 2022 ($1.1 million and $1.0 million, respectively, net to the Trust). Actual development costs often differ from amounts budgeted because of changes in product prices and other factors that may affect the timing or selection of projects. Also, costs are deducted in the calculation of Trust net profits income several months after they are incurred by the operator. Unit operators have reported underlying budgeted costs of approximately $0.2 million for 2024 and $0.3 million for 2025 ($0.1 million and $0.2 million, respectively, net to the Trust). Changes in oil or natural gas prices could impact future development plans on the underlying properties.

If monthly costs exceed revenues for any conveyance, such excess costs must be recovered, with accrued interest, from future net proceeds of that conveyance and cannot reduce net profits income from other conveyances. Remaining cumulative excess costs for the Texas working interest conveyance totaled $3.1 million ($2.3 million net to the Trust), including accrued interest of $0.8 million ($0.6 million net to the Trust) for the period ended December 31, 2023. For information regarding the effect of excess costs on Trust net profits income, see Note 7 to Financial Statements under Item 8. *Financial Statements and Supplementary Data*, including the excess cost balance and accrued interest by conveyance.

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Estimated Proved Reserves and Future Net Cash Flows

The following are proved reserves of the underlying properties, as estimated by independent engineers, and proved reserves and future net cash flows from proved reserves of the net profits interests, based on an allocation of these reserves, at December 31, 2023:

	Underlying Properties Proved Reserves(a)		Net Profits Interests Proved Reserves(a) (b)		Net Profits Interests Future Net Cash Flows from Proved Reserves (a) (c)	
(in thousands)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)	Undiscounted	Discounted
90% Net Profits Interests						
New Mexico	41	10,546	37	9,481	$ 39,188	$ 21,040
Texas	218	653	196	588	15,482	8,570
Oklahoma	41	1,020	37	848	5,845	3,476
Total	300	12,219	270	10,917	60,515	33,086
75% Net Profits Interests						
Texas	94	1	—	—	—	—
Oklahoma	993	473	278	132	20,385	11,617
Total	1,087	474	278	132	20,385	11,617
TOTAL	1,387	12,693	548	11,049	$ 80,900	$ 44,703

(a) Based on 12-month average oil price of $74.88 per Bbl and $4.40 per Mcf for gas, based on the first-day-of-the-month price for each month in the period.

(b) Since the Trust has defined net profits interests, the Trust does not own a specific percentage of the oil and gas reserves. Oil and gas reserves are allocated to the net profits interests by dividing Trust net cash inflows by 12-month average oil and gas prices. As such, reserves allocated to the Trust have been reduced to reflect recovery of the Trust's portion of applicable production and development costs, which includes excess costs. Any conveyance where costs exceed revenues will result in zero allocated net profits interests reserves for that conveyance.

(c) Before income taxes since future net cash flows are not subject to taxation at the trust level. Future net cash flows are discounted at an annual rate of 10 percent.

Proved reserves at December 31, 2023, consist of the following:

	Underlying Properties Proved Reserves		Net Profits Interests Proved Reserves	
(in thousands)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)
Proved developed producing reserves	1,387	12,693	548	11,049
Proved undeveloped reserves	—	—	—	—
Proved developed non-producing reserves	—	—	—	—
Total proved reserves	1,387	12,693	548	11,049

The process of estimating oil and gas reserves is complex and requires significant judgment as discussed in Item 1A. *Risk Factors*, and is performed by XTO Energy. As a result, XTO Energy has developed internal policies and controls for estimating and recording reserves. XTO Energy's policies regarding booking reserves require proved reserves to be in compliance with the SEC definitions and guidance. XTO Energy's policies assign responsibilities for compliance in reserves bookings to its reserve engineering group and require that reserve estimates be made by qualified reserves estimators, as defined by the Society of Petroleum Engineers' standards. All qualified reserves estimators are required to receive education covering the fundamentals of SEC proved reserves assignments.

The XTO Energy reserve engineering group reviews reserve estimates with third-party petroleum consultants, Miller and Lents, Ltd., independent petroleum engineers. Miller and Lents, Ltd. estimated oil and gas reserves attributable to the underlying properties as of December 31, 2023. Miller and Lents' primary technical person responsible for calculating the Trust's reserves has more than 12 years of experience as a reserve engineer. The estimated reserves for the underlying properties are then used by XTO Energy to calculate the estimated oil and gas reserves attributable to the net profits interests. Numerous uncertainties are inherent in estimating reserve volumes and values, and such estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production of these reserves may be substantially different from the original estimates.

Reserve quantities and revenues for the net profits interests were estimated from projections of reserves and revenues attributable to the underlying properties. Since the Trust has defined net profits interests, the Trust does not own a specific percentage of the oil and gas reserves. Oil and gas reserves are allocated to the net profits interests by dividing Trust net cash inflows by 12-month average oil and gas prices.

Oil and Natural Gas Production

Trust production is recognized in the period net profits income is received, which is the month following receipt by XTO Energy, and generally two months after the time of oil production and three months after gas production. Oil and gas sales volumes are allocated to the net profits interests based upon a formula that considers oil and gas prices and the total amount of production expense and development costs. As such, the underlying property production volume changes may not correlate with the Trust's net profit share of those volumes in any given period.

Oil and gas production and average sales prices attributable to the underlying properties and the net profits interests for the last three years ended December 31 were as follows:

	90% Net Profits Interests			75% Net Profits Interests			Total		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Production									
Underlying Properties									
Oil - Sales (Bbls)	**61,465**	47,459	50,522	**130,654**	189,988	42,080	**192,119**	237,447	92,602
Average per day (Bbls)	**168**	130	139	**358**	521	115	**526**	651	254
Gas - Sales (Mcf)	**1,764,001**	1,373,325	930,143	**9,863**	9,240	9,207	**1,773,864**	1,382,565	939,350
Average per day (Mcf)	**4,833**	3,763	2,549	**27**	25	25	**4,860**	3,788	2,574
Net Profits Interests									
Oil - Sales (Bbls)	**53,783**	41,920	39,205	**17,348**	16,116	21,464	**71,131**	58,036	60,669
Average per day (Bbls)	**147**	115	107	**48**	44	59	**195**	159	166
Gas - Sales (Mcf)	**1,451,656**	1,169,587	826,939	**784**	171	517	**1,452,440**	1,169,758	827,456
Average per day (Mcf)	**3,977**	3,204	2,266	**2**	1	1	**3,979**	3,205	2,267
Average Sales Price									
Oil (per Bbl)	**$ 79.50**	$ 81.62	$ 60.22	**$ 75.90**	$ 76.11	$ 68.85	**$ 77.05**	$ 77.21	$ 64.14
Gas (per Mcf)	**$ 5.94**	$ 7.95	$ 5.80	**$ 15.76**	$ 27.55	$ 19.55	**$ 6.00**	$ 8.08	$ 5.93
Average Production Cost per BOE (a)(b)	**$ 1.67**	$ 1.86	$ 1.10	**$ 53.09**	$ 27.71	$ 99.28	**$ 15.62**	$ 12.44	$ 18.28

(a) Total average production cost per BOE includes production from the properties underlying the 90% net profits interests, which are substantially all royalty and overriding royalty interests with insignificant production costs.

(b) 75% Net Profits Interests average production cost per BOE for 2021 is inflated due to the reversal of oil sales volumes by the oil purchaser of the North Cowden Unit in fourth quarter 2021. These oil sales were subsequently paid by the operator in first quarter 2022.

Oil and gas production by conveyance attributable to the underlying properties for the last three years ended December 31 were as follows:

Conveyance	Underlying Gas Production (Mcf) 2023	2022	2021
New Mexico royalty interest	**1,397,441**	1,059,929	708,689
Oklahoma royalty interest	**196,718**	193,918	155,443
Texas royalty interest	**169,842**	119,478	66,011
Texas working interest	**7,716**	8,486	7,295
Oklahoma working interest	**2,147**	754	1,912
Total	**1,773,864**	1,382,565	939,350

Conveyance	Underlying Oil Production (Bbls) 2023	2022	2021
New Mexico royalty interest	**2,340**	3,769	6,263
Oklahoma royalty interest	**18,928**	13,985	11,260
Texas royalty interest	**40,197**	29,705	32,999
Texas working interest (a)	**26,697**	104,798	(45,292)
Oklahoma working interest	**103,957**	85,190	87,372
Total	**192,119**	237,447	92,602

(a) Texas working interest underlying oil production for 2021 is negative due to the reversal of oil sales volumes by the oil purchaser of the North Cowden Unit in fourth quarter 2021. These oil sales were subsequently paid by the operator in first quarter 2022.

Nonproducing Acreage

The underlying nonproducing royalties in Texas, Oklahoma and New Mexico were nonproducing at the date of the Trust’s creation. The Trust is entitled to 10 percent of oil and gas production attributable to the underlying mineral interests, but is not entitled to delay rental payments or lease bonuses. There has been no significant development of such nonproducing acreage since the Trust’s creation.

Pricing and Sales Information

Oil and gas are generally sold from the underlying properties at market-sensitive prices. The majority of sales from the underlying working interest properties are to major oil and gas companies. Information about purchasers of oil and gas from royalty properties is generally not provided by operators to XTO Energy as a royalty owner, or to the Trust.

Regulation

Natural Gas Regulation

The interstate transportation and sale for resale of natural gas is subject to federal regulation, including transportation and storage rates charged, tariffs, and various other matters, by the Federal Energy Regulatory Commission (“FERC”). Federal price controls on wellhead sales of domestic natural gas terminated on January 1, 1993. While natural gas prices are currently unregulated, Congress historically has been active in the area of natural gas regulation. On August 8, 2005, Congress enacted the Energy Policy Act of 2005. The Energy Policy Act, among other things, amended the Natural Gas Act to prohibit market manipulation by any entity, to direct FERC to facilitate market transparency in the market for sale or transportation of physical natural gas in interstate commerce, and to significantly increase the penalties for violations of the Natural Gas Act, the Natural Gas Policy Act of 1978, or FERC rules, regulations or orders thereunder. FERC has promulgated regulations to implement the Energy Policy Act, including enforcement rules and new annual reporting requirements for certain sellers of natural gas. It is impossible to predict whether new legislation to regulate natural gas might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures, and what effect, if any, such proposals might have on the operations of the underlying properties.

Federal Regulation of Oil

Sales of crude oil, condensate and natural gas liquids are not currently regulated and are made at market prices. The net price received from the sale of these products is affected by market transportation costs. Under rules adopted by FERC effective January 1995, interstate oil pipelines can change rates based on an inflation index, though other rate mechanisms may be used in specific circumstances.

On December 19, 2007, the President signed into law the Energy Independence & Security Act of 2007 (PL 110-140) (“EISA”). The EISA, among other things, prohibits market manipulation by any person in connection with the purchase or sale of crude oil, gasoline or petroleum distillates at wholesale in contravention of such rules and regulations that the Federal Trade Commission may prescribe, directs the Federal Trade Commission to enforce the regulations, and establishes penalties for violations thereunder. XTO Energy has advised the Trustee that it cannot predict the impact of future government regulation on any crude oil, condensate or natural gas liquids facilities, sales or transportation transactions.

Environmental Regulation

Companies that are engaged in the oil and gas industry are affected by federal, state and local laws regulating the discharge of materials into the environment. Those laws may impact operations of the underlying properties. No material expenses have been incurred on the underlying properties in complying with environmental laws and regulations. XTO Energy does not expect that future compliance will have a material adverse effect on the Trust.

There is an increased focus by local, national and international regulatory bodies on greenhouse gas (“GHG”) emissions and climate change. Several states have adopted climate change legislation and regulations, and various other regulatory bodies have announced their intent to regulate GHG emissions or adopt climate change regulations. As these regulations are under development, XTO Energy is unable to predict the total impact of the potential regulations upon the operators of the underlying properties, and it is possible that operators of the underlying properties could face increases in operating costs in order to comply with climate change or GHG emissions legislation, which costs could reduce net proceeds payable to the Trust and Trust distributions.

State Regulation

The various states regulate the production and sale of oil and natural gas, including imposing requirements for obtaining drilling permits, the method of developing new fields, the spacing and operation of wells and the prevention of waste of oil and gas resources. The rates of production may be regulated and the maximum daily production allowable from both oil and gas wells may be established on a market demand or conservation basis, or both.

Federal Income Taxes

For federal income tax purposes, the Trust constitutes a fixed investment trust that is taxed as a grantor trust. A grantor trust is not subject to tax at the trust level. The unitholders are considered to own the Trust’s income and principal as though no trust were in existence. The income of the Trust is deemed to have been received or accrued by each unitholder at the time such income is received or accrued by the Trust and not when distributed by the Trust. Impairments recorded for book purposes will not result in a loss for tax purposes for the unitholders until the loss is recognized.

Because the Trust is a grantor trust for federal tax purposes, unitholders are taxed directly on their proportionate share of income, deductions and credits of the Trust consistent with each such unitholder’s taxable year and method of accounting and without regard to the taxable year or method of accounting employed by the Trust. The income of the Trust consists primarily of a specified share of the net profits from the sale of oil and natural gas produced from the underlying properties. During 2023, the Trust incurred administration expenses and earned interest income on funds held for distribution and for the cash reserve maintained for the payment of contingent and future obligations of the Trust.

The Trust generally allocates its items of income, gain, loss and deduction between transferors and transferees of the units each month based upon the ownership of the Trust units on the monthly record date, instead of on the basis of the date a particular unit is transferred. It is possible that the IRS could disagree with this allocation method and could assert that income and deductions of the Trust should be determined and allocated on a daily or prorated basis, which could require adjustments to the tax returns of the unitholders affected by the issue and result in an increase in the administrative expense of the Trust in subsequent periods.

The net profits interests constitute “economic interests” in oil and gas properties for federal tax purposes. Each unitholder is entitled to amortize the cost of the units through cost depletion over the life of the net profits interests or, if greater, through percentage depletion equal to 15 percent of gross income from such net profits interests, limited to 100 percent of the net income from such net profits interests. Unlike cost depletion, percentage depletion is not limited to a unitholder’s depletable tax basis in the units. Rather, a unitholder is entitled to a percentage depletion deduction as long as the applicable underlying properties generate gross income. Unitholders should compute both percentage depletion and cost depletion from each property and claim the larger amount as a deduction on their income tax returns.

Unitholders must maintain records of their adjusted basis in their Trust units (generally their cost less prior depletion deductions), make adjustments for depletion deductions to such basis, and use the adjusted basis for the computation of gain or loss on the disposition of the Trust units.

If a taxpayer disposes of any “Section 1254 property” (certain oil, gas, geothermal or other mineral property), and the adjusted basis of such property includes adjustments for depletion deductions under Section 611 of the Internal Revenue Code (the “Code”), the taxpayer generally must recapture the amount deducted for depletion as ordinary income (to the extent of gain realized on such disposition). This depletion recapture rule applies to any disposition of Section 1254 property that was placed in service by the taxpayer after December 31, 1986. Detailed rules set forth in Sections 1.1254-1 through 1.1254-6 of the U.S. Treasury Regulations govern dispositions of property after March 13, 1995.

Interest and net profits income attributable to ownership of units and any gain on the sale thereof are considered portfolio income, and not income from a “passive activity,” to the extent a unitholder acquires and holds units as an investment and not in the ordinary course of a trade or business. Therefore, interest and net profits income attributable to ownership of units generally may not be offset by losses from any passive activities.

Under the TCJA, for tax years beginning after December 31, 2017, and before January 1, 2026, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 37 percent, and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, gains from the sale or exchange of certain investment assets held for more than one year) and qualified dividends of individuals is 20 percent. Under the TCJA, for such tax years, personal exemptions and miscellaneous itemized deductions are not allowed. Further, the U.S. federal income tax rate applicable to corporations is 21 percent, and such rate applies to both ordinary income and capital gains.

Individuals may also incur expenses in connection with the acquisition or maintenance of Trust units. For tax years beginning before January 1, 2018, and after December 31, 2025, these expenses, which are different from a unitholder’s share of the Trust’s administrative expenses discussed above, may be deductible as “miscellaneous itemized deductions” only to the extent that such expenses exceed 2 percent of the individual’s adjusted gross income. Under the TCJA, for tax years beginning after December 31, 2017, and before January 1, 2026, miscellaneous itemized deductions are not allowed.

Section 1411 of the Code imposes a 3.8 percent Medicare tax on certain investment income earned by individuals, estates, and trusts. For these purposes, investment income generally will include a unitholder’s allocable share of the

Trust's interest and royalty income plus the gain recognized from a sale of Trust units. In the case of an individual, the tax is imposed on the lesser of (i) the individual's net investment income from all investments, or (ii) the amount by which the individual's modified adjusted gross income exceeds specified threshold levels depending on such individual's federal income tax filing status. In the case of an estate or trust, the tax is imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

The difference between the per-unit taxable income for any period and the per-unit cash distributions, if any, reported for such period is attributable to (i) items that reduce cash distributions but are not currently deductible, such as an increase in the cash reserve maintained by the Trust for the payment of future expenditures; (ii) the current deduction of expenses that are paid with amounts previously reserved; (iii) items that increase cash distributions but do not constitute taxable income, such as a decrease in the cash reserve maintained by the Trust and/or a return of capital; and (iv) items that constitute taxable income due to the recovery of prior period expense adjustments. Because of these types of items and when the Trustee elects to reserve amounts from monthly distributions to maintain an administrative expense reserve, the taxable income per period frequently differs from the actual amount distributed to unitholders.

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

The Treasury Department issued guidance providing that the FATCA withholding rules described above generally apply to qualifying payments made after June 30, 2014. Foreign unitholders are encouraged to consult their own tax advisor regarding the possible implications of these withholding provisions on their investment in Trust units.

Some Trust units are held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners, and brokers holding an interest for a customer in street name, collectively referred to herein as "middlemen"). Therefore, the Trustee considers the Trust to be a non-mortgage widely held fixed investment trust ("WHFIT") for U.S. federal income tax purposes. Argent Trust Company, EIN: 62-1437218, 3838 Oak Lawn Ave, Suite 1720, Dallas, Texas, 75219, telephone number 1-855-588-7839, email address Trustee@crt-crosstimbers.com, is the representative of the Trust that will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. Tax information is also posted by the Trustee at www.crt-crosstimbers.com. Notwithstanding the foregoing, the middlemen holding Trust units on behalf of unitholders, and not the Trustee of the Trust, are solely responsible for complying with the information reporting requirements under the U.S. Treasury Regulations with respect to such Trust units, including the issuance of IRS Forms 1099 and certain written tax statements. Unitholders whose Trust units are held by middlemen should consult with such middlemen regarding the information that will be reported to them by the middlemen with respect to the Trust units.

Unitholders should consult their tax advisor regarding Trust tax compliance matters.

State Income Taxes

All revenues from the Trust are from sources within Texas, Oklahoma or New Mexico. Because it distributes all of its net income to unitholders, the Trust is not taxed at the trust level in New Mexico or Oklahoma. While the Trust does not owe tax, the Trustee is required to file an Oklahoma income tax return reflecting the income and deductions of the Trust attributable to properties located in that state, along with a schedule that includes information regarding distributions to unitholders. Oklahoma and New Mexico tax the income of nonresidents from real property located within those states, and the Trust has been advised by counsel that such states will tax nonresidents on income from the net profits interests located in those states. Oklahoma and New Mexico also impose a corporate income tax that may apply to unitholders organized as corporations (subject to certain exceptions for S corporations and limited liability companies, depending on their treatment for federal tax purposes).

Texas imposes a franchise tax at a rate of 0.75 percent on gross revenues less certain deductions, as specifically set forth in the Texas franchise tax statutes. Entities subject to tax generally include trusts and most other types of entities that provide limited liability protection, unless otherwise exempt. Trusts that receive at least 90 percent of their federal gross income from certain passive sources, including royalties from mineral properties and other non-operated mineral interest income, and do not receive more than 10 percent of their income from operating an active trade or business, generally are exempt from the Texas franchise tax as "passive entities." The Trust has been and expects to continue to be exempt from Texas franchise tax as a passive entity. Because the Trust should be exempt from Texas franchise tax at the trust level as a passive entity, each unitholder that is a taxable entity under the Texas franchise tax generally will be required to include its Texas portion of trust revenues in its own Texas franchise tax computation. This revenue is sourced to Texas under provisions of the Texas Administrative Code providing that such income is sourced according to the principal place of business of the Trust, which is Texas.

Each unitholder should consult their own tax advisor regarding state income tax requirements, if any, applicable to such person's ownership of Trust units.

State Tax Withholding

Several states have enacted legislation requiring state income tax withholding from payments to nonresident recipients of oil and gas proceeds. After consultation with its tax counsel, the Trustee believes that it is not required to withhold on payments made to the unitholders. However, regulations are subject to change by the various states, which could change this conclusion. Should amounts be withheld on payments made to the Trust or the unitholders, distributions to the unitholders would be reduced by the required amount, subject to the filing of a claim for refund by the Trust or unitholders for such amount.

Other Regulation

The petroleum industry is also subject to compliance with various other federal, state and local regulations and laws, including, but not limited to, regulations and laws relating to environmental protection, occupational safety, resource conservation and equal employment opportunity. XTO Energy has advised the Trustee that it does not believe that compliance with these laws will have any material adverse effect upon the unitholders.

ITEM 3. *LEGAL PROCEEDINGS*

Certain of the underlying properties are involved in various lawsuits and certain governmental proceedings arising in the ordinary course of business. XTO Energy has advised the Trustee that it does not believe that the ultimate resolution of these claims will have a material effect on the annual distributable income, financial position or liquidity of the Trust.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not Applicable.

PART II

ITEM 5. *MARKET FOR UNITS OF THE TRUST, RELATED UNITHOLDER MATTERS AND TRUST PURCHASES OF UNITS*

Units of Beneficial Interest

The units of beneficial interest in the Trust are listed and traded on the New York Stock Exchange under the symbol "CRT".

At March 2, 2024, there were 6,000,000 units outstanding and approximately 163 unitholders of record; 5,929,622 of these units were held by depository institutions.

The Trust has no equity compensation plans, nor has it purchased any units during the period covered by this report.

See Item 1. *Business* for a description of the Trustee's obligations to make monthly distributions and how the monthly distribution amount is determined under the indenture.

ITEM 6. ***[RESERVED]***

ITEM 7. ***TRUSTEE'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

Calculation of Net Profits Income

The following is a summary of the calculation of net profits income received by the Trust:

	Year Ended December 31 (a)		Three Months Ended December 31 (a)	
	2023	**2022**	**2023**	**2022**
Sales Volumes				
Oil (Bbls) (b)				
Underlying properties	**192,119**	237,447	**53,871**	37,737
Average per day	**526**	651	**586**	410
Net profits interests	**71,131**	58,036	**20,452**	9,297
Gas (Mcf) (b)				
Underlying properties	**1,773,864**	1,382,565	**363,851**	286,170
Average per day	**4,860**	3,788	**3,955**	3,111
Net profits interests	**1,452,440**	1,169,758	**305,224**	245,370
Average Sales Price				
Oil (per Bbl)	**$ 77.05**	$ 77.21	**$ 79.05**	$ 88.30
Gas (per Mcf)	**$ 6.00**	$ 8.08	**$ 4.63**	$ 10.52
Revenues				
Oil sales	**$14,803,161**	$18,332,657	**$ 4,258,690**	$ 3,332,223
Gas sales	**10,636,622**	11,177,646	**1,682,968**	3,011,123
Total Revenues	**25,439,783**	29,510,303	**5,941,658**	6,343,346
Costs				
Taxes, transportation and other	**3,186,994**	2,909,480	**659,019**	651,341
Production expense (c)	**7,617,528**	5,821,761	**2,694,001**	1,628,629
Development costs	**1,061,887**	2,656,813	**321,747**	1,298,868
Excess costs (d)	**(372,285)**	3,896,111	**(625,543)**	(520,986)
Total Costs	**11,494,124**	15,284,165	**3,049,224**	3,057,852
Net Proceeds	**$13,945,659**	$14,226,138	**$ 2,892,434**	$ 3,285,494
Net Profits Income	**$12,300,176**	$12,493,727	**$ 2,548,233**	$ 2,956,945

(a) Because of the interval between time of production and receipt of net profits income by the Trust, oil and gas sales for the year ended December 31 generally relate to oil production from November through October and gas production from October through September, while oil and gas sales for the quarter ended December 31 generally relate to oil production from August through October and gas production from July through September.

(b) Oil and gas sales volumes are allocated to the net profits interests by dividing Trust net cash inflows by average sales prices. As oil and gas prices change, the Trust's allocated production volumes are impacted as the quantity of production necessary to cover expenses changes inversely with price. As such, the underlying property production volume changes may not correlate with the Trust's allocated production volumes in any given period. Therefore, comparative discussion of oil and gas sales volumes is based on the underlying properties.

(c) Production expense includes an overhead charge which is deducted and retained by the operator. XTO Energy deducts an overhead charge as reimbursement for costs associated with monitoring these interests. See Note 5 to Financial Statements under Item 8. *Financial Statements and Supplementary Data*.

(d) See Note 7 to Financial Statements under Item 8. *Financial Statements and Supplementary Data*.

Results of Operations

Years Ended December 31, 2023 and 2022

Net profits income for 2023 was $12,300,176 as compared with $12,493,727 for 2022. The 2 percent decrease in net profits income from 2022 to 2023 was primarily the result of lower gas prices ($2.6 million), decreased oil production ($2.4 million), increased production expenses ($1.4 million), and increased taxes, transportation and other costs ($0.3 million), partially offset by net excess costs activity ($3.2 million), increased gas production ($2.1 million), and decreased development costs ($1.2 million). During 2023 and 2022, 57 percent and 62 percent, respectively, of net profits income was derived from gas sales.

Trust administration expense was $816,185 in 2023 as compared to $765,955 in 2022. Cash reserve activity was $0 in 2023 and 2022. As of December 31, 2023, the reserve is funded at $1,000,000. Interest income was $63,897 in 2023 and $15,464 in 2022. Other changes in interest income are attributable to fluctuations in net profits income and interest rates.

Net profits income is recorded when received by the Trust, which is the month following receipt by XTO Energy, and generally two months after oil production and three months after gas production. Net profits income is generally affected by three major factors:

1. oil and gas sales volumes;
2. oil and gas sales prices; and
3. costs deducted in the calculation of net profits income.

Volumes

Oil. Underlying oil sales volumes decreased 19 percent from 2022 to 2023 primarily because of the absence of North Cowden Unit adjustment in first quarter 2022 and natural production decline.

Gas. Underlying gas sales volumes increased 28 percent from 2022 to 2023 primarily because of timing of cash receipts for the New Mexico royalty interest net profits interests related to March 2018 to December 2020 production, partially offset by natural production decline.

The estimated rate of natural production decline on the underlying oil and gas properties is approximately 6 to 8 percent a year.

Prices

Oil. The average oil price for 2023 was $77.05 per Bbl, relatively flat from the 2022 average oil price of $77.21 per Bbl. Oil prices are expected to remain volatile. The average NYMEX price for November 2023 through January 2024 was $74.50 per Bbl. At March 15, 2024, the average NYMEX oil price for the following 12 months was $77.89 per Bbl.

Gas. The 2023 average gas price was $6.00 per Mcf, down 26 percent from the 2022 average gas price of $8.08 per Mcf. Natural gas prices are affected by natural gas liquids prices, the level of North American production, weather, crude oil prices, the U.S. economy, storage levels and export levels of liquefied natural gas. Natural gas prices are expected to remain volatile. The average NYMEX price for fourth quarter 2023 was $2.55 per MMBtu. At March 15, 2024, the average NYMEX gas price for the following 12 months was $2.70 per MMBtu.

Costs

Because properties underlying the 90% net profits interests are primarily royalty and overriding royalty interests, the calculation of net profits income from these interests includes deductions for production and property taxes, legal costs, and marketing and transportation charges. In addition to these costs, the calculation of net profits income from the 75% net profits interests includes deductions for production expense and development costs since the related underlying properties are working interests. Net profits income is calculated monthly for each of the five conveyances under which the net profits interests were conveyed to the Trust. If monthly costs exceed revenues for any conveyance, such excess costs must be recovered, with accrued interest, from future net proceeds of that conveyance and cannot reduce net profits income from other conveyances. Costs have never exceeded revenues from the 90% net profits interests, nor are they expected to in the future. For further information on excess costs, see Note 7 to Financial Statements under Item 8. *Financial Statements and Supplementary Data*.

Total costs deducted in the calculation of net profits income were $11.5 million in 2023 and $15.3 million in 2022. The 25 percent decrease in costs from 2022 to 2023 is attributable to net excess costs activity ($4.3 million), decreased development costs ($1.6 million), offset by increased production expenses ($1.8 million) and increased taxes, transportation and other costs ($0.3 million).

Unit operators of the properties underlying the 75% net profits interests have reported underlying budgeted development costs of approximately $0.2 million for 2024 and $0.3 million for 2025 ($0.1 million and $0.2 million, respectively, net to the Trust), as compared to underlying budgeted development costs of $1.4 million ($1.1 million net to the Trust) and actual development costs of $1.1 million ($0.8 million net to the Trust) for 2023. Actual development costs often differ from amounts budgeted because of changes in product prices and other factors that may affect the timing or selection of projects. Changes in oil or natural gas prices could impact future development plans on the underlying properties.

Fourth Quarter 2023 and 2022

During the quarter ended December 31, 2023, the Trust received net profits income totaling $2,548,233, compared with fourth quarter 2022 net profits income of $2,956,945. This 14 percent decrease in net profits income is primarily the result of lower oil and gas prices ($1.8 million) and increased production expenses ($0.8 million), partially offset by increased oil and gas production ($1.4 million), decreased development costs ($0.7 million), and net excess costs activity ($0.1 million).

Administration expense was $147,303 and Trust interest income was $15,954, resulting in fourth quarter 2023 distributable income of $2,416,884, or $0.402814 per unit. Distributable income for fourth quarter 2022 was $2,763,048, or $0.460508 per unit.

Distributions to unitholders for the quarter ended December 31, 2023, were:

Record Date	Payment Date	Per Unit
October 31, 2023	November 14, 2023	$ 0.109923
November 30, 2023	December 14, 2023	0.149994
December 29, 2023	January 16, 2024	0.142897
		$0.402814

Volumes

Fourth quarter 2023 underlying oil sales volumes were up 43 percent from fourth quarter 2022 primarily because of timing of cash receipts, partially offset by natural production decline. Underlying gas sales volumes for fourth quarter 2023 were up 27 percent from fourth quarter 2022 because of timing of cash receipts, partially offset by natural production decline.

Prices

The average fourth quarter 2023 oil price was $79.05 per Bbl, down 10 percent from the fourth quarter 2022 average price of $88.30 per Bbl. The average fourth quarter 2023 gas price was $4.63 per Mcf, down 56 percent from the fourth quarter 2022 average price of $10.52 per Mcf. For further information about oil and gas prices, see “Years Ended December 31, 2023 and 2022 – Prices” above.

Costs

Costs deducted in the calculation of fourth quarter 2023 net profits income decreased $8,628 from fourth quarter 2022. This decrease was primarily attributable to decreased development costs ($1.0 million) and net excess costs activity ($0.1 million), partially offset by increased production expenses ($1.1 million). For further information about development and excess costs, see “Years Ended December 31, 2023 and 2022 – Costs” above.

Liquidity and Capital Resources

The Trust’s only cash requirement is any declared monthly distribution of its income to unitholders, which is funded by the monthly receipt of net profits income after payment of Trust administration expenses. The Trust is not liable for any production costs or liabilities attributable to the underlying properties. If at any time the Trust receives net profits income in excess of the amount due, the Trust is not obligated to return such overpayment, but future net profits income payable to the Trust will be reduced by the overpayment, plus interest at the prime rate. The Trustee may establish cash reserves for certain contingencies. The Trust may borrow funds required to pay Trust liabilities if fully repaid prior to further distributions to unitholders.

The Trust does not have any transactions, arrangements or other relationships with unconsolidated entities or persons that could materially affect the Trust’s liquidity or the availability of capital resources.

Greenhouse Gas Emissions and Climate Change Regulations

There is an increased focus by local, national and international regulatory bodies on greenhouse gas (“GHG”) emissions and climate change. A number of nations and U.S. states have adopted or are considering some form of climate change legislation and regulations, including carbon taxes, cap-and-trade policies and bans on drilling in certain areas or in certain ways. The climate accord reached at the Conference of the Parties (COP21) in Paris set many new goals, and while many related policies are still emerging, XTO Energy has informed the Trustee that it continues to anticipate that such policies will increase the cost of carbon dioxide emissions over time. As these regulations are under development, XTO Energy is unable to predict the total impact of the potential regulations upon the operators of the underlying properties, and it is possible that the operators of the underlying properties could face increases in operating costs or a ban of certain types of activities in order to comply with climate change or GHG emissions legislation, which costs could reduce or eliminate net proceeds payable to the Trust and Trust distributions.

Off-Balance Sheet Arrangements

The Trust has no off-balance sheet financing arrangements. The Trust has not guaranteed the debt of any other party, nor does the Trust have any other arrangements or relationships with other entities that could potentially result in unconsolidated debt, losses or contingent obligations.

Related Party Transactions

The underlying properties from which the net profits interests were carved are currently owned by XTO Energy or other affiliated companies of ExxonMobil.

Approximately 23 of the underlying royalty interests burden working interests in properties operated by XTO Energy. XTO Energy operates the Hewitt Unit which is one of the properties underlying the Oklahoma 75% net profits interests. Other than these properties, XTO Energy and ExxonMobil do not operate or control any of the underlying properties or related working interests.

In computing net proceeds for the 75% net profits interests (Note 3), XTO Energy deducts an overhead charge as reimbursement for costs associated with monitoring these interests. This overhead charge at December 31, 2023, was approximately $48,224 per month, or $578,688 annually (net to the Trust of $36,168 per month, or $434,016 annually), and is subject to annual adjustment based on an oil and gas industry index.

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XTO Energy deducts a monthly overhead charge for reimbursement of administrative expenses as operator of the Hewitt Unit, which is one of the properties underlying the Oklahoma 75% net profits interests. As of December 31, 2023, this charge was approximately $33,972 per month, or $407,664 annually (net to the Trust of $25,479 per month, or $305,748 annually), and is subject to annual adjustment based on an oil and gas industry index.

On June 25, 2010, XTO Energy became a wholly owned subsidiary of Exxon Mobil Corporation.

Critical Accounting Policies

The financial statements of the Trust are significantly affected by its basis of accounting and estimates related to its oil and gas properties and proved reserves, as summarized below.

Basis of Accounting

The Trust's financial statements are prepared on a modified cash basis, which is a comprehensive basis of accounting other than U.S. GAAP. This method of accounting is consistent with reporting of taxable income to Trust unitholders. The most significant differences between the Trust's financial statements and those prepared in accordance with U.S. GAAP are:

1. net profits income is recognized in the month received rather than accrued in the month of production;
2. expenses are recognized when paid rather than when incurred; and
3. cash reserves may be established by the Trustee for certain contingencies that would not be recorded under U.S. GAAP.

This comprehensive basis of accounting other than U.S. GAAP corresponds to the accounting permitted for royalty trusts by the U.S. Securities and Exchange Commission, as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts. For further information regarding the Trust's basis of accounting, see Note 2 to Financial Statements under Item 8. *Financial Statements and Supplementary Data.*

All amounts included in the Trust's financial statements are based on cash amounts received or disbursed, or on the carrying value of the net profits interests, which was derived from the historical cost of the interests at the date of their transfer from XTO Energy, less accumulated amortization to date. Accordingly, there are no fair value estimates included in the financial statements based on either exchange or non-exchange trade values.

Impairment of Net Profits Interests

The Trustee reviews the Trust's net profits interests ("NPI") in oil and gas properties for impairment whenever events or circumstances indicate that the carrying value of the NPI may not be recoverable. In general, the Trustee does not view temporarily low prices as an indication of impairment. The markets for crude oil and natural gas have a history of significant price volatility and though prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand. If events and circumstances indicate the carrying value may not be recoverable, the Trustee would use the estimated undiscounted future net cash flows from the NPI to evaluate the recoverability of the Trust assets. If the undiscounted future net cash flows from the NPI are less than the NPI carrying value, the Trust would recognize an impairment loss for the difference between the NPI carrying value and the estimated fair value of the NPI. The determination as to whether the NPI is impaired requires a significant amount of judgment by the Trustee and is based on the best information available to the Trustee at the time of the evaluation, including commodity pricing and other information provided by XTO Energy such as estimates of future production and development and operating expenses.

During 2023, including fourth quarter, no trigger event occurred that would indicate a need for an impairment assessment. Accordingly, there was no impairment of the NPI as of December 31, 2023. Any impairment recorded for book purposes will not result in a deductible loss for tax purposes for the unitholders until the loss is recognized.

Net profits interests in oil and gas properties

The initial carrying value of the net profits interests of $61,100,449 was XTO Energy's historical net book value of the interests on February 12, 1991, the date of the transfer to the Trust. Amortization of the net profits interests is calculated on a unit-of-production basis using proved reserves and is charged directly to trust corpus. Accumulated amortization was $58,428,866 as of December 31, 2023, and $58,138,494 as of December 31, 2022. Amortization of the NPI does not impact unitholder distributions or the determination of proved reserves.

Oil and Gas Reserves

The proved oil and gas reserves for the underlying properties are estimated by independent petroleum engineers. The estimated reserves for the underlying properties are then used by XTO Energy to calculate the estimated oil and gas reserves attributable to the net profits interests. Reserve engineering is a subjective process that is dependent upon the quality of available data and the interpretation thereof. Estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing and production subsequent to the date of an estimate, as well as economic factors such as changes in product prices, may justify revision of such estimates. Because proved reserves are required to be estimated using 12-month average prices, based on the first-day-of-the-month price for each month in the period, estimated reserve quantities can be significantly impacted by changes in product prices. Accordingly, oil and gas quantities ultimately recovered and the timing of production may be substantially different from original estimates.

The standardized measure of discounted future net cash flows and changes in such cash flows, as reported in Note 8 to Financial Statements under Item 8. *Financial Statements and Supplementary Data*, is prepared using assumptions required by the Financial Accounting Standards Board and the Securities and Exchange Commission. Such assumptions include using 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures, including recovery of cumulative excess costs remaining at year end. Discounted future net cash flows are calculated using a 10 percent rate. Changes in any of these assumptions, including consideration of other factors, could have a significant impact on the standardized measure. Accordingly, the standardized measure does not represent XTO Energy's or the Trustee's estimated current market value of proved reserves.

Forward-Looking Statements

Certain information included in this annual report and other materials filed, or to be filed, by the Trust with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by XTO Energy or the Trustee) contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, relating to the Trust, operations of the underlying properties and the oil and gas industry. Such forward-looking statements may concern, among other things, development activities, future development plans, increased density drilling, reserve-to-production ratios, future production, future net cash flows, maintenance projects, development, production, regulatory and other costs, oil and gas prices and expectations for future demand, the impact of inflation and economic downturns on economic activity, government policy and its impact on oil and gas prices and future demand, the development and competitiveness of alternative energy sources, pricing differentials, proved reserves, production levels, arbitration, litigation, liquidity, financing, political and regulatory matters, such as tax and environmental policy, climate policy, trade barriers, sanctions, war and other political or security disturbances, and competition. Such forward-looking statements are based on XTO Energy's and the Trustee's current plans, expectations, assumptions, projections and estimates and are identified by words such as "may," "expects," "intends," "plans," "projects," "anticipates," "predicts," "believes," "goals," "estimates," "should," "could," "would," and similar words that convey the uncertainty of future events. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual financial and operational results may differ materially from expectations, estimates or assumptions expressed in, implied in, or forecasted in such forward-looking statements. Some of the risk factors that could cause actual results to differ materially are explained in Item 1A. *Risk Factors*.

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ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Not required for smaller reporting companies; the Trust has elected to omit this information.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

All financial statement schedules are omitted as they are inapplicable or the required information has been included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Unitholders of Cross Timbers Royalty Trust and Argent Trust Company, as Trustee

Opinion on the Financial Statements

We have audited the accompanying statements of assets, liabilities and trust corpus of Cross Timbers Royalty Trust (the "Trust") as of December 31, 2023 and 2022, and the related statements of distributable income and changes in trust corpus for the years then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and trust corpus of the Trust as of December 31, 2023 and 2022, and its distributable income and its changes in trust corpus for the years then ended in conformity with the modified cash basis of accounting described in Note 2.

Basis for Opinion

These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on the Trust's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Trustee, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Basis of Accounting

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the financial statements and (ii) involved our especially challenging, subjective, or complex judgments. We determined there are no critical audit matters.

/s/ PricewaterhouseCoopers LLP
Dallas, Texas
April 1, 2024

We have served as the Trust's auditor since 2011.

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CROSS TIMBERS ROYALTY TRUST

Statements of Assets, Liabilities and Trust Corpus

	December 31 2023	December 31 2022
Assets		
Cash and short-term investments	**$1,852,320**	$1,898,638
Interest to be received	**5,062**	3,372
Net profits interests in oil and gas properties - net (Notes 1 and 2)	**2,671,583**	2,961,955
	$4,528,965	$4,863,965
Liabilities and Trust Corpus		
Distribution payable to unitholders	**$ 857,382**	$ 902,010
Expense reserve (a)	**1,000,000**	1,000,000
Trust corpus (6,000,000 units of beneficial interest authorized and outstanding)	**2,671,583**	2,961,955
	$4,528,965	$4,863,965

(a) Expense reserve allows the Trustee to pay its obligations should it be unable to pay them out of the net profits income. The reserve is currently funded at $1,000,000.

Statements of Distributable Income

	Year Ended December 31 2023	Year Ended December 31 2022
Net profits income	**$12,300,176**	$12,493,727
Interest income	**63,897**	15,464
Total income	**12,364,073**	12,509,191
Administration expense	**816,185**	765,955
Distributable income	**$11,547,888**	$11,743,236
Distributable income per unit (6,000,000 units)	**$ 1.924648**	$ 1.957206

Statements of Changes in Trust Corpus

	Year Ended December 31 2023	Year Ended December 31 2022
Trust corpus, beginning of year	**$ 2,961,955**	$ 3,266,356
Amortization of net profits interests	**(290,372)**	(304,401)
Distributable income	**11,547,888**	11,743,236
Distributions declared	**(11,547,888)**	(11,743,236)
Trust corpus, end of year	**$ 2,671,583**	$ 2,961,955

See accompanying notes to financial statements.

CROSS TIMBERS ROYALTY TRUST

NOTES TO FINANCIAL STATEMENTS

1. Trust Organization and Provisions

Cross Timbers Royalty Trust (the "Trust") was created on February 12, 1991, by predecessors of XTO Energy Inc. ("XTO Energy"), when the following net profits interests were conveyed under five separate conveyances to the Trust effective October 1, 1990, in exchange for 6,000,000 units of beneficial interest in the Trust:

1. 90% net profits interests in certain producing and nonproducing royalty and overriding royalty interest properties in Texas, Oklahoma and New Mexico; and
2. 75% net profits interests in certain working interest properties in Texas and Oklahoma.

The underlying properties from which the net profits interests were carved are currently owned by XTO Energy or other affiliated companies of ExxonMobil (Note 5). The Trust's initial public offering was in February 1992.

Effective December 30, 2022, Argent Trust Company ("Argent") became the Trustee of the Trust. The defined term "Trustee" as used herein shall refer to Simmons Bank for periods from February 20, 2018, through December 29, 2022, and shall refer to Argent for periods on and after December 30, 2022.

The Trust indenture provides, among other provisions, that:

1. the Trust may not engage in any business activity or acquire any assets other than the net profits interests and specific short-term cash investments;
2. the Trust may not dispose of all or part of the net profits interests unless approved by holders of 80 percent or more of the outstanding Trust units, or upon Trust termination, and any sale must be for cash with the proceeds promptly distributed to the unitholders on the next declared distribution;
3. the Trustee may establish a cash reserve for payment of any liability that is contingent or not currently payable;
4. the Trustee may borrow funds required to pay Trust liabilities if fully repaid prior to further distributions to unitholders;
5. the Trustee will make monthly cash distributions to unitholders (Note 3); and
6. the Trust will terminate upon the first occurrence of:
    a) disposition of all net profits interests pursuant to terms of the Trust indenture;
    b) gross revenue of the Trust is less than $1 million per year for two successive years; or
    c) a vote of holders of 80 percent or more of the outstanding Trust units to terminate the Trust in accordance with provisions of the Trust indenture.

2. Basis of Accounting

The financial statements of Cross Timbers Royalty Trust (the "Trust") are prepared on the following basis and are not intended to present financial position and results of operations in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"):

1. net profits income is recorded in the month received by the Trustee (Note 3);
2. interest income, interest to be received and distribution payable to unitholders include interest to be earned on net profits income from the monthly record date (last business day of the month) through the date of the next distribution;
3. trust expenses are recorded based on liabilities paid and cash reserves established by the Trustee for liabilities and contingencies; and
4. distributions to unitholders are recorded when declared by the Trustee (Note 3).

CROSS TIMBERS ROYALTY TRUST

NOTES TO FINANCIAL STATEMENTS—(Continued)

The most significant differences between the Trust's financial statements and those prepared in accordance with U.S. GAAP are:

1. net profits income is recognized in the month received rather than accrued in the month of production;
2. expenses are recognized when paid rather than when incurred; and
3. cash reserves may be established by the Trustee for certain contingencies that would not be recorded under U.S. GAAP.

This comprehensive basis of accounting corresponds to the accounting permitted for royalty trusts by the U.S. Securities and Exchange Commission, as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

Most accounting pronouncements apply to entities whose financial statements are prepared in accordance with U.S. GAAP, directing such entities to accrue or defer revenues and expenses in a period other than when such revenues were received or expenses were paid. Because the Trust's financial statements are prepared on the modified cash basis, as described above, most accounting pronouncements are not applicable to the Trust's financial statements.

Impairment of Net Profits Interests

The Trustee reviews the Trust's net profits interests ("NPI") in oil and gas properties for impairment whenever events or circumstances indicate that the carrying value of the NPI may not be recoverable. In general, the Trustee does not view temporarily low prices as an indication of impairment. The markets for crude oil and natural gas have a history of significant price volatility and though prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand. If events and circumstances indicate the carrying value may not be recoverable, the Trustee would use the estimated undiscounted future net cash flows from the NPI to evaluate the recoverability of the Trust assets. If the undiscounted future net cash flows from the NPI are less than the NPI carrying value, the Trust would recognize an impairment loss for the difference between the NPI carrying value and the estimated fair value of the NPI. The determination as to whether the NPI is impaired requires a significant amount of judgment by the Trustee and is based on the best information available to the Trustee at the time of the evaluation, including commodity pricing and other information provided by XTO Energy such as estimates of future production and development and operating expenses.

During 2023, including fourth quarter, no trigger event occurred that would indicate a need for an impairment assessment. Accordingly, there was no impairment of the NPI as of December 31, 2023. Any impairment recorded for book purposes will not result in a deductible loss by the unitholders for tax purposes until the loss is recognized.

Net profits interests in oil and gas properties

The initial carrying value of the net profits interests of $61,100,449 was XTO Energy's historical net book value of the interests on February 12, 1991, the date of the transfer to the Trust. Amortization of the net profits interests is calculated on a unit-of-production basis using proved reserves and charged directly to trust corpus. Accumulated amortization was $58,428,866 as of December 31, 2023, and $58,138,494 as of December 31, 2022. Amortization of the NPI does not impact unitholder distributions or the determination of proved reserves.

3. Distributions to Unitholders

The Trustee determines the amount to be distributed to unitholders each month by totaling net profits income, interest income and other cash receipts, and subtracting liabilities paid and adjustments in cash reserves established by the Trustee. The resulting amount (with estimated interest to be received on such amount through the distribution date) is distributed to unitholders of record within ten business days after the monthly record date, which is the last business day of the month.

Net profits income received by the Trustee consists of net proceeds received in the prior month by XTO Energy from the underlying properties multiplied by the net profits percentage of 90% or 75%. Net proceeds are the gross proceeds received from the sale of production, less applicable costs. For the 90% net profits interests, such costs generally include production and property taxes, legal costs, and marketing and transportation charges. In addition to these costs, the 75% net profits interests include deductions for production expense and development costs.

XTO Energy, as owner of the underlying properties, computes net profits income separately for each of the five conveyances. If costs exceed gross proceeds for any conveyance, such excess costs must be recovered, with accrued interest, from future net proceeds of that conveyance and cannot reduce net profits income from the other conveyances (Note 7).

4. Income Taxes

For federal income tax purposes, the Trust constitutes a fixed investment trust that is taxed as a grantor trust. A grantor trust is not subject to tax at the trust level. Accordingly, no provision for income taxes has been made in the financial statements. The unitholders are considered to own the Trust's income and principal as though no trust were in existence. The income of the Trust is deemed to have been received or accrued by each unitholder at the time such income is received or accrued by the Trust and not when distributed by the Trust. Impairments recorded for book purposes will not result in a deductible loss by the unitholders for tax purposes until the loss is recognized.

All revenues from the Trust are from sources within Texas, Oklahoma or New Mexico. Because it distributes all of its net income to unitholders, the Trust has not been taxed at the trust level in New Mexico or Oklahoma. While the Trust has not owed tax, the Trustee is required to file an Oklahoma income tax return reflecting the income and deductions of the Trust attributable to properties located in that state, along with a schedule that includes information regarding distributions to unitholders. Oklahoma and New Mexico tax the income of nonresidents from real property located within those states, and the Trust has been advised by counsel that such states will tax nonresidents on income from the net profits interests located in those states. Oklahoma and New Mexico also impose a corporate income tax that may apply to unitholders organized as corporations (subject to certain exceptions for S corporations and limited liability companies, depending on their treatment for federal income tax purposes).

Texas imposes a franchise tax at a rate of 0.75 percent on gross revenues less certain deductions, as specifically set forth in the Texas franchise tax statutes. Entities subject to tax generally include trusts and most other types of entities that provide limited liability protection, unless otherwise exempt. Trusts that receive at least 90 percent of their federal gross income from certain passive sources, including royalties from mineral properties and other non-operated mineral interest income, and do not receive more than 10 percent of their income from operating an active trade or business, generally are exempt from the Texas franchise tax as "passive entities." The Trust has been and expects to continue to be exempt from Texas franchise tax as a passive entity. Because the Trust should be exempt from Texas franchise tax at the trust level as a passive entity, each unitholder that is a taxable entity under the Texas franchise tax will generally be required to include its Texas portion of Trust revenues in its own Texas franchise tax computation. This revenue is sourced to Texas under provisions of the Texas Administrative Code providing that such income is sourced according to the principal place of business of the Trust, which is Texas.

The Trust may be required to bear a portion of the settlement costs arising from the *Chieftain* royalty class action settlement. For information on contingencies, see Note 6 to Financial Statements. In the event that the Trust is determined to be responsible for such costs, XTO Energy will deduct the costs in its calculation of the net profits income payable to the Trust from the applicable net profits interests. Thus, for unitholders, the portion of the settlement payment to the *Chieftain* royalty owner class for which the Trust is determined to be responsible will be reflected through a reduction in net profits income received from the Trust and thus in a reduction in the gross royalty income reported by and taxable to the unitholders. In the event that the Trustee objects to such claimed reductions, the Trustee may also incur legal fees in representing the Trust's interests. For unitholders, such costs would be reflected through an increase in the Trust's administrative expenses, which would be deductible by unitholders in determining the net royalty income from the Trust.

Each unitholder should consult their own tax advisor regarding income tax requirements, if any, applicable to such person's ownership of Trust units.

5. Related Party Transactions

The underlying properties from which the net profits interests were carved are currently owned by XTO Energy or other affiliated companies of ExxonMobil.

Approximately 23 of the underlying royalty interests burden working interests in properties operated by XTO Energy. XTO Energy operates the Hewitt Unit which is one of the properties underlying the Oklahoma 75% net profits interests. Other than these properties, XTO Energy and ExxonMobil do not operate or control any of the underlying properties or related working interests.

In computing net proceeds for the 75% net profits interests (Note 3), XTO Energy deducts an overhead charge as reimbursement for costs associated with monitoring these interests. This overhead charge at December 31, 2023, was approximately $48,224 per month, or $578,688 annually (net to the Trust of $36,168 per month, or $434,016 annually), and is subject to annual adjustment based on an oil and gas industry index.

XTO Energy deducts a monthly overhead charge for reimbursement of administrative expenses as operator of the Hewitt Unit, which is one of the properties underlying the Oklahoma 75% net profits interests. As of December 31, 2023, this charge was approximately $33,972 per month, or $407,664 annually (net to the Trust of $25,479 per month, or $305,748 annually), and is subject to annual adjustment based on an oil and gas industry index.

On June 25, 2010, XTO Energy became a wholly owned subsidiary of Exxon Mobil Corporation.

6. Contingencies

Litigation

A federal district court approved the settlement of a royalty class action lawsuit against XTO Energy Inc. (*Chieftain Royalty Company v. XTO Energy Inc.*) in March 2018. In July 2018, the class plaintiffs submitted their plan to allocate the settlement funds among members of the class. After that plan of allocation was approved, XTO Energy advised the Trustee that, based upon that plan, approximately $40,000 should be allocated to the Trust as additional production costs.

The Trustee has objected to similar claims relating to the *Chieftain* settlement with respect to another trust for which it serves as trustee (the Hugoton Royalty Trust) in an arbitration styled *Simmons Bank (successor to Southwest Bank and Bank of America, N.A.) vs. XTO Energy Inc.* through the American Arbitration Association. In that arbitration, the Trustee requested a declaratory judgment that the *Chieftain* settlement is not a production cost and that XTO Energy is prohibited from charging the settlement as a production cost under the conveyance or otherwise reducing the Hugoton Royalty Trust's payments now or in the future as a result of the *Chieftain* litigation. Similar issues have arisen as between XTO

Energy and the Trust, but it was agreed those issues would be considered once the Panel issued its decisions with respect to the Hugoton Royalty Trust. On January 20, 2021, the Panel issued its Corrected Interim Final Award (i) "reject[ing] the Trust's contention that XTO has no right under the Conveyance to charge the [Hugoton Royalty] Trust with amounts XTO paid under section 1.18(a)(i) as royalty obligations to settle the *Chieftain* litigation" and (ii) stating "[t]he next phase will determine how much of the *Chieftain* settlement can be so charged, if any of it can be, in the exercise of the right found by the Panel." Following briefing by both parties, on May 18, 2021, the Panel issued its second interim final award over the amount of XTO Energy's settlement in the *Chieftain* class action lawsuit that can be charged to the [Hugoton Royalty] Trust as a production cost. The allocation of a portion of the *Chieftain* settlement to the Trust will be considered once all issues in the arbitration have been fully resolved. Although the arbitration is not terminated, the final hearing, previously scheduled on November 8, 2023, was cancelled.

Other

Several states have enacted legislation requiring state income tax withholding from payments made to nonresident recipients of oil and gas proceeds. After consultation with its tax counsel, the Trustee believes that it is not required to withhold on payments made to the unitholders. However, regulations are subject to change by the various states, which could change this conclusion. Should amounts be withheld on payments made to the Trust or the unitholders, distributions to the unitholders would be reduced by the required amount, subject to the filing of a claim for refund by the Trust or unitholders for such amount.

7. Excess Costs

If monthly costs exceed revenues for any conveyance, such excess costs must be recovered, with accrued interest, from future net proceeds of that conveyance and cannot reduce net proceeds from other conveyances.

The following summarizes excess costs activity, cumulative excess costs balances and accrued interest to be recovered by conveyance as calculated by XTO Energy:

	Underlying		
	TX WI	OK WI	Total
Cumulative excess costs remaining at 12/31/22	$1,130,627	$ 741,687	$1,872,314
Net excess costs (recovery) for the quarter ended 3/31/23	39,834	(151,450)	(111,616)
Net excess costs (recovery) for the quarter ended 6/30/23	343,437	(515,164)	(171,727)
Net excess costs (recovery) for the quarter ended 9/30/23	136,628	(75,073)	61,555
Net excess costs (recovery) for the quarter ended 12/31/23	625,543	—	625,543
Cumulative excess costs remaining at 12/31/23	2,276,069	—	2,276,069
Accrued interest at 12/31/23	814,892	—	814,892
Total remaining to be recovered at 12/31/23	$3,090,961	$ —	$3,090,961

	NPI		
	TX WI	OK WI	Total
Cumulative excess costs remaining at 12/31/22	$ 847,970	$ 556,265	$1,404,235
Net excess costs (recovery) for the quarter ended 3/31/23	29,876	(113,587)	(83,711)
Net excess costs (recovery) for the quarter ended 6/30/23	257,577	(386,373)	(128,796)
Net excess costs (recovery) for the quarter ended 9/30/23	102,472	(56,305)	46,167
Net excess costs (recovery) for the quarter ended 12/31/23	469,158	—	469,158
Cumulative excess costs remaining at 12/31/23	1,707,053	—	1,707,053
Accrued interest at 12/31/23	611,169	—	611,169
Total remaining to be recovered at 12/31/23	$2,318,222	$ —	$2,318,222

For the year ended December 31, 2023, excess costs on properties underlying the Texas working interest conveyance increased by $1,145,442 ($859,083 net to the Trust). This includes net excess costs of $625,543 ($469,158 net to the Trust) for the quarter ended December 31, 2023.

For the year ended December 31, 2023, net recoveries of excess costs were $741,687 ($556,265 net to the Trust) and recoveries of accrued interest were $31,470 ($23,603 net to the Trust) on properties underlying the Oklahoma working interest conveyance.

Underlying cumulative excess costs for the Texas working interest conveyance remaining as of December 31, 2023, totaled $3.1 million ($2.3 million net to the Trust), including accrued interest of $0.8 million ($0.6 million net to the Trust).

8. Supplemental Oil and Gas Reserve Information (Unaudited)

Oil and Natural Gas Reserves

Proved oil and gas reserves have been estimated by independent petroleum engineers. Proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods in which the cost of the required equipment is relatively minor compared with the cost of a new well. Due to the inherent uncertainties and the limited nature of reservoir data, such estimates are subject to change as additional information becomes available. The reserves actually recovered and the timing of production of these reserves may be substantially different from the original estimate. Revisions result primarily from new information obtained from development drilling and production history and from changes in economic factors.

Standardized Measure

The standardized measure of discounted future net cash flows and changes in such cash flows are prepared using assumptions required by the Financial Accounting Standards Board. Such assumptions include the use of 12-month average prices for oil and gas, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures to produce the proved reserves, including recovery of cumulative excess costs remaining at year end. Future net cash flows are discounted at an annual rate of 10 percent. No provision is included for federal income taxes since future net cash flows are not subject to taxation at the trust level.

The standardized measure does not represent XTO Energy’s or the Trustee’s estimate of future cash flows or the value of proved oil and gas reserves. Probable and possible reserves, which may become proved in the future, are excluded from the calculations. Furthermore, prices used to determine the standardized measure are influenced by supply and demand as affected by recent economic conditions as well as other factors and may not be the most representative in estimating future revenues or reserve data.

Estimated costs to plug and abandon wells on the underlying working interest properties at the end of their productive lives have not been deducted from cash flows since this is not a legal obligation of the Trust. These costs are the legal obligation of XTO Energy as the owner of the underlying working interests and will only be deducted from net proceeds payable to the Trust if net proceeds from the related conveyance exceed such costs when paid, subject to excess cost carryforward provisions (Note 3).

Because overhead costs charged by XTO Energy are deducted in the calculation of net proceeds, the standardized measure for the underlying properties and net profits interests have been reduced by these estimated overhead costs. See Note 5 to Financial Statements under Item 8. *Financial Statements and Supplementary Data* for more information on overhead costs charged by XTO Energy.

Oil prices used to determine the standardized measure were based on average realized oil prices of $74.88 per Bbl in 2023, and $93.06 per Bbl in 2022. The weighted average realized gas prices used to determine the standardized measure were $4.40 per Mcf in 2023, and $8.60 per Mcf in 2022.

Reserve quantities and revenues for the net profits interests were estimated from projections of reserves and revenues attributable to the underlying properties. Since the Trust has defined net profits interests, the Trust does not own a specific percentage of the oil and gas reserves. Oil and gas reserves are allocated to the net profits interests by dividing Trust net cash inflows by 12-month average oil and gas prices. Any fluctuations in 12-month average prices or estimated costs will result in revisions to the estimated reserve quantities allocated to the net profits interests, which may not correlate with revisions of underlying proved reserves. Significant revisions in reserves could potentially impact the pace of the amortization of the net profits interests.

Proved Reserves

	Net Profits Interests							
	90% Net Profits Interests		75% Net Profits Interests		Total		Underlying Properties	
(in thousands)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)
Balance, December 31, 2021	1,035	12,550	243	71	1,278	12,621	2,500	14,308
Extensions, additions and discoveries	14	149	—	—	14	149	15	166
Revisions of prior estimates	(658)	3,278	162	59	(496)	3,337	(465)	3,810
Production	(42)	(1,169)	(16)	—	(58)	(1,169)	(237)	(1,383)
Balance, December 31, 2022	349	14,808	389	130	738	14,938	1,813	16,901
Extensions, additions and discoveries	5	13	—	—	5	13	6	14
Revisions of prior estimates	(30)	(2,452)	(93)	3	(123)	(2,449)	(240)	(2,448)
Production	(54)	(1,452)	(18)	(1)	(72)	(1,453)	(192)	(1,774)
Balance, December 31, 2023	270	10,917	278	132	548	11,049	1,387	12,693

Extensions, additions and discoveries of proved gas reserves are primarily because of development in the Mid-Continent area. Revisions of prior estimates are primarily related to changes in prices and costs.

Proved Developed Reserves

	Net Profits Interests							
	90% Net Profits Interests		75% Net Profits Interests		Total		Underlying Properties	
(in thousands)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)
December 31, 2022	349	14,808	389	130	738	14,938	1,813	16,901
December 31, 2023	270	10,917	278	132	548	11,049	1,387	12,693

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Standardized Measure of Discounted Future Net Cash Flows from Proved Reserves

(in thousands)	90% Net Profits Interests December 31 2023	90% Net Profits Interests December 31 2022	75% Net Profits Interests December 31 2023	75% Net Profits Interests December 31 2022	Total December 31 2023	Total December 31 2022
Net Profits Interests						
Future cash inflows	**$ 66,492**	$159,414	**$21,966**	$ 37,305	**$ 88,458**	$ 196,719
Future production taxes	**(5,977)**	(14,577)	**(1,581)**	(2,623)	**(7,558)**	(17,200)
Future net cash flows	**60,515**	144,837	**20,385**	34,682	**80,900**	179,519
10% discount factor	**(27,429)**	(71,344)	**(8,768)**	(15,276)	**(36,197)**	(86,620)
Standardized measure	**$ 33,086**	$ 73,493	**$11,617**	$ 19,406	**$ 44,703**	$ 92,899
Underlying Properties						
Future cash inflows					**$159,668**	$ 313,988
Future costs					**(65,250)**	(106,817)
Future net cash flows					**94,418**	207,171
10% discount factor					**(42,157)**	(99,673)
Standardized measure					**$ 52,261**	$ 107,498

Changes in Standardized Measure of Discounted Future Net Cash Flows from Proved Reserves

(in thousands)	90% Net Profits Interests 2023	90% Net Profits Interests 2022	75% Net Profits Interests 2023	75% Net Profits Interests 2022	Total 2023	Total 2022
Net Profits Interests						
Standardized measure, January 1	**$ 73,493**	$ 62,226	**$19,406**	$ 8,822	**$ 92,899**	$ 71,048
Extensions, additions and discoveries	**273**	1,359	**—**	—	**273**	1,359
Accretion of discount	**6,262**	5,278	**1,799**	801	**8,061**	6,079
Revisions of prior estimates, changes in price and other	**(35,897)**	15,575	**(8,334)**	11,332	**(44,231)**	26,907
Net profits income	**(11,045)**	(10,945)	**(1,254)**	(1,549)	**(12,299)**	(12,494)
Standardized measure, December 31	**$ 33,086**	$ 73,493	**$11,617**	$19,406	**$ 44,703**	$ 92,899
Underlying Properties						
Standardized measure, January 1					**$107,498**	$ 81,003
Revisions:						
Prices and costs					**(44,236)**	41,556
Quantity estimates					**(5,510)**	(6,503)
Accretion of discount					**9,264**	6,903
Future development costs					**(1,062)**	(2,657)
Other					**(50)**	(88)
Net revisions					**(41,594)**	39,211
Extensions, additions and discoveries					**303**	1,510
Production					**(15,008)**	(16,883)
Development costs					**1,062**	2,657
Net change					**(55,237)**	26,495
Standardized measure, December 31					**$ 52,261**	$107,498

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9. Quarterly Financial Data (Unaudited)

The following is a summary of net profits income, distributable income and distributable income per unit by quarter for 2023 and 2022:

	Net Profits Income	Distributable Income	Distributable Income per Unit
2023			
First Quarter	**$ 3,912,704**	**$ 3,639,198**	**$0.606533**
Second Quarter	**3,163,059**	**3,040,614**	**0.506769**
Third Quarter	**2,676,180**	**2,451,192**	**0.408532**
Fourth Quarter	**2,548,233**	**2,416,884**	**0.402814**
	$12,300,176	**$11,547,888**	**$1.924648**
2022			
First Quarter	$ 1,951,672	$ 1,684,932	$0.280822
Second Quarter	3,767,617	3,558,996	0.593166
Third Quarter	3,817,493	3,736,260	0.622710
Fourth Quarter	2,956,945	2,763,048	0.460508
	$12,493,727	$11,743,236	$1.957206

10. Administration Expense

Administrative expenses are incurred so that the Trustee may meet its reporting obligations to the unitholders and regulatory entities and otherwise manage the administrative functions of the Trust. These obligations include, but are not limited to, all expenses, taxes, compensation to the Trustee for managing the Trust, fees to consultants, accountants, attorneys, transfer agents, other professional and expert persons, expenses for clerical and other administrative assistance, and fees and expenses for all other services. See Item 11. *Executive Compensation*, for further information on the remuneration received by the Trustee.

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ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Trustee conducted an evaluation of the Trust's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, the Trustee has concluded that the Trust's disclosure controls and procedures were effective as of the end of the period covered by this annual report. In its evaluation of disclosure controls and procedures, the Trustee has relied, to the extent considered reasonable, on information provided by XTO Energy.

Trustee's Report on Internal Control Over Financial Reporting

The Trustee 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 Securities Exchange Act of 1934, as amended. 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. Based on the Trustee's evaluation under the framework in *Internal Control – Integrated Framework (2013)*, the Trustee concluded that the Trust's internal control over financial reporting was effective as of December 31, 2023.

Changes in Internal Control Over Financial Reporting

There were no changes in the Trust's internal control over financial reporting during the quarter ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

The Trust has no directors or officers, and as a result, no such persons adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) *Directors, Officers and Committees.* The Trust has no directors, executive officers, audit committee, audit committee financial expert, compensation committee or nominating committee. The Trustee is a corporate trustee which may be removed, with or without cause, by the affirmative vote of the holders of a majority of all the units then outstanding.

(b) *Section 16 (a) Beneficial Ownership Reporting Compliance.* Section 16(a) of the Securities Exchange Act of 1934 requires that directors, officers, and beneficial owners of more than 10 percent of the registrant's equity securities file initial reports of beneficial ownership and reports of changes in beneficial ownership with the Securities and Exchange Commission and the New York Stock Exchange. To the Trustee's knowledge, based solely on the information furnished to the Trustee, the Trustee is unaware of any person that failed to file on a timely basis reports required by Section 16(a) filing requirements with respect to the Trust units of beneficial interest during and for the year ended December 31, 2023.

(c) *Code of Ethics.* Because the Trust has no employees, it does not have a code of ethics. Employees of the Trustee, Argent Trust Company, must comply with the company's code of ethics which may be found at www.argentfinancial.com.

ITEM 11. EXECUTIVE COMPENSATION

(a) *Compensation Committee Interlocks and Insider Participation/Compensation Committee Report.* The Trust has no officers or directors and is administered by a trustee. The Trust does not have a compensation committee or maintain any equity compensation plans and there are no units reserved for issuance under such plans.

(b) *Compensation of the Trustee.* The Trustee received the following annual compensation for the fiscal years ended December 31, 2022, through December 31, 2023, as specified in the Trust indenture:

	2023	2022
Argent Trust Company, Trustee (1)	$98,795	—
Simmons Bank, Trustee (1)	—	$91,079

(1) Under the Trust indenture, the trustee is entitled to an administrative fee of: (i) 1/20 of 1 percent of the first $100 million of the annual gross revenue of the Trust, and 1/30 of 1 percent of the annual gross revenue of the Trust in excess of $100 million, and (ii) trustee's standard hourly rates for time in excess of 300 hours annually.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

(a) *Equity Compensation Plans and Trust Repurchases.* The Trust has no equity compensation plans. The Trust has not repurchased any units during the fourth quarter of fiscal 2023.

(b) *Security Ownership of Certain Beneficial Owners.* The Trustee is not aware of any person who beneficially owns more than 5 percent of the outstanding units.

(c) *Security Ownership of Management.* The Trust has no directors or executive officers. Argent Trust Company, the Trustee, held as of February 26, 2024, an aggregate of 3,720 units in various fiduciary capacities, and it had sole voting and investment power with respect to all such units.

(d) *Changes in Control.* The Trustee knows of no arrangements which may subsequently result in a change in control of the Trust.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The underlying properties from which the net profits interests were carved are currently owned by XTO Energy or other affiliated companies of ExxonMobil.

Approximately 23 of the underlying royalty interests burden working interests in properties operated by XTO Energy. XTO Energy operates the Hewitt Unit which is one of the properties underlying the Oklahoma 75% net profits interests. Other than these properties, XTO Energy and ExxonMobil do not operate or control any of the underlying properties or related working interests.

In computing net proceeds for the 75% net profits interests (Note 3), XTO Energy deducts an overhead charge as reimbursement for costs associated with monitoring these interests. This overhead charge at December 31, 2023, was approximately $48,224 per month, or $578,688 annually (net to the Trust of $36,168 per month, or $434,016 annually), and is subject to annual adjustment based on an oil and gas industry index.

XTO Energy deducts a monthly overhead charge for reimbursement of administrative expenses as operator of the Hewitt Unit, which is one of the properties underlying the Oklahoma 75% net profits interests. As of December 31, 2023, this charge was approximately $33,972 per month, or $407,664 annually (net to the Trust of $25,479 per month, or $305,748 annually), and is subject to annual adjustment based on an oil and gas industry index.

On June 25, 2010, XTO Energy became a wholly owned subsidiary of Exxon Mobil Corporation.

As of March 11, 2024, XTO Energy did not own any units.

See Item 11. *Executive Compensation*, for the remuneration received by the Trustee for the fiscal years ended December 31, 2022, through December 31, 2023.

As noted in Item 10. *Directors, Executive Officers and Corporate Governance* , the Trust has no directors, executive officers, audit committee, audit committee financial expert, compensation committee or nominating committee. The Trustee is a corporate trustee which may be removed, with or without cause, by the affirmative vote of the holders of a majority of all the units then outstanding.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for services performed by PricewaterhouseCoopers LLP for the years ended December 31, 2023 and 2022 are:

	2023	2022
Audit fees-PwC	$ 223,000	$210,000
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
	$223,000	$210,000

The Trust does not have an audit committee. Any pre-approval and approval of all services performed by the principal auditor or any other professional services firms and related fees are granted by the Trustee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

1. *Financial Statements (included in Item 8 of this report)*

Report of Independent Registered Public Accounting Firm

Statements of Assets, Liabilities and Trust Corpus at December 31, 2023 and 2022

Statements of Distributable Income for the years ended December 31, 2023 and 2022

Statements of Changes in Trust Corpus for the years ended December 31, 2023 and 2022

Notes to Financial Statements

2. *Financial Statement Schedules*

Financial statement schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

3. *Exhibits*

(4)(a) Cross Timbers Royalty Trust Indenture amended and restated on January 13, 1992 by NationsBank, N.A., as Trustee, heretofore filed as Exhibit 3.1 to the Trust's Registration Statement No. 33-44385 filed with the Securities and Exchange Commission on February 19, 1992, is incorporated herein by reference. (P)

(b) Amendment No. 1 to Amended and Restated Royalty Trust Indenture, dated October 13, 2022, of Cross Timbers Royalty Trust, heretofore filed as Exhibit 4.1 to the Trust's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 14, 2022, is incorporated herein by reference.

(c) Net Overriding Royalty Conveyance (Cross Timbers Royalty Trust, 90% - Texas) from South Timbers Limited Partnership, West Timbers Limited Partnership, North Timbers Limited Partnership, East Timbers Limited Partnership, Hickory Timbers Limited Partnership, and Cross Timbers Partners, L.P. (predecessors of XTO Energy) to NCNB Texas National Bank, as Trustee, dated February 12, 1991 (without Schedules A and B), heretofore filed as Exhibit 10.1 to the Trust's Registration Statement No. 33-44385 filed with the Securities and Exchange Commission on February 19, 1992, is incorporated herein by reference. (P)

(d) Correction to Net Overriding Royalty Conveyance (Cross Timbers Royalty Trust, 90% - Texas) from South Timbers Limited Partnership, West Timbers Limited Partnership, North Timbers Limited Partnership, East Timbers Limited Partnership, Hickory Timbers Limited Partnership, and Cross Timbers Partners, L.P. (predecessors of XTO Energy) to NCNB Texas National Bank, as Trustee, dated September 23, 1991 (without Schedules A and B), heretofore filed as Exhibit 10.2 to the Trust's Registration Statement No. 33-44385 filed with the Securities and Exchange Commission on February 19, 1992, is incorporated herein by reference. (P)

(e) Net Overriding Royalty Conveyance (Cross Timbers Royalty Trust, 75% - Texas) from South Timbers Limited Partnership, West Timbers Limited Partnership, North Timbers Limited Partnership, East Timbers Limited Partnership, Hickory Timbers Limited Partnership, and Cross Timbers Partners, L.P. (predecessors of XTO Energy) to NCNB Texas National Bank, as Trustee, dated February 12, 1991 (without Schedules A and B), heretofore filed as Exhibit 10.5 to the Trust's Registration Statement No. 33-44385 filed with the Securities and Exchange Commission on February 19, 1992, is incorporated herein by reference. (P)

(23)	Consent of Miller and Lents, Ltd.
(31)	Rule 13a-14(a)/15d-14(a) Certification
(32)	Section 1350 Certification
(97)	Cross Timbers Royalty Trust Executive Officer Compensation Recovery Policy
(99.1)	Miller and Lents, Ltd. Report

Copies of the above Exhibits are available to any unitholder, at the actual cost of reproduction, upon written request to the Trustee, Argent Trust Company, 3838 Oak Lawn Ave, Suite 1720, Dallas, Texas 75219.

(P) Paper exhibits.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CROSS TIMBERS ROYALTY TRUST
By ARGENT TRUST COMPANY, TRUSTEE

By /s/ NANCY WILLIS
Nancy Willis
Director of Royalty Trust Services

EXXON MOBIL CORPORATION

Date: April 1, 2024

By /s/ WENDI POWELL
Wendi Powell
Upstream Controller

(The Trust has no directors or executive officers.)

EXHIBIT 23

February 7, 2024

Tracie White
XTO Energy Inc.
22777 Springwoods Village Parkway
Spring, TX 77389-1425

Re: CRT Consent Letter

Dear Tracie White:

This letter is to confirm that Miller and Lents, Ltd. (M&L) authorizes XTO Energy Inc. (XTO) to use our name and report dated January 18, 2024, related to the Cross Timbers Royalty Trust (CRT) for use in the electronic filing of the CRT Annual Report on Form 10-K with the SEC.

Please provide us with an exact copy of the Annual Report on Form 10-K as electronically filed with the SEC.

Very truly yours,

MILLER AND LENTS, LTD.
Texas Registered Engineering Firm No. F-1442

By /S/ JENNIFER A. GODBOLD
Jennifer A. Godbold, P. E.
Senior Vice President

EXHIBIT 31

CERTIFICATIONS

I, Nancy Willis, certify that:

1. I have reviewed this annual report on Form 10-K of Cross Timbers Royalty Trust, for which Argent Trust Company acts as Trustee;

2. Based on my knowledge, this report does not contain any untrue statement of a 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, distributable income and changes in 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, including its consolidated subsidiaries, is made known to me by others within those entities, 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;

    (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 management or other employees who have a significant role in the registrant’s internal control over financial reporting.

In giving the certifications in paragraphs 4 and 5 above, I have relied to the extent I consider reasonable on information provided to me by XTO Energy Inc.

Date: April 1, 2024

By /s/ NANCY WILLIS
Nancy Willis
Director of Royalty Trust Services
Argent Trust Company

EXHIBIT 32

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 Annual Report of Cross Timbers Royalty Trust (the “Trust”) on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, not in its individual capacity but solely as the Trustee of the Trust, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to its knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

Argent Trust Company,
Trustee for Cross Timbers Royalty Trust

April 1, 2024

By /s/ NANCY WILLIS
Nancy Willis
Director of Royalty Trust Services

EXHIBIT 97

Cross Timbers Royalty Trust
Executive Officer Compensation Recovery Policy
(As adopted November 22, 2023)

This Executive Officer Compensation Recovery Policy (this " ***Policy***") of Cross Timbers Royalty Trust (the " ***Trust***") is hereby adopted as of November 22, 2023 (the "Effective Date") by Argent Trust Company (the "***Trustee***") in compliance with Section 10D of the Securities Exchange Act of 1934 and Section 303A.14 of the New York Stock Exchange (the "***NYSE***") Listed Company Manual (" ***Section 303A.14***"). Certain terms shall have the meanings set forth in *"Section 3. Definitions"* below.

Section 1. Recovery Requirement

Subject to Section 4 of this Policy, in the event the Trust is required to prepare an Accounting Restatement, then the Trustee hereby directs the Trust, to the fullest extent permitted by governing law, to recover from each Executive Officer the amount received by an Executive Officer, if any, of Erroneously Awarded Compensation, with such recovery occurring reasonably promptly after the Restatement Date relating to such Accounting Restatement. An Executive Officer shall be deemed to have "received" Incentive-Based Compensation in the Trust's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that fiscal period.

The Trustee may effect recovery in any manner consistent with applicable law including, but not limited to, (a) seeking reimbursement of all or part of any Erroneously Awarded Compensation previously received by an Executive Officer and to the extent that the Executive Officer does not reimburse such Erroneously Awarded Compensation, suing and enforcing recovery against the Executive Officer for repayment of the Erroneously Awarded Compensation, together with any expenses (including, without limitation, legal fees) incurred by the Trust in enforcing such recovery, (b) cancelling prior grants of Incentive-Based Compensation, whether vested or unvested, restricted or deferred, or paid or unpaid, and through the forfeiture of previously vested equity awards, (c) cancelling or setting-off against planned future grants of Incentive-Based Compensation, (d) deducting all or any portion of such Erroneously Awarded Compensation from any other remuneration payable by the Trust to such Executive Officer, and (e) any other method authorized by applicable law or contract.

The Trust's right to recovery pursuant to this Policy is not dependent on if or when the Accounting Restatement is filed with the Securities and Exchange Commission.

Section 2. Incentive-Based Compensation Subject to this Policy.

This Policy applies to all Incentive-Based Compensation received by each Executive Officer on or after the Effective Date:

(i) if such Incentive-Based Compensation was received on or after the date such person became an Executive Officer of the Trust;

(ii) if such Executive Officer served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation; and

(iii) if such Incentive-Based Compensation was received during the three completed fiscal years immediately preceding the Restatement Date (including any transition period that results from a change in the Trust's fiscal year that is within or immediately following those three completed fiscal years; provided that a transition period of nine to 12 months is deemed to be a completed fiscal year).

This Policy shall apply and govern Incentive-Based Compensation received by any Executive Officer, notwithstanding any contrary or supplemental term or condition in any document, plan or agreement including without limitation any employment contract, indemnification agreement, equity agreement, or equity plan document.

Section 3. Definitions:

For purposes of this Policy, the following terms have the meanings set forth below:

- "***Accounting Restatement***" means an accounting restatement due to the material noncompliance of the Trust with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error (i) in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement).
- "***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received by the Executive Officer had it been determined based on the restated amounts in the Accounting Restatement (computed without regard to any taxes paid). For Incentive-Based Compensation based on the price of units of beneficial interest in the Trust or total unitholder return ("***TUR***"), where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement the Trust shall: (i) base the calculation of the amount on a reasonable estimate of the effect of the Accounting Restatement on the price of units of beneficial interest in the Trust or TUR upon which the Incentive-Based Compensation received was based; and (ii) retain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE or, if a class of securities of the Trust is no longer listed on the NYSE, such other national securities exchange or national securities association on which a class of the Trust's securities is then listed for trading.
- "***Executive Officer***" has the meaning set forth in Section 303A.14(e) of the NYSE Listed Company Manual. For purposes of clarity, "Executive Officer" includes officers or employees of the Trustee who perform policy-making functions for the Trust.
- "***Financial Reporting Measure***" is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Trust's financial statements, or any measure derived wholly or in part from such measure, (ii) unit price and (iii) TUR. A Financial Reporting Measure need not be presented within the Trust's financial statements or included in a filing with the Securities Exchange Commission.
- "***Incentive-Based Compensation***" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (including, without limitation, unit price or TUR), including, any short-term or long-term incentive awards, cash bonuses, restricted unit awards that vest based on achievement of a Financial Reporting Measure. Equity awards that vest exclusively upon completion of a specified employment period, without any performance condition, and bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures, do not constitute Incentive-Based Compensation.
- "***NYSE***" means the New York Stock Exchange.

- "***Restatement Date***" means the earlier to occur of (i) the date the Trustee (or an officer or officers of the Trust or Trustee authorized to take such action if action by the board of directors of the Trust or Trustee is not required) concludes, or reasonably should have concluded, that the Trust is required to prepare an Accounting Restatement and (ii) the date a court, regulator, or other legally authorized body directs the Trust to prepare an Accounting Restatement.

Section 4. Exceptions to Recovery

Notwithstanding the foregoing, the Trust is not required to recover Erroneously Awarded Compensation to the extent that the Trustee has made a determination that recovery would be impracticable and that:

(i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (provided, that, before concluding that it would be impracticable to recover based on the expense of enforcement, the Trust must make a reasonable attempt to recover such Erroneously Awarded Compensation and must document such attempts and provide such documentation to the NYSE);

(ii) recovery would violate one or more laws of the home country that were adopted prior to November 28, 2022 (provided, that, before concluding that it would be impracticable to recover based on violation of home country law, the Trust must obtain an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation and provide a copy of such opinion to the NYSE);

(iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Trust and its subsidiaries, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder; or

(iv) any other exception permitted under Section 303A.14 of the NYSE Listed Company Manual.

Section 5. No Right to Indemnification or Insurance

The Trust shall not indemnify any Executive Officer against the loss of Erroneously Awarded Compensation or losses arising from any claims relating to the Trust's enforcement of this Policy. In addition, the Trust shall not pay, or reimburse any Executive Officer for, any premiums for a third-party insurance policy purchased by the Executive Officer or any other party that would fund any of the Executive Officer's potential recovery obligations under this Policy.

Section 6. Award Agreements and Plan Documents

The Trustee further directs the Trust to include clawback language in each of the Trust's incentive compensation plans such that each individual who receives Incentive-Based Compensation under those plans understands and agrees that all or any portion of such Incentive-Based Compensation may be subject to recovery by the Trust, and such individual may be required to repay all or any portion of such Incentive-Based Compensation, if (i) recovery of such Incentive-Based Compensation is required by this Policy, (ii) such Incentive-Based Compensation is determined to be based on materially inaccurate financial and/or performance information (which includes, but is not limited to, statements of earnings, revenues or gains); or (iii) repayment of such Incentive-Based Compensation is required by applicable federal or state securities and/or banking laws.

Section 7. Interpretation and Amendment of this Policy

The Trustee, in its discretion, shall have the sole authority to interpret and make any determinations regarding this Policy. Any interpretation, determination, or other action made or taken by the Trustee shall be final, binding, and conclusive on all interested parties. The determination of the Trustee need not be uniform with respect to one or more officers. The Trustee may amend this Policy from time to time in its discretion and shall amend the Policy to comply with applicable law or with any rules or standards adopted by the NYSE or any national securities exchange on which the Trust's securities are then listed. The Trustee may terminate this Policy at any time.

Any employees of the Trustee who assist in the administration of this Policy shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Trust to the fullest extent under applicable law and Trust policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the employees of the Trustee under applicable law or Trust policy.

Section 8. Other Recoupment Rights.

The Trust intends that this Policy will be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Trust pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other remedies available to the Trust under applicable law. Without by implication limiting the foregoing, following a restatement of the Trust's financial statements, the Trust also shall be entitled to recover any compensation received by the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 99.1

January 18, 2024

Ms. Kameron Fivecoat
Reserves Manager
XTO Energy Inc.
22777 Springwoods Village Parkway
Spring, TX 77389

Re: Underlying Properties (100%)
Relating to the Cross Timbers Royalty Trust
Reserves and Future Net Revenues
As of December 31, 2023
SEC Price Case

Dear Ms. Fivecoat:

At your request, Miller and Lents, Ltd. (M&L) estimated the proved reserves and future net revenues as of December 31, 2023, attributable to the XTO Energy Inc. (XTO) interest in certain oil and gas properties prior to inclusion in the Cross Timbers Royalty Trust, i.e., Underlying Properties (100%). The Underlying Properties (100%) include royalty interest and working interest properties from which net profits interests were conveyed to the Cross Timbers Royalty Trust. The properties consist of approximately 3,071 leases and 14,585 wells located primarily in New Mexico, Oklahoma, and Texas. The aggregate results of M&L's evaluations are as follows:

	Net Reserves		Future Net Revenues	
Reserves Category	**Oil and Condensate MBBL**	**Gas MMCF**	**Undiscounted M$**	**Discounted at 10% Per Year M$**
Royalty Interest Properties				
Proved Developed Producing	300	12,043	67,039	36,656
Total Proved	**300**	**12,043**	**67,039**	**36,656**
Working Interest Properties				
Proved Developed Producing	1,087	650	36,995	20,093
Total Proved	**1,087**	**650**	**36,995**	**20,093**
Total Royalty and Working Interest Properties				
Proved Developed Producing	1,387	12,693	104,034	56,749
Total Proved	**1,387**	**12,693**	**104,034**	**56,749**

Oil and condensate volumes are expressed in thousand barrels (MBBL). Gas volumes are expressed in million cubic feet (MMCF). Future net revenues are expressed in thousand dollars (M$).

The report was prepared for the use of XTO in its financial and reserves reporting and was completed on January 18, 2024. M&L performed evaluations, which are designated as the SEC Price Case, using price and expense premises specified by XTO and described in detail on Appendix 1.

Proved reserves and future net revenues were estimated in accordance with the provisions contained in Securities and Exchange Commission Regulation S-X, Rule 4-10(a). The Securities and Exchange Commission definition of proved reserves is shown on Appendix 2 (not included). Gas volumes for each property are stated at the pressure and temperature bases appropriate for the sales contract or state regulatory authority; therefore, some of the aggregated totals may be stated at a mixed pressure base. No provisions for the possible consequences, if any, of product sales imbalances were included in M&L's projections since M&L received no relevant data. Estimates of future net revenues and discounted future net revenues are not intended and should not be interpreted to represent fair market values for the estimated reserves. In M&L's projections, future costs of abandoning facilities and wells were assumed to be offset by salvage values. Estimated costs, if any, for restoration of producing properties to satisfy environmental standards are beyond the scope of this assignment.

Following Appendix 2 (not included) is a list of exhibits that include annual projections of future production and net revenues for each state, interest type, and reserves category. Also included in the exhibits are one-line summaries showing the proved reserves and future net revenues for each property in the total royalty trust, in the working interest category, in the royalty interest category, and in each state. These exhibits should not be relied upon independently of this narrative.

The proved developed producing reserves and production forecasts were estimated by production decline extrapolations, water-oil ratio trends, P/Z declines, or in a few cases, by volumetric calculations. For some properties with insufficient performance history to establish trends, M&L estimated future production by analogy with other properties with similar characteristics. The past performance trends of many properties were influenced by production curtailments, workovers, waterfloods, and/or infill drilling. Actual future production may require that M&L's estimated trends be significantly altered. Reserves estimates from volumetric calculations and from analogies are often less certain than reserves estimates based on well performance obtained over a period during which a substantial portion of the reserves was produced.

The estimated proved developed nonproducing reserves can be produced from existing well bores but require capital costs for recompletions or for pipeline connections. These proved developed nonproducing reserves estimates were based on analogies with other wells that commercially produce from the same formation in the same field. The timing of initial production was provided to M&L by XTO. When actual production history is available for these nonproducing reserves, M&L's reserves estimates may be significantly revised.

The estimated proved undeveloped reserves require significant capital expenditures, such as for planned drilling and completion costs. The proved undeveloped reserves estimates for infill wells are based on analogies to similar infill wells in the same field and/or the production histories of offset wells in the same field. As actual results of the planned drilling become available, M&L's reserves estimates may be significantly revised.

The data employed in M&L's estimations of proved reserves and future net revenues were provided by XTO. The current expenses for each lease were obtained from operating statements provided by XTO except for certain leases where XTO deducted items considered by XTO to be nonrecurring expenditures. No overhead was included for those properties operated by XTO. For some properties, such as large waterfloods, XTO assumed a decline in operating costs due to depleting production that was derived by forecasting a decrease in the property well count. The data provided to M&L by XTO, including, but not limited to, graphical representations and tabulations of past production performance, well tests and pressures, ownership interests, prices, and operating costs were accepted as represented and were considered appropriate for the purpose of this report. M&L employed all methods, data, procedures, and assumptions considered necessary and appropriate in utilizing the data provided to prepare this report.

The evaluations presented in this report, with the exceptions of those parameters specified by others, reflect M&L's informed judgments and are subject to the inherent uncertainties associated with interpretation of geological, geophysical, and engineering information. These uncertainties include, but are not limited to, (1) the utilization of analogous or indirect data and (2) the application of professional judgments. Government policies and market conditions different from those employed in this study may cause (1) the total quantity of oil, natural gas liquids, or gas to be recovered, (2) actual production rates, (3) prices received, or (4) operating and capital costs to vary from those presented in this report. At this time, M&L is not aware of any regulations that would affect XTO's ability to recover the estimated reserves.

Miller and Lents, Ltd. is an independent oil and gas consulting firm. No director, officer, or key employee of Miller and Lents, Ltd. has any financial ownership in XTO Energy Inc. or any related company. M&L's compensation for the required investigations and preparation of this report is not contingent on the results obtained and reported, and it has not performed other work that would affect M&L's objectivity. Production of this report was supervised by Jennifer A. Godbold, P.E., an officer of the firm who is a licensed Professional Engineer in the State of Texas and is professionally qualified, with more than 12 years of relevant experience, in the estimation, assessment, and evaluation of oil and gas reserves.

M&L's work papers and data are in its files and available for review upon request. If you have any questions regarding the above, or if M&L can be of further assistance, please call.

Very truly yours,

MILLER AND LENTS, LTD.
Texas Registered Engineering Firm No. F-1442

/S/ JENNIFER A. GODBOLD
Jennifer A. Godbold, P.E.
Senior Vice President

Cross Timbers Royalty Trust (100%)

SEC PRICE CASE

A.	Oil Price	Average price during the 12-month period prior to 12/31/23 determined as the arithmetic average of the first-day-of-the-month price for each month during the year 2023. The average price was based on the West Texas Intermediate benchmark price. The arithmetic average of the first-day-of-the-month benchmark prices is $78.22 per barrel and is held constant through the life of the property. The average realized price, after appropriate adjustments, is $74.88 per barrel.
B.	Gas Price	Average price during the 12-month period prior to 12/31/23 determined as the arithmetic average of the first-day-of-the-month price for each month during the year 2023. The average price was based on the Henry Hub benchmark price. The arithmetic average of the first-day-of-the-month benchmark price is $2.637 per MMBTU and is held constant through the life of the property. The average realized price, after appropriate adjustments is $4.40 per MCF.
C.	Operating Costs	Current expenses held constant through the life of the property. For some properties, expenses included a variable component that was a constant cost per unit of gas production and a fixed component that was a constant cost per well completion.
D.	Discount Rate	10% per year.