

REFINITIV

DELTA REPORT

10-Q

VOC - VOC ENERGY TRUST

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 259

| | | |
|---------------------------------------|-----------|-----|
| █ | CHANGES | 109 |
| █ | DELETIONS | 85 |
| █ | ADDITIONS | 65 |

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to _____
Commission File Number: 001-35160

VOC ENERGY TRUST
(Exact name of registrant as specified in its charter)

Delaware 80-6183103
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
The Bank of New York Mellon Trust Company, N.A., Trustee
Global Corporate Trust
601 Travis Street, Floor 16
Houston, Texas 77002
(Address of principal executive offices) (Zip Code)
1-713-483-6020
(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer x

Smaller reporting company x

Emerging growth company ..

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

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

As of November 9, 2023 May 8, 2024, 17,000,000 Units of Beneficial Interest in VOC Energy Trust were outstanding.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Item 1. **Financial Statements.**

VOC ENERGY TRUST
CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME
(Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | | Three months ended March 31, | |
|--|-------------------------------------|---------------------|------------------------------------|----------------------|---------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Income from net profits interest | \$ 3,787,151 | \$ 6,897,212 | \$ 12,337,945 | \$ 16,792,579 | \$ 3,604,114 | \$ 4,328,752 |
| Cash on hand used (withheld) for Trust expenses | 40,069 | (275,888) | (79,297) | (50,291) | | |
| Cash on hand withheld for Trust expenses | | | | | (17,655) | (43,189) |
| General and administrative expenses (1) | (257,220) | (161,324) | (868,648) | (772,288) | (356,459) | (375,563) |
| Distributable income | <u>\$ 3,570,000</u> | <u>\$ 6,460,000</u> | <u>\$ 11,390,000</u> | <u>\$ 15,470,000</u> | <u>\$ 3,230,000</u> | <u>\$ 3,910,000</u> |
| Distributions per Trust unit (17,000,000 Trust units issued and outstanding at September 30, 2023 and 2022) | \$ 0.21 | \$ 0.38 | \$ 0.67 | \$ 0.91 | | |
| Distributions per Trust unit (17,000,000 Trust units issued and outstanding at March 31, 2024 and 2023) | | | | | \$ 0.19 | \$ 0.23 |

(1) Includes \$30,014 and \$28,860 paid to VOC Brazos Energy Partners, LP (“VOC Brazos”) during the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, and \$88,888 and \$85,470 during the nine months ended September 30, 2023 and 2022, respectively. Also includes \$37,500 paid to The Bank of New York Mellon Trust Company, N.A. during each of the three months three-month periods ended **September 30, 2023** **March 31, 2024** and **2022** and \$112,500 during each of the nine months ended September 30, 2023 and 2022, respectively. **2023**.

CONDENSED STATEMENTS OF ASSETS AND TRUST CORPUS

| ASSETS | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|------------------------------------|--------------------------|----------------------|-------------------|----------------------|
| | (Unaudited) | | (Unaudited) | |
| Cash and cash equivalents | \$ 1,328,174 | \$ 1,248,877 | \$ 1,446,956 | \$ 1,429,301 |
| Investment in net profits interest | 140,591,606 | 140,591,606 | 140,591,606 | 140,591,606 |

| | | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| Accumulated amortization and impairment | (128,170,076) | (126,792,167) | (129,109,722) | (128,648,342) |
| Total assets | \$ 13,749,704 | \$ 15,048,316 | \$ 12,928,840 | \$ 13,372,565 |
| TRUST CORPUS | | | | |
| Trust corpus, 17,000,000 Trust units issued and outstanding at September 30, 2023 and December 31, 2022 | \$ 13,749,704 | \$ 15,048,316 | | |
| Trust corpus, 17,000,000 Trust units issued and outstanding at March 31, 2024 and December 31, 2023 | | | \$ 12,928,840 | \$ 13,372,565 |

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS
(Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | | Three months ended March 31, | |
|--------------------------------------|---|----------------------|--|----------------------|---|----------------------|
| | 2023 | | 2022 | | 2024 | |
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Trust corpus, beginning of period | \$ 14,250,935 | \$ 15,320,205 | \$ 15,048,316 | \$ 16,005,190 | \$ 13,372,565 | \$ 15,048,316 |
| Income from net profits interest | 3,787,151 | 6,897,212 | 12,337,945 | 16,792,579 | 3,604,114 | 4,328,752 |
| Cash distributions | (3,570,000) | (6,460,000) | (11,390,000) | (15,470,000) | (3,230,000) | (3,910,000) |
| Trust expenses | (257,220) | (161,324) | (868,648) | (772,288) | (356,459) | (375,563) |
| Amortization of net profits interest | (461,162) | (477,293) | (1,377,909) | (1,436,681) | (461,380) | (472,231) |
| Trust corpus, end of period | \$ 13,749,704 | \$ 15,118,800 | \$ 13,749,704 | \$ 15,118,800 | \$ 12,928,840 | \$ 14,619,274 |

The accompanying notes are an integral part of these condensed financial statements.

VOC ENERGY TRUST
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization of the Trust

VOC Energy Trust (the “Trust”) is a statutory trust formed on November 3, 2010 (capitalized on December 17, 2010), under the Delaware Statutory Trust Act pursuant to a Trust Agreement dated November 3, 2010 (as amended and restated on May 10, 2011, the “Trust Agreement”) among VOC Brazos Energy Partners, L.P., a Texas limited partnership (“VOC Brazos”), as trustor, The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), and Wilmington Trust Company, as Delaware Trustee (the “Delaware Trustee”). The Trust was created to acquire and hold a term net profits interest for the benefit of the Trust unitholders.

VOC Brazos is a privately held limited partnership engaged in the production and development of oil and natural gas from properties located in Texas. VOC Kansas Energy Partners, L.L.C., a Kansas limited liability company (“VOC Kansas”), is a privately held limited liability company engaged in the production and development of oil and natural gas from properties primarily located in Kansas along with a limited number of Texas properties. In connection with the closing of the initial public offering of units of beneficial interest in the Trust (“Trust Units”) in May 2011, VOC Brazos acquired all of the membership interests in VOC Kansas in exchange for newly issued limited partner interests in VOC Brazos pursuant to a Contribution and Exchange Agreement, dated August 30, 2010, as amended, by and between VOC Brazos and VOC Kansas. This resulted in VOC Kansas becoming a wholly-owned subsidiary of VOC Brazos.

The Trust was created to acquire and hold a term net profits interest representing the right to receive 80% of the net proceeds (calculated as described below in Note 5) from production from the underlying properties (as defined below). The net profits interest consists of working interests in substantially all of the oil and natural gas properties held by VOC Brazos and VOC Kansas in the States of Kansas and Texas as of the date of the conveyance of the net profits interest to the Trust. We refer to the properties in which the Trust holds the net profits interest as the “underlying properties.”

The net profits interest is passive in nature, and the Trustee has no management control over and no responsibility relating to the operation of the underlying properties. The net profits interest entitles the Trust to receive 80% of the net proceeds attributable to VOC Brazos’ interest from the sale of production from the underlying properties during the term of the Trust. The net profits interest will terminate on the later to occur of (1) December 31, 2030 or (2) the time when 10.6 million barrels of oil equivalent (“MMBoe”) (which is the equivalent of 8.5 MMBoe in respect of the net profits interest) have been produced from the underlying properties and sold, and the Trust will soon thereafter wind up its affairs and terminate.

As of **September 30, 2023** **March 31, 2024**, cumulatively, since inception, the Trust has received payment for 80% of the net proceeds attributable to VOC Brazos’ interest from the sale of **8.5** **8.8** MMBoe of production from the underlying properties (which is the equivalent of **6.8** **7.0** MMBoe **(unaudited)** in respect of the net profits interest).

The Trustee can authorize the Trust to borrow money to pay administrative or incidental expenses of the Trust that exceed cash held by the Trust. The Trustee may authorize the Trust to borrow from the Trustee or the Delaware Trustee as a lender provided the terms of the loan are similar to the terms it would grant to a similarly situated commercial customer with whom it did not have a fiduciary relationship. The Trustee may also deposit funds awaiting distribution in an account with itself and make other short-term investments with the funds distributed to the Trust.

Note 2. Basis of Presentation

The accompanying Condensed Statement of Assets and Trust Corpus as of **December 31, 2022** **December 31, 2023**, which has been derived from audited financial statements, and the unaudited interim condensed financial statements as of **September 30, 2023** **March 31, 2024** and for the **three- and nine-month** **three-month** periods ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and note disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations.

The preparation of financial statements requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Trustee believes such information includes all the disclosures necessary to make the information presented not misleading. The information furnished reflects all adjustments that are, in the opinion of the Trustee, necessary for a fair presentation of the results of the interim period presented. The financial information should be read in conjunction with the financial statements and notes thereto included in the Trust's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Note 3. Trust Accounting Policies

The Trust uses the modified cash basis of accounting to report receipts of the net profits interest and payments of expenses incurred. The net profits interest represents the right to receive revenues (oil and natural gas sales), less direct operating expenses (lease operating expenses, lease maintenance, lease overhead, and production and property taxes) and an adjustment for lease equipment costs and lease development expenses (which are capitalized in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP")) of the underlying properties, times 80%. Actual cash receipts may vary due to timing delays of actual cash receipts from the property operators or purchasers and due to wellhead and pipeline volume balancing agreements or practices. The actual cash distributions of the Trust will be made based on the terms of the conveyance **that created** **creating** the Trust's net profits interest. Expenses of the Trust, which include accounting, engineering, legal and other professional fees, Trustee fees, an administrative fee paid to VOC Brazos and out-of-pocket expenses, are recognized when paid. Under U.S. GAAP, revenues and expenses would be recognized on an accrual basis. Amortization of the investment in net profits interest is recorded on a unit-of-production method in the period in which the cash is received with respect to such production. Such amortization does not reduce distributable income, rather it is charged directly to Trust corpus.

This comprehensive basis of accounting other than U.S. GAAP corresponds to the accounting permitted for royalty trusts by the SEC as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

Investment in the net profits interest was recorded initially at the historical cost of VOC Brazos and is periodically assessed to determine whether its aggregate value has been impaired below its total capitalized cost based on the underlying properties. The Trust will provide a write-down to its investment in the net profits interest if and when total capitalized costs, less accumulated amortization, exceeds undiscounted future net revenues attributable to the proved oil and gas reserves of the underlying properties. There was no impairment of the investment in the net profits interest during the quarters ended **September 30, 2023** **March 31, 2024** or **2022**, **2023**.

No new accounting pronouncements were adopted or issued during the quarter ended **September 30, 2023** **March 31, 2024** that would impact the financial statements of the Trust.

Note 4. Investment in Net Profits Interest

The net profits interest was recorded at the historical cost of VOC Brazos on May 10, 2011, the date of the conveyance of the net profits interest to the Trust, and was calculated as follows:

| | |
|---|------------------------------|
| Oil and gas properties | \$ 197,270,173 |
| Accumulated depreciation and depletion | (17,681,155) |
| Hedge liability | (1,717,713) |
| 20-year asset retirement liability | (2,131,797) |
| Net property to be conveyed | <u>175,739,508</u> |
| Times 80% net profits interest to Trust | <u><u>\$ 140,591,606</u></u> |

Note 5. Income from Net Profits Interest

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Excess of revenues over direct operating expenses and lease equipment and development costs ⁽¹⁾ | \$ 4,733,939 | \$ 8,621,515 | \$ 15,422,431 | \$ 20,990,724 |
| Times 80% net profits interest to Trust | 80 % | 80 % | 80 % | 80 % |
| Income from net profits interest before reserve adjustments | 3,787,151 | 6,897,212 | 12,337,945 | 16,792,579 |
| VOC Brazos reserve for future development, maintenance or operating expenditures ⁽²⁾ | — | — | — | — |
| Income from net profits interest ⁽³⁾ | <u>\$ 3,787,151</u> | <u>\$ 6,897,212</u> | <u>\$ 12,337,945</u> | <u>\$ 16,792,579</u> |

| | Three months ended March 31, | |
|--|---------------------------------|---------------------|
| | 2024 | 2023 |
| Excess of revenues over direct operating expenses and lease equipment and development costs ⁽¹⁾ | \$ 4,505,142 | \$ 5,410,940 |
| Times 80% net profits interest to Trust | 80 % | 80 % |
| Income from net profits interest before reserve adjustments | 3,604,114 | 4,328,752 |
| VOC Brazos reserve for future development, maintenance or operating expenditures ⁽²⁾ | — | — |
| Income from net profits interest ⁽³⁾ | <u>\$ 3,604,114</u> | <u>\$ 4,328,752</u> |

(1) Excess of revenues over direct operating expenses and lease equipment and development costs reflect expenses and costs incurred by VOC Brazos during each of the March through May production periods for the three months ended September 30 and during each of the September through May November production periods for the nine months ended September 30. Pursuant to the terms of the conveyance of the net profits interest, lease equipment and development costs are to be deducted when calculating the distributable income to the Trust.

(2) Pursuant to the terms of the conveyance of the net profits interest, VOC Brazos can reserve up to \$1.0 million for future development, maintenance or operating expenditures at any time. During the three months ended September 30, 2023 March 31, 2024 and 2022, and the nine months ended September 30, 2023 and 2022, 2023, VOC Brazos did not withhold or release any dollar amounts due to the Trust from the reserve. The reserve balance was \$1.0 million \$1.0 million at September 30, 2023 March 31, 2024 and 2022, 2023.

(3) The income from net profits interest is based upon the cash receipts from VOC Brazos for the oil and gas production. The revenues from oil production are typically received by VOC Brazos one month after production; thus, the cash received by the Trust during the three months ended September 30, 2023 March 31, 2024 substantially represents production by VOC Brazos from March September 2023 through May 2023, and the November 2023. The cash received by the Trust during the three months ended September 30, 2022 substantially represents production by VOC Brazos from March 2022 through May 2022. The cash received by the Trust during the nine months ended September 30, 2023 March 31, 2023 substantially represents production by VOC Brazos from September 2021 through May November 2022.

For the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, MV Purchasing, LLC, an affiliate of VOC Brazos, purchased a significant portion of the production of the underlying properties. Sales to MV Purchasing, LLC are under short-term arrangements, ranging from one to six months, using market sensitive pricing.

Note 6. Income Taxes

The Trust is a Delaware statutory trust and is not required to pay federal or state income taxes. Accordingly, no provision for federal or state income taxes has been made.

Note 7. **Distributions to Unitholders**

VOC Brazos makes quarterly payments of the net profits interest to the Trust. The Trustee determines for each quarter the amount available for distribution to the Trust unitholders. This distribution is expected to be made on or before the 45th day following the end of each quarter to the Trust unitholders of record on the 30th day of the month following the end of each quarter (or the next succeeding business day). Such amounts will be equal to the excess, if any, of the cash received by the Trust relating to the preceding quarter, over the expenses of the Trust paid for such quarter, subject to adjustments for changes made by the Trustee during such quarter in any cash reserves established for future expenses of the Trust. Beginning in the first quarter of 2022, the Trustee withheld a portion of the proceeds otherwise available for distribution each quarter to build a reserve of \$1.175 million for the payment of future known, anticipated or contingent expenses or liabilities of the Trust. The targeted \$1.175 million cash reserve was fully funded by February 2023 and is included in cash and cash equivalents on the accompanying Condensed Statements of Assets and Trust Corpus. The Trustee may increase or decrease the targeted amount at any time and may increase or decrease the rate at which it withholds funds to build the cash reserve at any time, without advance notice to the unitholders. Cash held in reserve will be invested as required by the Trust Agreement. Any cash reserved in excess of the amount necessary to pay or provide for the payment of future known, anticipated or contingent expenses or liabilities eventually will be distributed to unitholders, together with interest earned on the funds.

The first quarterly distribution during 2024 was \$3,230,000, or \$0.19 per Trust Unit, and was made on February 14, 2024 to Trust unitholders owning Trust Units as of January 30, 2024. Such distribution included the net proceeds of production collected by VOC Brazos from October 1, 2023 through December 31, 2023.

The first quarterly distribution during 2023 was \$3,910,000, or \$0.23 per Trust Unit, and was made on February 14, 2023 to Trust unitholders owning Trust Units as of January 30, 2023. Such distribution included the net proceeds of production collected by VOC Brazos from October 1, 2022 through December 31, 2022 and was net of \$231,030 withheld by the Trustee towards the building of the cash reserve described above and with that amount, the targeted reserve was fully funded.

The second quarterly distribution during 2023 was \$3,910,000, or \$0.23 per Trust Unit, and was made on May 12, 2023 to Trust unitholders owning Trust Units as of May 1, 2023. Such distribution included the net proceeds of production collected by VOC Brazos from January 1, 2023 through March 31, 2023.

The third quarterly distribution during 2023 was \$3,570,000, or \$0.21 per Trust Unit, and was made on August 14, 2023 to Trust unitholders owning Trust Units as of August 1, 2022. Such distribution included the net proceeds of production collected by VOC Brazos from April 1, 2023 through June 30, 2023.

The first quarterly distribution during 2022 was \$4,250,000, or \$0.25 per Trust Unit, and was made on February 14, 2022 to Trust unitholders owning Trust Units as of February 1, 2022. Such distribution included the net proceeds of production collected by VOC Brazos from October 1, 2021 through December 31, 2021 and was net of \$182,917 withheld by the Trustee towards the building of the cash reserve described above.

The second quarterly distribution during 2022 was \$4,760,000, or \$0.28 per Trust Unit, and was made on May 13, 2022 to Trust unitholders owning Trust Units as of May 2, 2022. Such distribution included the net proceeds of production collected by VOC Brazos from January 1, 2022 through March 31, 2022 and was net of \$182,917 withheld by the Trustee towards the building of the cash reserve described above.

The third quarterly distribution during 2022 was \$6,460,000, or \$0.38 per Trust Unit, and was made on August 12, 2022 to Trust unitholders owning Trust Units as of August 1, 2022. Such distribution included the net proceeds of production collected by VOC Brazos from April 1, 2022 through June 30, 2022 and was net of \$221,666 withheld by the Trustee towards the building of the cash reserve described above.

Note 8. Advance for Trust Expenses

Under the terms of the Trust Agreement, the Trustee is allowed to borrow money to pay Trust expenses. During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, there were no borrowings or amounts owed for money borrowed in previous quarters. Under the terms of the Trust Agreement, VOC Brazos has provided a letter of credit in the amount of \$1.7 million \$1,700,000 to the Trustee to protect the Trust against the risk that it does not have sufficient cash to pay future expenses.

Note 9. Subsequent Events

On October 19, 2023 April 18, 2024, the Trust announced a Trust distribution of net profits for the fourth first quarterly distribution during 2022. payment period ended March 31, 2024. Unitholders of record on October 30, 2023 April 30, 2024 will receive a distribution amounting to \$3,825,000, \$3,060,000, or \$0.225 \$0.18 per Trust Unit, which will be paid on November 14, 2023 May 15, 2024.

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

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

The following discussion of the Trust's financial condition and results of operations should be read in conjunction with the financial statements and notes thereto. The Trust's purpose is, in general, to hold the net profits interest, to distribute to the Trust unitholders cash that the Trust receives in respect of the net profits interest and to perform certain administrative functions in respect of the net profits interest and the Trust Units. The Trust derives substantially all of its income and cash flows from the net profits interest. All information regarding operations has been provided to the Trustee by VOC Brazos.

Results of Operations

Results of Operations for the Quarters Ended September 30, 2023 March 31, 2024 and 2022 2023

The following is a summary of income from net profits interest received by the Trust for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 consisting of the July January distribution for each respective year:

| | Three months ended September 30, | | Three months ended March 31, | |
|---|-------------------------------------|---------------|---------------------------------|---------------|
| | 2023 | 2022 | 2024 | 2023 |
| Sales volumes: | | | | |
| Oil (Bbl) | 126,373 | 131,018 | 116,405 | 127,600 |
| Natural gas (Mcf) | 70,964 | 74,199 | 67,921 | 83,501 |
| Total (BOE) | 138,200 | 143,385 | 127,725 | 141,517 |
| Average sales prices: | | | | |
| Oil (per Bbl) | \$ 71.49 | \$ 104.64 | \$ 81.39 | \$ 82.73 |
| Natural gas (per Mcf) | \$ 2.91 | \$ 6.65 | \$ 3.24 | \$ 7.65 |
| Gross proceeds: | | | | |
| Oil sales | \$ 9,033,970 | \$ 13,709,782 | \$ 9,474,489 | \$ 10,556,507 |
| Natural gas sales | 206,615 | 493,468 | 220,046 | 639,071 |
| Total gross proceeds | 9,240,585 | 14,203,250 | 9,694,535 | 11,195,578 |
| Costs: | | | | |
| Production and development costs: | | | | |
| Lease operating expenses | 3,553,191 | 3,851,595 | 3,907,650 | 4,022,303 |
| Production and property taxes | 657,484 | 645,568 | 834,484 | 893,958 |
| Development expenses | 295,971 | 1,084,572 | 447,259 | 868,377 |
| Total costs | 4,506,646 | 5,581,735 | 5,189,393 | 5,784,638 |
| Excess of revenues over direct operating expenses and lease equipment and development costs | | | | |
| | 4,733,939 | 8,621,515 | 4,505,142 | 5,410,940 |
| Times net profits interest over the term of the Trust | 80 % | 80 % | 80 % | 80 % |
| Income from net profits interest before reserve adjustments | 3,787,151 | 6,897,212 | 3,604,114 | 4,328,752 |
| VOC Brazos reserve for future development, maintenance or operating expenditures | — | — | — | — |
| Income from net profits interest | \$ 3,787,151 | \$ 6,897,212 | \$ 3,604,114 | \$ 4,328,752 |

The cash received by the Trust from VOC Brazos during the quarter ended September 30, 2023 March 31, 2024 substantially represents the production by VOC Brazos from March September 2023 through May November 2023. The cash received by the Trust from VOC Brazos during the quarter ended September 30, 2022 March 31, 2023 substantially represents the

production by VOC Brazos from **March** **September** 2022 through **May** **November** 2022. The revenues from oil production are typically received by VOC Brazos one month after production.

Gross proceeds. Oil and natural gas sales were **\$9,240,585** **\$9,694,535** for the three months ended **September 30, 2023** **March 31, 2024**, a decrease of **\$4,962,665** **\$1,501,043** or **34.9%** **13.4%** from **\$14,203,250** **\$11,195,578** for the three months ended **September 30, 2022** **March 31, 2023**. Revenues are a function of oil and natural gas sales prices and volumes sold and prices received. The decrease in gross proceeds was due to decreases in oil and natural gas sales volumes and in market prices for oil and natural gas and by decreases in oil and natural gas sales volumes during the **third** **first** quarter of **2023**, **2024**. During the three months ended **September 30, 2023** **March 31, 2024**, the average price for oil decreased **31.7%** **1.6%** to **\$71.49** **\$81.39** per Bbl and the average price for natural gas decreased **56.2%** **57.6%** to **\$2.91** **\$3.24** per Mcf. Oil During the three months ended **March 31, 2024**, oil sales volumes were **126,373** **116,405** Bbls, a decrease of **11,195** Bbls or **8.8%** from **127,600** Bbls for the three months ended **September 30, 2023**, a decrease of **4,645** Bbls or **3.5%** from **131,018** Bbls for the three months ended **September 30, 2022** **March 31, 2023**, while natural gas sales volumes were **70,964** **67,921** Mcf, a decrease of **3,235** **15,580** Mcf or **4.4%** **18.7 %** from **74,199** **83,501** Mcf for the same period in **2022**, **2023**.

Costs. Lease operating expenses were \$3,553,191 \$3,907,650 for the three months ended September 30, 2023 March 31, 2024, a decrease of \$298,404 \$114,653 or 7.7% 2.9% from \$3,851,595 \$4,022,303 for the three months ended September 30, 2022 March 31, 2023. Production and property taxes were \$657,484 \$834,484 for the three months ended September 30, 2023 March 31, 2024, an increase a decrease of \$11,916 \$59,474 or 1.8% 6.7% from \$645,568 \$893,958 for the same period in 2022, 2023. Such increase decrease is the result of an increase of \$152,694 primarily due to a \$65,743 or 59.7% in property taxes, partially offset by a 20.7% decrease of \$140,778 or 36.1% in production taxes due primarily to lower sales volumes and sales prices for oil and natural gas, partially offset by an increase of \$6,269 or 1.1% in property taxes. Development expenses were \$295,971 \$447,259 for the three months ended September 30, 2023 March 31, 2024, a decrease of \$788,601 \$421,118 or 72.7% 48.5% from \$1,084,572 \$868,377 for the same period in 2022, 2023. Such decrease was primarily due to a decrease in drilling activity and development expenses, during the three months ended September 30, 2023 March 31, 2024, compared to the three months ended September 30, 2022 March 31, 2023, a period that included drilling approximately \$200,000 in costs associated with the completion costs of two horizontal wells in Texas.

Excess of revenues over direct operating expenses and lease equipment and development costs. The excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties was \$4,733,939 \$4,505,142 for the three months ended September 30, 2023 March 31, 2024, a decrease of \$3,887,576 \$905,798 or 45.1% 16.7% from \$8,621,515 \$5,410,940 for the three months ended September 30, 2022 March 31, 2023. The Trust's 80% net profits interest of these totals was \$3,787,151 were \$3,604,114 and \$6,897,212, \$4,328,752, respectively. During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, VOC Brazos did not withhold or release any dollar amounts due to the Trust from the previously established cash reserve for future development, maintenance or operating expenditures, which resulted in income from the net profits interest of \$3,787,151 \$3,604,114 and \$6,897,212 \$4,328,752 for such periods, respectively. These amounts were reduced by a Trustee holdback for current estimated Trust expenses of \$217,151 \$374,114 and \$215,546 \$187,722 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and a Trustee holdback for future estimated Trust expenses of \$221,666 for the three months ended September 30, 2022. The Trustee paid general and administrative expenses of \$257,220 for the three months ended September 30, 2023, an increase of \$95,896 from \$161,324 for the three months ended September 30, 2022. This increase was primarily due to the differences in the timing of receipt and payment of recurring general and administrative expenses. These factors resulted in distributable income for the three months ended September 30, 2023 of \$3,570,000, a decrease of \$2,890,000 from \$6,460,000 for the three months ended September 30, 2022.

Results of Operations for the Nine Months Ended September 30, 2023 and 2022

The following is a summary of income from net profits interest received by the Trust for the nine months ended September 30, 2023 and 2022 consisting of the January, April and July distributions for each respective year:

| | Nine months ended September 30, | |
|-----------------------------------|------------------------------------|---------------|
| | 2023 | 2022 |
| Sales volumes: | | |
| Oil (Bbl) | 374,744 | 391,719 |
| Natural gas (Mcf) | 229,109 | 239,254 |
| Total (BOE) | 412,929 | 431,595 |
| Average sales prices: | | |
| Oil (per Bbl) | \$ 76.18 | \$ 85.73 |
| Natural gas (per Mcf) | \$ 5.44 | \$ 6.27 |
| Gross proceeds: | | |
| Oil sales | \$ 28,546,400 | \$ 33,583,941 |
| Natural gas sales | 1,246,778 | 1,500,934 |
| Total gross proceeds | 29,793,178 | 35,084,875 |
| Costs: | | |
| Production and development costs: | | |
| Lease operating expenses | 11,213,378 | 10,557,018 |
| Production and property taxes | 1,830,926 | 1,629,778 |
| Development expenses | 1,326,443 | 1,907,355 |
| Total costs | 14,370,747 | 14,094,151 |

| | | |
|---|----------------------|----------------------|
| Excess of revenues over direct operating expenses and lease equipment and development costs | 15,422,431 | 20,990,724 |
| Times net profits interest over the term of the Trust | 80 % | 80 % |
| Income from net profits interest before reserve adjustments | 12,337,945 | 16,792,579 |
| VOC Brazos reserve for future development, maintenance or operating expenditures | — | — |
| Income from net profits interest | <u>\$ 12,337,945</u> | <u>\$ 16,792,579</u> |

The cash received by the Trust from VOC Brazos during the nine months ended September 30, 2023 substantially represents the production by VOC Brazos from September 2022 through May 2023. The cash received by the Trust from VOC Brazos during the nine months ended September 30, 2022 substantially represents the production by VOC Brazos from September 2021 through May 2022. The revenues from oil production are typically received by VOC Brazos one month after production.

Gross proceeds. Oil and natural gas sales were \$29,793,178 for the nine months ended September 30, 2023, a decrease of \$5,291,697 or 15.1% from \$35,084,875 for the nine months ended September 30, 2022. Revenues are a function of oil and natural gas volumes sold and prices received. The decrease in gross proceeds was due to decreases in oil and natural gas sales volumes and in market prices for oil and natural gas sales during the nine months ended September 30, 2023. During the nine months ended September 30, 2023, the average price for oil decreased 11.1% to \$76.18 per Bbl and the average price for natural gas decreased 13.2% to \$5.44 per Mcf. Oil sales volumes were 374,744 Bbls for the nine months ended September 30, 2023, a decrease of 16,975 Bbls or 4.3% from 391,719 Bbls for the nine months ended September 30, 2022, while natural gas sales volumes were 229,109 Mcf, a decrease of 10,145 Mcf or 4.2% from 239,254 Mcf for the same period in 2022.

Costs. Lease operating expenses were \$11,213,378 for the nine months ended September 30, 2023, an increase of \$656,360 or 6.2% from \$10,557,018 for the nine months ended September 30, 2022. Production and property taxes were \$1,830,926 for the nine months ended September 30, 2023, an increase of \$201,148 or 12.3% from \$1,629,778 for the nine months ended September 30, 2022. Such increase is the result of an increase of \$357,641 or 56.3% in property taxes, partially offset by a decrease of \$156,493 or 15.7% in production taxes due primarily to lower sales volumes and sales prices for oil and natural gas. Development expenses were \$1,326,443 for the nine months ended September 30, 2023, a decrease of \$580,912 or 30.5% from \$1,907,355 for the same period in 2022. Such decrease was primarily due to a decrease in drilling activity and development expenses, during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, a period that included drilling costs associated with two horizontal wells in Texas.

Excess of revenues over direct operating expenses and lease equipment and development costs. The excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties was \$15,422,431 for the nine months ended September 30, 2023, a decrease of \$5,568,293 or 26.5% from \$20,990,724 for the nine months ended September 30, 2022. The Trust's 80% net profits interest of these totals was \$12,337,945 and \$16,792,579, respectively. During the nine months ended September 30, 2023 and 2022, VOC Brazos did not withhold or release any dollar amounts due to the Trust from the previously established cash reserve for future development, maintenance or operating expenditures, which resulted in income from the net profits interest of \$12,337,945 and \$16,792,579 for such periods, respectively. These amounts were reduced by a Trustee holdback for current estimated Trust expenses of \$716,915 and \$735,079 for the nine months ended September 30, 2023 and 2022, 2023, respectively, and a Trustee holdback for future estimated Trust expenses of \$231,030 and \$587,500 for the nine months ended September 30, 2023 and 2022, respectively. March 31, 2023. The Trustee paid general and administrative expenses of \$868,648 \$356,459 for the nine months ended September 30, 2023 March 31, 2024, an increase a decrease of \$96,360 \$19,104 from \$772,288 \$375,563 for the nine months ended September 30, 2022 March 31, 2023. This increase was primarily due to the differences in timing of receipt and payment of recurring general and administrative expenses. These factors resulted in distributable income of \$11,390,000 for the nine months ended September 30, 2023 and \$15,470,000 March 31, 2024 of \$3,230,000, a decrease of \$680,000 from \$3,910,000 for the nine months ended September 30, 2022 March 31, 2023.

Liquidity and Capital Resources

Other than Trust administrative expenses, including any reserves established by the Trustee for future liabilities, the Trust's only use of cash is for distributions to Trust unitholders. Administrative expenses include payments to the Trustee as well as a quarterly administrative fee to VOC Brazos pursuant to an administrative services agreement. Each quarter, the Trustee determines the amount of funds available for distribution. Available funds are the excess cash, if any, received by the Trust from the net profits interest and other sources (such as interest earned on any amounts reserved by the Trustee) in that quarter, over the Trust's expenses paid for that quarter. Available funds are reduced by any cash that the Trustee decides to reserve for future development, maintenance or operating expenses. As of September 30, 2023 March 31, 2024, \$1,328,174 was held by the Trustee held \$1,446,956 as cash and cash equivalents on the accompanying Condensed Statements of Assets and Trust Corpus, which includes the \$1.175 million cash reserve described below, as such a reserve.

The Trustee may cause the Trust to borrow funds required to pay expenses if the Trustee determines that the cash on hand and the cash to be received are insufficient to cover the Trust's expenses. If the Trust borrows funds, the Trust unitholders will not receive distributions until the borrowed funds are repaid. During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, there were no such borrowings. VOC Brazos has provided a letter of credit in the amount of \$1.7 million \$1.7 million to the Trustee to protect the Trust against the risk that it does not have sufficient cash to pay future expenses.

Beginning in the first quarter of 2022, the Trustee withheld a portion of the proceeds otherwise available for distribution each quarter to gradually build a \$1.175 million cash reserve for the payment of future known, anticipated, or contingent expenses or liabilities of the Trust. This amount is in addition to the \$1.7 million letter of credit described above. The targeted \$1.175 million cash reserve was fully funded as of January 30, 2023. The Trustee may increase or decrease the targeted amount at any time and may increase or decrease the rate at which it withholds funds to build the cash reserve at any time, without advance notice to the unitholders. Cash held in reserve will be invested as required by the Trust Agreement. Any cash reserved in excess of the amount necessary to pay or provide for the payment of future known, anticipated or contingent expenses or liabilities eventually will be distributed to unitholders, together with interest earned on the funds.

Income to the Trust from the net profits interest is based on the calculation and definitions of “gross proceeds” and “net proceeds” contained in the conveyance.

As substantially all of the underlying properties are located in mature fields, VOC Brazos does not expect future costs for the underlying properties to change significantly compared to recent historical costs other than changes due to fluctuations in the general cost of oilfield services. VOC Brazos may establish a cash reserve of up to \$1.0 million \$1,000,000 in the aggregate at any given time from the dollar amount otherwise distributable to the Trust to reduce the impact on distributions of uneven capital expenditure timing. The cash reserve balance was \$1.0 million at September 30, 2023 \$1,000,000 on March 31, 2024 and 2022, 2023, respectively.

Note Regarding Forward-Looking Statements

This Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact included in this Form 10-Q, including without limitation the statements under “Trustee’s Discussion and Analysis of Financial Condition and Results of Operations”, are forward-looking statements. Although VOC Brazos advised the Trust that it believes that the expectations reflected in the forward-looking statements contained herein are reasonable, no assurance can be given that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from expectations (“Cautionary Statements”) are disclosed in this Form 10-Q and in the Trust’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the “Form 10-K”), including under the section “Item 1A. Risk Factors”. All subsequent written and oral forward-looking statements attributable to the Trust or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Trust is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this Item.

Item 4. Controls and Procedures.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. The Trustee maintains disclosure controls and procedures designed to ensure that information required to be disclosed by the Trust in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and regulations promulgated by the SEC. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Trust is accumulated and communicated by VOC Brazos to the Trustee, as trustee of the Trust, and its employees who participate in the preparation of the Trust’s periodic reports as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Trustee carried out an evaluation of the Trust’s disclosure controls and procedures. A Trust Officer of the Trustee has concluded that the disclosure controls and procedures of the Trust are effective.

Due to the contractual arrangements of (i) the Trust Agreement and (ii) the conveyance of the net profits interest, the Trustee relies on (A) information provided by VOC Brazos, including historical operating data, plans for future operating and capital expenditures, reserve information and information relating to projected production and (B) conclusions and reports regarding reserves by the Trust's independent reserve engineers. See "Risk Factors—Neither the trust Trust nor the trust's Trust's unitholders have the ability to influence VOC Brazos or control the operations or development of the underlying properties" in the Form 10-K.

Changes in Internal Control over Financial Reporting. During the quarter ended **September 30, 2023** **March 31, 2024**, there was no change in the Trust's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting. The Trustee notes for purposes of clarification that it has no authority over, and makes no statement concerning, the internal control over financial reporting of VOC Brazos.

PART II—OTHER INFORMATION

Item 1A.Risk Factors.

There have not been any material changes from the risk factors previously disclosed in the Trust's response to Item 1A to Part I of the Form 10-K.

Item5. Other Information.

Rule 10b5-1 Trading Plans. During the three months ended March 31, 2024, no officer or employee of the Trustee who performs policy-making functions for the Trust adopted, modified, or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408(a) of Regulation S-K, with respect to the Trust units.

Item 6. Exhibits.

Item 6. Exhibits.

The exhibits listed below are filed or furnished as part of this Quarterly Report on Form 10-Q.

Exhibit

Number

Description

| | |
|--------------------|---|
| 31 | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES

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

VOC ENERGY TRUST

By: The Bank of New York Mellon Trust Company, N.A., as
Trustee

By: /s/ ELAINA C. RODGERS

Elaina C. Rodgers
Vice President

Date: November 9, 2023 May 8, 2024

The Registrant, VOC Energy Trust, has no principal executive officer, principal financial officer, board of directors or persons performing similar functions. Accordingly, no additional signatures are available and none have been provided. In signing the report above, the Trustee does not imply that it has performed any such function or that such function exists pursuant to the terms of the Trust Agreement under which it serves.

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EXHIBIT 31

CERTIFICATION

I, Elaina C. Rodgers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of VOC Energy Trust (the "Trust"), for which The Bank of New York Mellon Trust Company, N.A., acts as Trustee;
2. Based on my knowledge, this report does not contain any untrue statement of 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 in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors:

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves any persons who have a significant role in the registrant's internal control over financial reporting.

In giving the foregoing certifications in paragraphs 4 and 5, I have relied to the extent I consider reasonable on information provided to me by VOC Brazos Energy Partners, L.P.

In giving the foregoing certifications in paragraphs 4 and 5, I have relied to the extent I consider reasonable on information provided to me by VOC Brazos Energy Partners, L.P.

Date: November 9, 2023 May 8, 2024

/s/ ELAINA C. RODGERS

Elaina C. Rodgers

Vice President

*The Bank of New York Mellon Trust Company, N.A.,
Trustee for VOC Energy Trust*

EXHIBIT 32

November 9, 2023 May 8, 2024

Via EDGAR

Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

In connection with the Quarterly Report of VOC Energy Trust (the “Trust”) on Form 10-Q for the quarterly period ended **September 30, 2023** **March 31, 2024** 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. 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.

The above certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and is not being filed as part of the Report or as a separate disclosure document.

The Bank of New York Mellon Trust Company, N.A.
Trustee for VOC Energy Trust

By: /s/ ELAINA C. RODGERS
Elaina C. Rodgers
Vice President and Trust Officer

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