

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

BP PRUDHOE BAY ROYALTY TRUST

CIK: **850033** | IRS No.: **136943724** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10243** | Film No.: **95536287**

Business Address
C/O BANKOF NEW YORK
101 BARCLAY ST., 21ST
FLOOR WEST
NEW YORK NY 10286
2128155084

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended March 31, 1995

Commission File Number 1-10243

BP PRUDHOE BAY ROYALTY TRUST
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or
organization)

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

THE BANK OF NEW YORK
101 Barclay Street
New York, New York
Attention: Walter N. Gitlin 10286
(Address of principal executive offices) (Zip Code)

(212) 815-5084
(Registrants telephone number, including area code)

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 X . No .

--- ---

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

As of May 8, 1995 -- 21,400,000 Units of Beneficial Interest in the BP Prudhoe Bay Royalty Trust were outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
(See pages 3-8 below)

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BP PRUDHOE BAY ROYALTY TRUST

Financial Statements

March 31, 1995

(Unaudited)

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BP PRUDHOE BAY ROYALTY TRUST

Statement of Assets, Liabilities and Trust Corpus

March 31, 1995

(In thousands, except unit data)

(Unaudited)

<TABLE>

<CAPTION>

Assets -----	March 31, 1995 -----	December 31, 1994 -----
<S>	<C>	<C>
Royalty Interest (notes 1 and 2)	\$ 535,000	535,000
Less: accumulated amortization	(203,477)	(194,689)
	-----	-----

Total assets	\$ 331,523	340,311
	-----	-----
Liabilities and Trust Corpus		
Accrued expenses	223	118
Trust corpus (40,000,000 units of beneficial interest authorized, 21,400,000 units issued and outstanding)	331,300	340,193
Contingencies (note 3)		
	-----	-----
Total liabilities and Trust corpus	\$ 331,523	340,311
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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BP PRUDHOE BAY ROYALTY TRUST

Statement of Cash Earnings and Distributions

(In thousands, except unit data)

(Unaudited)

<TABLE>

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	Three months ended March 31,	
	1995	1994
	-----	-----
<S>	<C>	<C>
Royalty revenues	\$ 8,478	9,172
Trust administrative expenses	141	100
	-----	-----
Cash earnings	\$ 8,337	9,072
	=====	=====
Cash distributions	\$ 8,337	9,072

	=====	=====
Cash distributions per unit	\$ 0.390	0.424
	=====	=====
Units outstanding	21,400,000	21,400,000
	=====	=====

See accompanying notes to financial statements.

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BP PRUDHOE BAY ROYALTY TRUST
Statement of Changes in Trust Corpus

(In thousands)

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended March 31,	
	----- 1995 -----	----- 1994 -----
<S>	<C>	<C>
Trust corpus at beginning of period	\$ 340,193	407,057
Cash Earnings	8,337	9,072
Increase in accrued Trust expenses	(105)	(152)
Cash distributions	(8,337)	(9,072)
Amortization of Royalty Interest	(8,788)	(16,478)
	-----	-----
Trust corpus at end of period	\$ 331,300	390,427
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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BP PRUDHOE BAY ROYALTY TRUST

Notes to Financial Statements

March 31, 1995

(Unaudited)

(1) Formation of the Trust and Organization

BP Prudhoe Bay Royalty Trust (the "Trust") was formed pursuant to a Trust Agreement, dated February 28, 1989 among The Standard Oil Company ("Standard Oil"), BP Exploration (Alaska) Inc. (the "Company"), The Bank of New York and a co-trustee (collectively, the "Trustee"). Standard Oil and the Company are indirect wholly owned subsidiaries of The British Petroleum Company p.l.c. ("BP").

On February 28, 1989, Standard Oil conveyed a royalty interest (the "Royalty Interest") to the Trust. The Trust was formed for the sole purpose of owning and administering the Royalty Interest. The Royalty Interest represents the right to receive, effective February 28, 1989, a per barrel royalty (the "Per Barrel Royalty") on 16.4246% of the lesser of (a) the first 90,000 barrels of the average actual daily net production of oil and condensate per quarter or (b) the average actual daily net production of oil and condensate per quarter from the Company's working interest in the Prudhoe Bay Field (the "Field") located on the North Slope of Alaska.

The co-trustees of the Trust are The Bank of New York, a New York corporation authorized to do a banking business, and The Bank of New York (Delaware), a Delaware banking corporation. The Bank of New York (Delaware) serves as co-trustee in order to satisfy certain requirements of the Delaware Trust Act. The Bank of New York alone is able to exercise the rights and powers granted to the Trustee in the Trust Agreement.

The Trust is passive, with the Trustee having only such powers as are necessary for the collection and distribution of revenues, the payment of Trust liabilities and the protection of the Royalty Interest.

(2) Basis of Accounting

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

- (a) Revenues are recorded when received (generally within 15 days of the end of the preceding quarter) and distributions to Trust

Unit holders are recorded when paid.

- (b) Trust expenses (which include accounting, engineering, legal, and other professional fees, trustees' fees and out-of-pocket expenses) are recorded when incurred.

(Continued)

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BP PRUDHOE BAY ROYALTY TRUST

Notes to Financial Statements

(Unaudited)

(2) Continued

- (c) Amortization of the Royalty Interest is calculated based on the units-of-production attributable to the Trust over the production of estimated proved reserves attributable to the Trust (approximately 81,000,000 barrels at December 31, 1994), is charged directly to the Trust corpus, and does not affect cash earnings. The rate for amortization per net equivalent barrel of oil and condensate was \$6.61 for the three months ended March 31, 1995 and \$12.39 for the three months ended March 31, 1994. The remaining unamortized balance of the net overriding Royalty Interest at March 31, 1995 is not necessarily indicative of the fair market value of the interest held by the Trust.

While these statements differ from financial statements prepared in accordance with generally accepted accounting principles, the cash basis of reporting revenues and distributions is considered to be the most meaningful because quarterly distributions to the Unit holders are based on net cash receipts. The accompanying modified cash basis financial statements contain all adjustments necessary to present fairly the assets, liabilities and Trust corpus of the Trust as of March 31, 1995 and December 31, 1994 and the modified cash earnings and distributions and changes in Trust corpus for the three months ended March 31, 1995 and 1994.

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

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

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

Financial Condition.

The Trust is a passive entity with the Trustee having only such powers as are necessary for the collection and distribution of revenues from the Royalty Interest, the payment of Trust liabilities and expenses and the protection of the Royalty Interest. All royalty payments received by the Trustee are distributed, net of Trust expenses, to Trust Unit Holders. Accordingly, a discussion of liquidity or capital resources is not applicable.

Results of Operations.

The BP Prudhoe Bay Royalty Trust (the "Trust") was formed pursuant to the BP Prudhoe Bay Royalty Trust Agreement dated February 28, 1989 (the "Trust Agreement") and holds a royalty interest generally entitling the Trust to a per barrel royalty on 16.4246% of the first 90,000 barrels of the average actual daily net production of oil and condensate per calendar quarter from the BP Exploration (Alaska) Inc. working interest in the Prudhoe Bay Unit.

Payments to the Trust with respect to the Royalty Interest are payable on the fifteenth day after the end of the calendar quarter (or the next succeeding business day if such fifteenth day is not a business day) in an amount equal to the per barrel WTI Price for each day during the calendar quarter less the sum of (i) the product of the per barrel Chargeable Costs and the Cost Adjustments Factor (such product hereinafter referred to as "Adjusted Chargeable Costs") and (ii) the per barrel Production Taxes.

On January 17, 1995 the Trust received its payment with

respect to the Royalty Interest for the period October 1, 1994 through December 31, 1994 (the "Fourth Quarter"). Such payment was in the amount, after rounding, of \$6.23 per barrel. During the Fourth Quarter the average WTI Price was \$17.67. The Adjusted Chargeable Costs per barrel were \$9.53, based on Chargeable Costs of \$8.00 and a Cost Adjustment Factor of 1.192, and per barrel Production Taxes were \$1.90. After payment of Trust administrative expenses, the Trust distributed \$.390 per Unit. The payment received by the Trust with respect to the Royalty Interest for the period October 1, 1993 through December 31, 1993 was in the amount, after rounding, of \$6.74 per barrel. During such period the average WTI price was \$16.43, the Adjusted Chargeable Costs per barrel were \$7.96 and per barrel Production Taxes were \$1.72. After payment of Trust administrative expenses, the Trust distributed \$.424 per Unit for such period.

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The per barrel royalty payable to the Trust for the period January 1, 1995 through March 31, 1995 (the "First Quarter") is, after rounding, \$6.45. During the First Quarter the average WTI price was \$18.35. The Adjusted Chargeable Costs per barrel were \$9.90, based on Chargeable Costs of \$8.25 and a Cost Adjustment Factor of 1.1996, and per barrel Production Taxes were \$2.00. The payment received by the Trust with respect to the Royalty Interest for the period January 1, 1994 through March 31, 1994 was in the amount, after rounding, of \$3.88 per barrel. During such period the average WTI price was \$14.80, the Adjusted Chargeable Costs per barrel were \$9.44 and per barrel Production Taxes were \$1.48.

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PART II - OTHER INFORMATION

- Item 1. Legal Proceedings - None
- Item 2. Changes in Securities - None
- Item 3. Defaults Upon Senior Securities - None
- Item 4. Submission of Matters to a Vote of Security Holders - None
- Item 5. Other Information - None
- Item 6. Exhibits and Reports on 8-K
 - a. Exhibits

4. - Form of Trust Agreement (incorporated by reference to Exhibit 6 to the Form 8-A Registration Statement of BP Prudhoe Bay Royalty Trust, Commission File No. 1-10243)

27. - Financial Data Schedule - (see Exhibit 27.1 attached hereto).

- b. Reports on Form 8-K - No reports on Form 8-K have been filed during the quarter for which this form is filed.

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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.

BP PRUDHOE BAY ROYALTY TRUST

THE BANK OF NEW YORK,
as Trustee

By: /s/ Walter N. Gitlin

Name: Walter N. Gitlin
Title: Vice President

Date: May 8, 1995

The Registrant, BP Prudhoe Bay Royalty 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.

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EXHIBIT INDEX

Exhibit 27.1 - Financial Data Schedule

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS AND THE STATEMENTS OF CHANGES IN TRUST CORPUS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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