

SandRidge Permian Trust
Form 10-Q
November 07, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from _____ to _____

SANDRIDGE PERMIAN TRUST

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

45-6276683

(I.R.S. Employer
Identification No.)

**The Bank of New York Mellon
Trust Company, N.A., Trustee
919 Congress Avenue, Suite 500
Austin, Texas**
(Address of principal executive offices)

78701
(Zip Code)

Registrant's telephone number, including area code:

(512) 236-6555

Former name, former address and former fiscal year, if changed since last report: **Not applicable**

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

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Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

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

As of October 31, 2016, 52,500,000 Common Units of Beneficial Interest in SandRidge Permian Trust were outstanding.

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SANDRIDGE PERMIAN TRUST

FORM 10-Q

Quarter Ended September 30, 2016

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All references to we, us, our, or the Trust refer to SandRidge Permian Trust. References to SandRidge refer to SandRidge Energy, Inc., and where the context requires, its subsidiaries. The royalty interests conveyed by SandRidge from its interests in certain properties in the Permian Basin in Andrews County, Texas and held by the Trust are referred to as the Royalty Interests.

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DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (Quarterly Report) includes forward-looking statements about the Trust, SandRidge and other matters discussed herein that are subject to risks and uncertainties within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), 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 document, including, without limitation, statements under Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of Part I and elsewhere herein regarding the Trust s or SandRidge s plans and objectives for future operations, are forward-looking statements. Actual outcomes and results may differ materially from those projected. Forward-looking statements are generally accompanied by words such as estimate, target, project, predict, believe, expect, anticipate, potential, foresee, plan, goal, should, intend or other words that convey the uncertainty of future events or outcomes. We have based these forward-looking statements on our current expectations and assumptions about future events. These statements are based on certain assumptions made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including the risk factors discussed in Item 1A of the Trust s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the 2015 Form 10-K), which could affect the future results of the energy industry in general, and the Trust and SandRidge in particular, and could cause those results to differ materially from those expressed in such forward-looking statements. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on SandRidge s business or the Trust s results. Such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in such forward-looking statements. The Trust undertakes no obligation to publicly update or revise any forward-looking statements.

Table of Contents**PART I. Financial Information****ITEM 1. Financial Statements****SANDRIDGE PERMIAN TRUST****STATEMENTS OF ASSETS AND TRUST CORPUS****(In thousands, except unit data)**

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Cash and cash equivalents	\$ 3,280	\$ 3,629
Investment in royalty interests	549,831	549,831
Less: accumulated amortization and impairment	(408,308)	(394,998)
Net investment in royalty interests	141,523	154,833
Total assets	\$ 144,803	\$ 158,462
TRUST CORPUS		
Trust corpus, 52,500,000 common units issued and outstanding at September 30, 2016 and 39,375,000 common units and 13,125,000 subordinated units issued and outstanding at December 31, 2015	\$ 144,803	\$ 158,462

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

Table of Contents**SANDRIDGE PERMIAN TRUST****STATEMENTS OF DISTRIBUTABLE INCOME****(In thousands, except unit and per unit data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited)			
Revenues				
Royalty income	\$ 7,142	\$ 12,614	\$ 22,188	\$ 49,739
Derivative settlements, net		2,971		26,604
Total revenues	7,142	15,585	22,188	76,343
Expenses				
Post-production expenses	17	15	48	56
Property taxes	(15)		1,740	1,990
Production taxes	340	594	1,053	2,345
Franchise taxes			113	378
Trust administrative expenses	179	174	998	1,290
Cash reserves withheld (used) for current Trust expenses, net of amounts (used) withheld	306	706	(379)	(840)
Total expenses	827	1,489	3,573	5,219
Distributable income available to unitholders	6,315	14,096	18,615	71,124
Distributable income per common unit (52,500,000 units issued and outstanding for the three month period ended September 30, 2016; 39,375,000 units issued and outstanding for prior periods)				
	\$ 0.120	\$ 0.358	\$ 0.403	\$ 1.654
Distributable income per subordinated unit (0 units outstanding for the three month period ended September 30, 2016; 13,125,000 units issued and outstanding for prior periods)				
	\$	\$ 0.000	\$	\$ 0.457

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

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SANDRIDGE PERMIAN TRUST
STATEMENTS OF CHANGES IN TRUST CORPUS

(In thousands)

	Nine Months Ended September 30,	
	2016	2015
	(Unaudited)	
Trust corpus, beginning of period	\$ 158,462	\$ 399,881
Amortization of investment in royalty interests	(13,310)	(29,284)
Net cash reserves used	(379)	(840)
Distributable income	18,615	71,124
Distributions paid or payable to unitholders	(18,585)	