

MARINE PETROLEUM TRUST

Form 10-Q

November 06, 2018

[Table of Contents](#)

**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, 2018**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**Commission file number 000-08565**

**Marine Petroleum Trust**

**(Exact name of registrant as specified in its charter)**

**Texas**  
**(State or other jurisdiction**  
**of incorporation or organization)**

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

**c/o The Corporate Trustee:**

**Simmons Bank**

**2911 Turtle Creek Blvd.**

**Dallas, Texas 75219**

**(Address of principal executive offices)**

**(Zip Code)**

**(855) 588-7839**

**(Registrant's telephone number, including area code)**

**None**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Edgar Filing: MARINE PETROLEUM TRUST - Form 10-Q

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes      No

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

As of November 6, 2018, Marine Petroleum Trust had 2,000,000 units of beneficial interest outstanding.

**Table of Contents**

**MARINE PETROLEUM TRUST**

**INDEX**

	<b>Page Number</b>
<b>PART I. FINANCIAL INFORMATION</b>	
<b><u>Item 1. Financial Statements</u></b>	1
<u>Condensed Consolidated Statements of Assets, Liabilities and Trust Corpus as of September 30, 2018 (Unaudited) and June 30, 2018</u>	1
<u>Condensed Consolidated Statements of Distributable Income for the Three Months Ended September 30, 2018 and 2017 (Unaudited)</u>	2
<u>Condensed Consolidated Statements of Changes in Trust Corpus for the Three Months Ended September 30, 2018 and 2017 (Unaudited)</u>	3
<u>Notes to Condensed Consolidated Financial Statements</u>	4
<b><u>Item 2. Trustee s Discussion and Analysis of Financial Condition and Results of Operations</u></b>	5
<b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>	10
<b><u>Item 4. Controls and Procedures</u></b>	10
<b>PART II. OTHER INFORMATION</b>	
<b><u>Item 1A. Risk Factors</u></b>	11
<b><u>Item 6. Exhibits</u></b>	11

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****MARINE PETROLEUM TRUST AND SUBSIDIARY****CONDENSED CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS**

As of September 30, 2018 and June 30, 2018

**ASSETS**

	September 30, 2018 (Unaudited)	June 30, 2018
Current assets:		
Cash and cash equivalents	\$ 1,026,002	\$ 984,216
Federal income tax refundable	2,800	2,800
Producing oil and natural gas properties	7	7
<b>Total assets</b>	<b>\$ 1,028,809</b>	<b>\$ 987,023</b>

**LIABILITIES AND TRUST CORPUS**

Current liabilities:		
Federal income tax payable	\$	\$
<b>Total current liabilities</b>	<b>\$</b>	<b>\$</b>
Trust corpus 2,000,000 units of beneficial interest authorized, 2,000,000 units issued at nominal value	\$ 1,028,809	\$ 987,023
	<b>\$ 1,028,809</b>	<b>\$ 987,023</b>

See accompanying notes to condensed consolidated financial statements.

Table of Contents

**MARINE PETROLEUM TRUST AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME**

**For the Three Months Ended September 30, 2018 and 2017**

**(Unaudited)**

	<b>Three Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
Income:		
Oil and natural gas royalties	\$ 238,734	\$ 208,249
Oil and natural gas royalties from affiliate		
Interest and dividend income	4,499	630
<b>Total income</b>	<b>243,233</b>	<b>208,879</b>
Expenses:		
General and administrative	21,224	21,947
Distributable income before federal income taxes	222,009	186,932
Federal income taxes of subsidiary		
Distributable income	\$ 222,009	\$ 186,932
Distributable income per unit	\$ 0.11	\$ 0.09
Distributions per unit	\$ 0.09	\$ 0.13
Units outstanding	2,000,000	2,000,000

See accompanying notes to condensed consolidated financial statements.

Table of Contents

**MARINE PETROLEUM TRUST AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS**

**For the Three Months Ended September 30, 2018 and 2017**

**(Unaudited)**

	<b>Three Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
Trust corpus, beginning of period	\$ 987,023	\$ 1,019,488
Distributable income	222,009	186,932
Distributions to unitholders	(180,223)	(252,568)
Trust corpus, end of period	\$ 1,028,809	\$ 953,852

See accompanying notes to condensed consolidated financial statements.

Table of Contents

**MARINE PETROLEUM TRUST AND SUBSIDIARY**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2018**

**(Unaudited)**

**Note 1. Accounting Policies**

The financial statements herein include the financial statements of Marine Petroleum Trust (the Trust) and its wholly owned subsidiary, Marine Petroleum Corporation (MPC), and collectively with the Trust, Marine. The financial statements are condensed and consolidated and should be read in conjunction with Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2018. The financial statements included herein are unaudited, but in the opinion of Simmons Bank (the Trustee), the Trustee of the Trust, they include all adjustments necessary for a fair presentation of the results of operations for the periods presented. Operating results for the interim periods reported herein are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2019.

**Note 2. Basis of Accounting**

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

Royalty income is recognized in the month when received by Marine rather than in the month of production.

Marine's expenses (including accounting, legal, other professional fees, trustees' fees and out-of-pocket expenses) are recorded on an actual paid basis in the month paid rather than in the month incurred. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary, which would not be recorded under GAAP.

At the time the Trust was established, no determinable market value was available for the assets transferred to the Trust; consequently, nominal values were assigned. Accordingly, no allowance for depletion has been included. All income from oil and natural gas royalties relate to proved developed oil and natural gas reserves.

The modified cash basis method of accounting corresponds to the accounting principles permitted for royalty trusts by the U.S. Securities and Exchange Commission (the SEC), as specified by Staff Accounting Bulletin Topic 12:E, *Financial Statements of Royalty Trusts*. Because the Trust's financial statements are prepared on the modified cash basis, as described above, most accounting pronouncements are not applicable to the Trust's financial statements, which includes the provision of the new revenue recognition standard in Accounting Standards Update 2014-09.

**Note 3. Distributable Income**



Edgar Filing: MARINE PETROLEUM TRUST - Form 10-Q

The Trust's Indenture (the Indenture) provides that the Trustee is to distribute all cash in the Trust, less an amount reserved for payment of accrued liabilities and estimated future expenses, to unitholders of record on the 28<sup>th</sup> day of March, June, September and December of each year. If the 28<sup>th</sup> day falls on a Saturday, Sunday or legal holiday, the payments are to be made on the immediately succeeding business day. Total estimated reserve for future expenses deducted from calculated distributable income for the three months ended September 30, 2018 was \$66,500.

**Table of Contents**

As stated under Note 1. Accounting Policies above, the financial statements in this Quarterly Report on Form 10-Q are the condensed and consolidated financial statements of the Trust and MPC. However, distributable income is paid from the account balances of the Trust. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by the Trust, (ii) 98% of the royalties received from offshore Louisiana leases owned by MPC, which are retained by and delivered to the Trust on a quarterly basis, (iii) cash distributions from the Trust's interest in Tidelands Royalty Trust B (Tidelands), a separate publicly traded royalty trust, (iv) dividends paid by MPC, less (v) administrative expenses incurred by the Trust. Distributions fluctuate from quarter to quarter primarily due to changes in oil and natural gas prices and production quantities and expenses incurred.

**Note 4. Investment in Affiliate Tidelands Royalty Trust B**

At September 30, 2018 and 2017, the Trust owned 32.6% of the outstanding units of beneficial interest in Tidelands.

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

**TIDELANDS CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME**

	<b>Three Months Ended September 30, 2018</b>	<b>Three Months Ended September 30, 2017</b>
Income	\$ 29,091	\$ 28,711
Expenses	37,661	28,228
Distributable income (loss) before Federal income taxes	(8,570)	483
Federal income taxes of Tidelands subsidiary		
Distributable income (loss)	\$ (8,570)	\$ 483

Tidelands is a reporting company under the Securities Exchange Act of 1934, as amended (the Exchange Act), and has filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Consolidated statements of distributable income data concerning Tidelands has been presented through September 30, 2018, the latest period for which such information is publicly available in Tidelands Quarterly Report on Form 10-Q for the quarter ended September 30, 2018. Reference should be made to Tidelands public filings for current information concerning Tidelands and its financial position and results of operations.

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

Marine Petroleum Trust (the Trust) is a royalty trust that was created in 1956 under the laws of the State of Texas. Effective February 20, 2018, Simmons Bank became corporate trustee of the Trust (the Trustee) as a result of a merger between Simmons Bank and Southwest Bank, the former corporate Trustee of the Trust. The Trust's Indenture (the Indenture) provides that the term of the Trust will expire on June 1, 2021, unless extended by the vote of the

holders of a majority of the outstanding units of beneficial interest. The Trust is not permitted to engage in any business activity because it was organized for the sole purpose of providing an efficient, orderly and practical means for the administration and liquidation of rights to payments from certain oil and natural gas leases in the Gulf of Mexico, pursuant to license agreements and amendments between the Trust's predecessors and Gulf Oil Corporation ( Gulf ). As a result of various transactions that have occurred since 1956, these interests now are held by Chevron Corporation ( Chevron ) and its assignees, including Arena Energy, LP (collectively with Chevron and its assignees, the Interest Owners ). The Trust holds title to interests in properties that are situated offshore of Texas.

## **Table of Contents**

The Trust's wholly owned subsidiary, Marine Petroleum Corporation ( MPC, and collectively with the Trust, Marine ), holds title to interests in properties that are situated offshore of Louisiana because at the time the Trust was created, trusts could not hold these interests under Louisiana law. MPC is prohibited from engaging in a trade or business and only takes those actions that are necessary for the administration and liquidation of its properties.

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

The Trustee assumes that some units of beneficial interest are held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners and brokers holding an interest for a customer in street name). Therefore, the Trustee considers the Trust to be a widely held fixed investment trust ( WHFIT ) for U.S. federal income tax purposes. Accordingly, the Trust will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. The Trustee will provide the required information and the contact information for the Trustee is below:

Simmons Bank

2911 Turtle Creek Blvd., Suite 850

Dallas, Texas 75219

Telephone number: (855) 588-7839

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

## **Liquidity and Capital Resources**

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

The Indenture (and MPC's charter and by-laws) expressly prohibits the operation of any kind of trade or business. The Trust's oil and natural gas properties are depleting assets that are not being replaced due to the prohibition against investments. These restrictions, along with other factors, allow the Trust to be treated as a grantor trust. As a grantor trust, all income and deductions for state and U.S. federal income tax purposes generally flow through to each individual unitholder. The State of Texas imposes a franchise tax, but the Trust does not believe that it is subject to the franchise tax because at least 90% of its income is from passive sources. Please see Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for further information. MPC is a taxable entity that pays state and U.S. federal income taxes and state franchise taxes. However, MPC's income specifically excludes 98% of the oil and natural gas royalties collected by MPC, which are retained by and delivered to the Trust because of the Trust's net profits interest.



## **Table of Contents**

### **The Leases**

Marine relies on public records for information regarding drilling and workover operations. The public records available up to the date of this report indicate that there were no new well completions made during the three months ended September 30, 2018 on leases in which Marine has an interest. As of November 6, 2018, public records also indicated that there were no wells in the process of being drilled or recompleted on other leases in which Marine has an interest.

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

### **Critical Accounting Policies and Estimates**

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

Marine did not have any changes in its critical accounting policies or estimates during the three months ended September 30, 2018. Please see Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for a detailed discussion of its critical accounting policies.

### **New Accounting Pronouncements**

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

*Revenue Recognition* In May 2014, the FASB issued updated guidance for recognizing revenue from contracts with customers. This update amends the existing accounting standards for revenue recognition and is based on the principle that revenue should be recognized to depict the transfer of goods and services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Trust has adopted this standards update, as required, beginning with the first quarter of fiscal year 2019. The adoption of this standard has not had a significant impact on its financial statements due to the modified cash basis of reporting used by the Trust.

### **General**

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

production over time from such wells and the prices at which the oil and natural gas from such wells are sold.

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

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

**Table of Contents****Summary of Operating Results**

During the three months ended September 30, 2018, excluding the Trust's interest in Tidelands, the Trust realized approximately 94% of its royalty income from the sale of oil and approximately 6% of its royalty income from the sale of natural gas. During the three months ended September 30, 2017, excluding the Trust's interest in Tidelands, the Trust realized approximately 94% of its royalty income from the sale of oil and approximately 6% of its royalty income from the sale of natural gas. Royalty income includes royalties from oil and natural gas received from producers.

Distributable income per unit for the three months ended September 30, 2018 increased to \$0.11 as compared to \$0.09 for the comparable period in 2017. Distributions per unit amounted to \$0.09 per unit for the three months ended September 30, 2018, a decrease from distributions of \$0.13 per unit for the comparable period in 2017. During the three months ended September 30, 2018, the difference between distributable income per unit and distributions per unit resulted from timing differences between the closing of the financial statements and the determination date of the distribution amount to unitholders.

For the three months ended September 30, 2018, excluding the Trust's interest in Tidelands, oil production decreased to 3,343 barrels (bbls) from 4,062 bbls and natural gas production decreased to 4,193 thousand cubic feet (mcf) from 5,566 mcf as compared to the comparable period in 2017. For the three months ended September 30, 2018, excluding the Trust's interest in Tidelands, the average price realized for oil increased to \$67.10 per bbl as compared to the price of \$48.09 realized for the comparable period in 2017 and the average price realized for natural gas (net of expenses) increased to \$3.37 per mcf as compared to the average price of \$2.29 realized for the comparable period in 2017.

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

Quarter Ended	Net Production Quantities <sup>(1)</sup>		Distributable	
	Oil (bbls)	Natural Gas (mcf)	Income Per Unit	Distributions Per Unit
June 30, 2017	6,371	15,319	\$ 0.15	\$ 0.10
September 30, 2017	4,062	5,566	\$ 0.09	\$ 0.13
December 31, 2017	3,451	4,486	\$ 0.05	\$ 0.05
March 31, 2018	3,873	5,696	\$ 0.09	\$ 0.07
June 30, 2018	3,752	4,916	\$ 0.10	\$ 0.09
September 30, 2018	3,343	4,193	\$ 0.11	\$ 0.09

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

**Results of Operations Three Months Ended September 30, 2018 Compared to the Three Months Ended September 30, 2017**

Income from oil and natural gas royalties, excluding the Trust's interest in Tidelands, increased to \$238,734 during the three months ended September 30, 2018 from \$208,249 realized for the comparable period in 2017. Royalties increased for the three months ended September 30, 2018 primarily due to an increase in the prices of oil and natural



gas as compared to the comparable period in 2017, offset in part by a decrease in production in both oil and natural gas.

**Table of Contents**

Distributable income increased to \$222,009 for the three months ended September 30, 2018 from \$186,932 realized for the comparable period in 2017, due to higher pricing for both oil and gas.

Income from oil royalties, excluding the Trust's interest in Tidelands, for the three months ended September 30, 2018 increased to \$224,300 from \$195,342 realized for the comparable period in 2017. The volume of oil sold in the three months ended September 30, 2018 decreased to 3,343 bbls from 4,062 bbls realized for the comparable period in 2017, and the average price realized for oil increased to \$67.10 per bbl for the three months ended September 30, 2018 from \$48.09 per bbl realized for the comparable period in 2017.

Income from natural gas royalties (net of expenses), excluding the Trust's interest in Tidelands, for the three months ended September 30, 2018 increased to \$14,434 from \$12,907 for the comparable period in 2017. The volume of natural gas sold in the three months ended September 30, 2018 decreased to 4,193 mcf from 5,566 mcf realized for the comparable period in 2017, and the average price realized for natural gas (net of expenses) increased to \$3.37 per mcf for the three months ended September 30, 2018 from \$2.29 per mcf realized for the comparable period in 2017.

Income from distributions received from Tidelands for the three months ended September 30, 2018 was \$0, which was unchanged from the comparable period in 2017.

The following table presents the quantities of oil and natural gas sold and the average price realized for the three months ended September 30, 2018, and those realized for the comparable period in 2017, excluding the Trust's interest in Tidelands.

	<b><u>Three Months</u></b>	
	<b><u>Ended</u></b>	
	<b><u>September 30,</u></b>	
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	
<b>Oil</b>		
Bbls sold	3,343	4,062
Average price	\$ 67.10	\$ 48.09
<b>Natural gas</b>		
Mcf sold	4,193	5,566
Average price, net of expenses	\$ 3.37	\$ 2.29

General and administrative expenses decreased to \$21,224 for the three months ended September 30, 2018 from \$21,947 for the comparable period of 2017, primarily due to a decrease in operations data services, offset by increases in printing expenses.

**Forward-Looking Statements**

The statements discussed in this Quarterly Report on Form 10-Q regarding Marine's future financial performance and results, and other statements that are not historical facts, are forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Exchange Act. This report uses the words "anticipate," "believe," "budget," "continue," "estimate," "expect," "intend," "may," "plan," or other similar words to identify forward-looking statements. You should read statements that contain these words carefully because they discuss future expectations, contain projections of Marine's financial condition, and/or state other forward-looking information. Actual results may differ from expected results because of: reductions in price or demand for oil and natural gas, which might then lead to

decreased production or impair Marine's ability to make distributions; reductions in production due to the depletion of existing wells or disruptions in service, which may be caused by storm damage to production facilities, blowouts or other production accidents, or geological changes such as cratering of productive formations; changes in regulations; general economic conditions; actions and policies of petroleum-producing nations; other changes in domestic and international energy markets; the resignation of the Trustee; and the expiration, termination or release of leases subject to Marine's interests. Additional risks are set forth in Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2018. Events may occur in the future that Marine is unable to accurately predict or over which it has no control. If one or more of these

## **Table of Contents**

uncertainties materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those forward-looking statements included in this Quarterly Report on Form 10-Q. Except as required by applicable securities laws, Marine does not undertake any obligation to update or revise any forward-looking statements.

## **Website**

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

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There has been no material change from the information provided in Marine's Annual Report on Form 10-K, Item 7A: Quantitative and Qualitative Disclosures About Market Risk, for the fiscal year ended June 30, 2018.

## **Item 4. Controls and Procedures**

### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

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

As of September 30, 2018, the Trustee carried out an evaluation of the effectiveness of the design and operation of Marine's disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based upon that evaluation, the Trustee concluded that Marine's disclosure controls and procedures were effective as of September 30, 2018.

### **Changes in Internal Control Over Financial Reporting**

There have not been any changes in Marine's internal control over financial reporting during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, Marine's internal control over financial reporting.

**Table of Contents**

**PART II. OTHER INFORMATION**

**Item 1A. Risk Factors**

As of the date of this filing, there have been no material changes from the risk factors previously disclosed in the Risk Factors in Marine's Annual Report filed on Form 10-K for the fiscal year ended June 30, 2018.

**Item 6. Exhibits**

The following exhibits are included herein:

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

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

Table of Contents

**SIGNATURES**

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

**MARINE PETROLEUM TRUST**

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

November 6, 2018

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