



2nd
Quarter Report
2015

To Unit holders:

Sabine Royalty Trust (the "Trust") makes monthly distributions to the holders of units of beneficial interest in the Trust ("Units") of the excess of the preceding month's revenues received over expenses incurred. Upon receipt, royalty income is invested in short-term investments until its subsequent distribution. In accordance with the Trust Agreement, the Trust's only long-term assets consist of royalty interests in producing and proved undeveloped oil and gas properties. Although the Trust is permitted to borrow funds if necessary to continue its operations, borrowings are not anticipated in the foreseeable future.

Distributable income consists of royalty income plus interest income plus any decrease in cash reserves established by the Trustee less general and administrative expenses of the Trust less any increase in cash reserves established by the Trustee. Distributable income for the three months ended June 30, 2015 was \$9,483,933 or \$0.65 per Unit. Royalty income for the three months ended June 30, 2015 amounted to \$10,294,137 while interest income was \$158. General and administrative expenses totaled \$810,362 for the three months ended June 30, 2015.

Distributions during the period were \$27658, \$22925 and \$21873 per Unit payable to Unit holders of record on April 15, May 15, and June 15, 2015, respectively.

Royalty income for the quarter ended June 30, 2015 decreased approximately \$6,244,000 or 38% as compared with the second quarter of 2014. This decrease was primarily caused by decreases in the pricing of both natural gas and oil (\$7.3 million) along with a decrease in the production of oil (\$0.2 million). These decreases were offset somewhat by an increase in the production of natural gas (\$1.1 million) along with a decrease in taxes and production expenses corresponding with the decrease in revenues (\$0.2 million).

Compared to the preceding quarter ended March 31, 2015, royalty income decreased approximately \$4,817,000 or 32%, due mainly to a decrease in the pricing of both natural gas and oil (\$4.6 million) along with a decrease in the production of oil (\$0.8 million). These decreases were offset somewhat by an increase in the production of natural gas (\$0.3 million) and a decrease in taxes and production expenses corresponding with the decrease in revenues (\$0.3 million).

Royalty income for the six months ended June 30, 2015 decreased approximately \$4,909,000 or 16% compared with the same time period in 2014. This decrease was due mainly to a decrease in the pricing of both natural gas and oil (\$7.9 million) and a decrease in miscellaneous receipts (\$0.1 million) and an increase in taxes and production expenses (\$0.1 million). These decreases were tempered somewhat by an increase in the production of both natural gas and oil (\$3.1 million).

The following tables illustrate average prices received for the periods discussed above and the related oil and gas production volumes:

	Quarter Ended		
	June 30, 2015	June 30, 2014	March 31, 2015
Production			
Oil (Bbls)	119,011	122,226	135,592
Gas (Mcf)	1,740,871	1,388,575	1,658,070
Average Price			
Oil (per Bbl)	\$ 48.85	\$ 89.34	\$ 68.14
Gas (per Mcf)	\$ 3.26	\$ 4.96	\$ 4.44
	Six Months Ended		
	June 30, 2015	June 30, 2014	
Production			
Oil (Bbls)	254,603		243,045
Gas (Mcf)	3,398,941		2,751,200
Average Price			
Oil (per Bbl)	\$ 59.12		\$ 84.91
Gas (per Mcf)	\$ 3.84		\$ 4.44

Gas revenues received for the three months ended June 30, 2015, related primarily to production for January through March 2015. The average price of gas for the Henry Hub for the same time period was \$2.61 per Mcf. The average price of gas for the Henry Hub was \$2.54 per Mcf for January through June 2015. Oil revenues for the three months ended June 30, 2015 related primarily to production for February through April 2015. The average price of oil as reported by NYMEX for that time period was \$50.92 per barrel. The average price of oil was \$53.25 per barrel for January through June 2015. As of July 21, 2015, the average price of gas for the Henry Hub was \$2.59 per Mcf and the average price of oil reported by NYMEX was \$50.11 per barrel. It is difficult to accurately estimate future prices of oil and gas, and any assumptions concerning future prices may prove to be incorrect.

Interest income for the quarter ended June 30, 2015 decreased approximately \$1,200 compared with the second quarter of 2014. Compared to the preceding quarter ended March 31, 2015, interest income was relatively flat. Interest income for the six months ended June 30, 2015 decreased approximately \$2,200 compared to the same time period in 2014. Changes in interest income are the result of changes in interest rates and funds available for investment.

General and administrative expenses for the quarter ended June 30, 2015 decreased by approximately \$3,000 compared to the same quarter of 2014 primarily due to decreases in revenue processing fees of approximately \$84,200; Unit holder and printing services fees of approximately \$46,700; and professional and miscellaneous services of approximately \$24,400. These decreases were offset somewhat by increases in escrow agent/trustee fees approximately \$77,700; lockbox fees of approximately \$8,800 and an

increase due to timing of payment of auditing services of \$67,000.

Compared to the previous quarter ended March 31, 2015, general and administrative expenses increased approximately \$263,700 due mainly to an increase in escrow agent/trustee fees of approximately \$12,300; timing of payment of engineering services of approximately \$128,700; timing of payment of printing and Unit holder information services due to year-end reporting of approximately \$103,000 and timing of payment of auditing services of \$86,000. These increases were offset somewhat by decreases in professional and miscellaneous fees of approximately \$18,900 as well as the timing of payment of the New York Stock Exchange listing fee of \$45,000, which was paid in first quarter 2015.

Administrative expenses decreased \$65,600 for the six months ended June 30, 2015 compared to the same time period in 2014 due primarily to decreases in revenue processing fees of approximately \$111,000; professional and miscellaneous fees of approximately

\$78,900 and printing and Unit holder information services of approximately \$37,200. These decreases were tempered somewhat by increases in escrow agent/trustee fees of approximately \$125,000; an increase in lockbox fees of approximately \$17,500 as well as an increase in auditing fees of approximately \$15,100.

Sabine Royalty Trust
By Southwest Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management

August 21, 2015

Information About the Trust

Sabine Royalty Trust (the "Trust"), formed effective December 31, 1982, is an express trust existing under the Sabine Corporation Royalty Trust Agreement. All units of beneficial interest (the "Units") in the Trust were distributed to Sabine Corporation's shareholders of record on December 23, 1982 on the basis of one Unit for each outstanding share of Sabine Corporation's common stock. Pacific Enterprise Oil Company (USA), as successor to Sabine Corporation, has assumed by operation of law all of Sabine Corporation's rights and obligations with respect to the Trust. The Units are traded on the New York Stock Exchange under the symbol "SBR". The Trust has a December 31 fiscal year end.

The Trust's assets consist of royalty and mineral interests, including landowner's royalties and overriding royalty interests, in producing and proved undeveloped oil and gas properties in Florida, Louisiana, Mississippi, New Mexico, Oklahoma and Texas (the "Royalties"). Revenues of the Trust are directly dependent upon the price of oil and gas as well as the quantities produced. The Trust does not participate in any exploration or development projects and does not have any working interest revenues or expenses.

The Trust makes monthly distributions of net income to Unit holders of record on the monthly record date (generally the 15th of each calendar month). Distributions are mailed to

Unit holders on or about the 29th of each month. Distributions by the Trust in 2015 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.28281	May	\$.22925
February	\$.27708	June	\$.21873
March	\$.44414	July	\$.18255
April	\$.27658	August	\$.33120

The Trust's monthly distributions include cash received by the Trustee, acting as Escrow Agent on the record date for such distribution, which represents cash attributable to the Royalties, and interest thereon, collected by the Trustee, acting as Escrow Agent, during the preceding calendar month.

Schedules of information on a per Unit basis for preparation of federal and state income tax returns will be provided in booklet form for calendar year 2015 in March 2016. Monthly schedules of income tax information for January through June 2015 are available now for those Unit holders who file fiscal year tax returns and need this information. Please request to be placed on a special mailing list if you need this interim tax information by writing to Tax Mailing List, Sabine Royalty Trust, P.O. Box 962020, Fort Worth, Texas 76162-2020, 1 (855) 588-7839. Our website is www.sbr-sabine.com.

Condensed Statements of Assets, Liabilities and Trust Corpus (Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Cash and short-term investments	\$ 4,199,244	\$ 6,488,132
Royalty interests in oil and gas properties (less accumulated amortization of \$22,061,446 and \$22,037,912 at June 30, 2015 and December 31, 2014).....	333,739	357,273
TOTAL	\$ 4,532,983	\$ 6,845,405
Liabilities and Trust Corpus		
Trust expenses payable.....	\$ 193,565	\$ 170,843
Other payables.....	981,052	2,139,270
	1,174,617	2,310,113
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding.....	3,358,366	4,535,292
TOTAL	\$ 4,532,983	\$ 6,845,405

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Six Months Ended June 30,	
	2015	2014
Trust corpus, beginning of period.....	\$ 4,535,292	\$ 5,634,513
Amortization of royalty interests.....	(23,534)	(22,532)
Distributable income.....	24,048,319	28,893,815
Distributions.....	(25,201,711)	(30,278,969)
Trust corpus, end of period.....	\$ 3,358,366	\$ 4,226,827
Distributions per unit (14,579,345 units).....	\$ 1.73	\$ 2.08

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Royalty Income.....	\$ 10,294,137	\$ 16,538,597	\$ 25,405,000	\$ 30,313,918
Interest income.....	158	1,359	385	2,587
Total	\$ 10,294,295	\$ 16,539,956	\$ 25,405,385	\$ 30,316,505
General and administrative expenses.....	(810,362)	(813,394)	(1,357,066)	(1,422,690)
Distributable income.....	\$ 9,483,933	\$ 15,726,562	\$ 24,048,319	\$ 28,893,815
Distributable income per unit (14,579,345 units).....	\$.65	\$ 1.08	\$ 1.65	\$ 1.98