

TO UNITHOLDERS

For the quarter ended March 31, 2015, net profits income was \$2,824,371 compared to \$4,386,145 for first quarter 2014. This 36% decrease in net profits income is primarily the result of lower oil and gas prices (\$1.7 million), a one-time purchaser refund included in 2014 (\$0.5 million) and decreased gas production (\$0.3 million), partially offset by decreased taxes, transportation and other costs (\$0.4 million), excess costs on the Texas and Oklahoma working interest properties in 2015 (\$0.3 million) and lower development costs (\$0.2 million). See "Net Profits Income" on the following page.

After considering interest income of \$12 and administration expense of \$258,393, distributable income for the quarter ended March 31, 2015 was \$2,565,990, or \$0.427665 per unit of beneficial interest. Administration expense for the quarter increased \$76,151 from the prior year quarter. Administration expense for the first quarter of 2015 included \$100,000, which the trustee reserved for administrative expenses. For first quarter 2014, distributable income was \$4,203,960, or \$0.700660 per unit.

Distributions to unitholders for the quarter ended March 31, 2015 were:

RECORD DATE	PAYMENT DATE	PER UNIT
January 30, 2015	February 13, 2015	\$ 0.160251
February 27, 2015	March 13, 2015	0.151698
March 31, 2015	April 14, 2015	0.115716
		<u>\$ 0.427665</u>

Individualized tax information is provided annually to unitholders of record. Unitholders owning units in nominee name may obtain monthly tax information from the trustee upon request or from the trust's website at www.crt-crosstimbers.com.

This letter, and all communications to unitholders, includes information provided to the trustee by XTO Energy Inc.

Cross Timbers Royalty Trust
By: Southwest Bank, Trustee



By: Nancy G. Willis
Vice President

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (Unaudited)

	THREE MONTHS ENDED MARCH 31	
	2015	2014
Net Profits Income.....	\$ 2,824,371	\$ 4,386,145
Interest Income.....	12	57
Total Income.....	<u>2,824,383</u>	<u>4,386,202</u>
Administration Expense.....	<u>258,393</u>	<u>182,242</u>
Distributable Income	<u>\$ 2,565,990</u>	<u>\$ 4,203,960</u>
Distributable Income Per Unit (6,000,000 units)	<u>\$ 0.427665</u>	<u>\$ 0.700660</u>

These condensed statements of distributable income should be read in conjunction with the financial statements and notes thereto included in the trust's 2014 annual report. For further information, see the trust's quarterly report on Form 10-Q for the quarter ended March 31, 2015.

Statements in this report to unitholders relating to future plans, predictions, events or conditions are forward-looking statements. All statements other than statements of historical fact included in this report to unitholders including, without limitation, statements regarding the net profits interests, underlying properties, development activities, development, production and other costs and expenses, oil and gas prices and differentials to NYMEX prices, distributions to unitholders and industry and market conditions and the satisfaction or waiver of conditions to the trustee's resignation, are forward-looking statements that are subject to risks and uncertainties which are detailed in Part I, Item 1A of the trust's Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by this reference as though fully set forth herein. XTO Energy and the trustee assume no duty to update these statements as of any future date.

Net Profits Income

Net profits income is recorded when received by the trust, which is the month following receipt by XTO Energy and generally two months after oil production and three months after gas production. Net profits income is generally affected by three major factors:

- oil and gas sales volumes,
- oil and gas sales prices, and
- costs deducted in the calculation of net profits income.

Because properties underlying the 90% net profits interests are royalty and overriding royalty interests, the calculation of net profits income from these interests only includes deductions for production and property taxes, legal costs, and marketing and transportation charges. In addition to these costs, the calculation of net profits income from the 75% net profits interests includes deductions for production expense and development costs since the related underlying properties are working interests.

The following are explanations of significant variances on the underlying properties from first quarter 2014 to first quarter 2015:

Sales Volumes

Oil. Oil sales volumes increased 6% from first quarter 2014 to first quarter 2015 primarily because of increased production from new wells and workovers and the timing of cash receipts, partially offset by natural production decline.

Gas. Gas sales volumes decreased 15% from first quarter 2014 to first quarter 2015 primarily because of the timing of cash receipts and natural production decline, partially offset by increased production from new wells and workovers.

The estimated rate of natural production decline on the underlying oil and gas properties is approximately 6% to 8% a year.

Sales Prices

Oil. The first quarter 2015 average oil price was \$62.80 per Bbl, a 30% decrease from the first quarter 2014 average price of \$90.14 per Bbl. Oil prices are expected to remain volatile. The first quarter 2015 oil price is primarily related to production from November 2014 through January 2015, when the average NYMEX price was \$60.89 per Bbl. The average NYMEX price for February and March 2015 was \$49.80 per Bbl. At April 28, 2015, the average NYMEX futures price for the following twelve months was \$60.84 per Bbl.

Gas. The first quarter 2015 average gas price was \$5.71 per Mcf, an 18% decrease from the first quarter 2014 average price of \$6.94 per Mcf. Natural gas prices are affected by natural gas liquids prices, the level of North American production, weather, crude oil, the U.S. economy, storage levels and import levels of liquefied natural gas. Natural gas prices are expected to remain volatile. The first quarter 2015 gas price is primarily related to production from October through December 2014, when the average NYMEX price was \$4.00 per MMBtu. The average NYMEX price for January through March 2015 was \$2.98 per

MMBtu. At April 28, 2015, the average NYMEX futures price for the following twelve months was \$2.79 per MMBtu.

Costs

Taxes, Transportation and Other. Taxes, transportation and other decreased 21% for the first quarter primarily because of decreased oil and gas production taxes and other deductions related to lower oil and gas revenues, partially offset by a one-time purchaser refund for coal seam gas deductions included in 2014 and increased property taxes related to increased valuations.

Production Expense. Production expense increased 22% for the first quarter primarily because of increased outside operated, repairs and maintenance and labor costs, partially offset by decreased non-operated overhead costs.

Development Costs. Development costs decreased 32% for the first quarter primarily because of the timing of cash expenditures and decreased activity and costs related to non-operated Texas and Oklahoma oil properties underlying the 75% net profits interests.

XTO advised the trustee that unit operators for the underlying Texas and Oklahoma working interest oil properties have reported revised 2015 budgeted development costs of \$4.4 million, a decrease from \$5.9 million previously reported in the 2014 Annual Report on Form 10-K.

Excess Costs. XTO Energy advised the trustee that lower oil prices and increased costs caused costs to exceed revenues by a total of \$405,868 (\$304,401 net to the trust) in January and March 2015 and lower oil prices caused costs to exceed revenues by a total of \$4,469 (\$3,352 net to the trust) in February 2015 on properties underlying the Texas working interest. However, these excess costs did not reduce net proceeds from the remaining conveyances.

XTO Energy advised the trustee that lower oil prices caused costs to exceed revenues by a total of \$43,414 (\$32,560 net to the trust) in March 2015 on properties underlying the Oklahoma working interest. However, these excess costs did not reduce net proceeds from the remaining conveyances.

Cumulative excess costs for the Texas and Oklahoma working interest conveyances remaining as of March 31, 2015 totaled \$507,722 (\$380,791 net to the trust).

Lower oil prices caused costs to exceed revenues by a total of \$42,061 (\$31,546 net to the trust) on properties underlying the Texas working interest in January 2014. However, these excess costs did not reduce net proceeds from the remaining conveyances. XTO advised the trustee that higher oil prices and decreased costs led to the full recovery of excess costs, plus accrued interest, of \$42,177 (\$31,633 net to the trust) in February 2014.

Other Proceeds

The calculation of net profits income for the quarter ended March 31, 2014 included \$519,071 (\$467,164 net to the trust),

which includes interest of \$210,242 (\$189,218 net to the trust), related to a one-time purchaser refund for deductions attributable to coal seam gas wells located in the San Juan Basin for the period December 1997 through May 2006.

Contingencies

Several states have enacted legislation requiring state income tax withholding from nonresident recipients of oil and gas

proceeds. After consultation with its tax counsel, the trustee believes that it is not required to withhold on payments made to the unitholders. However, regulations are subject to change by the various states, which could change this conclusion. Should amounts be withheld on payments made to the trust or the unitholders, distributions to the unitholders would be reduced by the required amount, subject to the filing of a claim for refund by the trust or unitholders for such amount.

GLOSSARY

Bbl	Barrel (of oil)
Mcf	Thousand cubic feet (of natural gas)
MMBtu	One million British Thermal Units, a common energy measurement

CALCULATIONS OF NET PROFITS INCOME

The following is a summary of the calculation of the net profits income received by the trust:

	THREE MONTHS ENDED MARCH 31 [A]		INCREASE (DECREASE)
	2015	2014	
Sales Volumes			
Oil (Bbl) [B]			
Underlying Properties	59,883	56,541	6%
Average Per Day.....	651	615	6%
Net Profits Interests	20,757	23,688	(12%)
Gas (Mcf) [B]			
Underlying Properties	368,231	432,911	(15%)
Average Per Day.....	4,003	4,706	(15%)
Net Profits Interests	321,520	407,015	(21%)
Average Sales Prices			
Oil (per Bbl)	\$ 62.80	\$ 90.14	(30%)
Gas (per Mcf)	\$ 5.71	\$ 6.94	(18%)
Revenues			
Oil sales	\$ 3,760,645	\$ 5,096,663	(26%)
Gas sales	2,102,668	3,005,014	(30%)
Total Revenues.....	<u>5,863,313</u>	<u>8,101,677</u>	(28%)
Costs			
Taxes, transportation and other	741,563	935,115	(21%)
Production expense [C]	1,745,022	1,434,551	22%
Development costs.....	644,775	944,250	(32%)
Excess Costs.....	(453,751)	116	—
Total Costs.....	<u>2,677,609</u>	<u>3,314,032</u>	(19%)
Other Proceeds			
Interest Income.....	—	210,242	—
Net Proceeds.....	<u>\$ 3,185,704</u>	<u>\$ 4,997,887</u>	(36%)
Net Profits Income.....	<u>\$ 2,824,371</u>	<u>\$ 4,386,145</u>	(36%)

[A] Because of the interval between time of production and receipt of royalty income by the trust, oil and gas sales for the quarter ended March 31 generally represent oil production for the period November through January and gas production for the period October through December.

[B] Oil and gas sales volumes are allocated to the net profits interests based upon a formula that considers oil and gas prices and the total amount of production expense and development costs. As product prices change, the trust's share of the production volumes is impacted as the quantity of production to cover expenses in reaching the net profits break-even level changes inversely with price. As such, the underlying property production volume changes may not correlate with the trust's net profit share of those volumes in any given period. Therefore, comparative discussion of oil and gas sales volumes is based on the underlying properties.

[C] Production expense is primarily from seven working interest properties in the 75% net profits interest. Six of these properties are not operated by XTO Energy or ExxonMobil. Production expense includes an overhead charge which is deducted and retained by the operator. As of March 31, 2015, this charge was \$36,845 per month (including a monthly overhead charge of \$5,264 which XTO Energy deducts as operator of the Hewitt Unit) and is subject to adjustment each May based on an oil and gas industry index.

TAX INFORMATION PER UNIT

	MONTHLY DISTRIBUTIONS PAID ON: (\$/UNIT EXCEPT COST DEPLETION FACTORS)			
	February 13, 2015	March 13, 2015	April 14, 2015	Total
Gross Income.....	\$ 0.201933	\$ 0.182861	\$ 0.156508	\$ 0.541302
Less Severance Taxes.....	(0.027660)	(0.022288)	(0.020625)	(0.070573)
Interest Income.....	0.000001	0.000001	0.000001	0.000003
Less Administration Expenses.....	(0.014023)	(0.008876)	(0.003501)	(0.026400)
Reconciling Items.....	0.000000	0.000000	(0.016667)	(0.016667)
Net Cash Distribution.....	<u>\$ 0.160251</u>	<u>\$ 0.151698</u>	<u>\$ 0.115716</u>	<u>\$ 0.427665</u>
Cost Depletion Factors:				
Texas - 90%	0.009208	0.011200	0.010862	0.031270
Oklahoma - 90%.....	0.019057	0.020188	0.019063	0.058308
New Mexico - 90%	0.003497	0.004112	0.003698	0.011307
Texas - 75%	0.000000	0.000000	0.000000	0.000000
Oklahoma - 75%.....	0.006137	0.002203	0.000000	0.008340

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