MARINE PETROLEUM TRUST
Form 10-K
September 23, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended June 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 _____.

Commission File No. 000-08565

Marine Petroleum Trust

(Exact name of registrant as specified in its charter)

Texas	**75-6008017**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

c/o Corporate Trustee: Southwest Bank 2911 Turtle Creek Blvd., Dallas, Texas	**75219**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code

(at the office of the Corporate Trustee):

(855) 588-7839

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Units of Beneficial Interest

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ¨ NO x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ¨ NO x

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES ¨ NO ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ¨ NO x

The aggregate market value of units of beneficial interest held by non-affiliates of the registrant at December 31, 2015 (the last business day of the registrant s most recently completed second fiscal quarter) was approximately $7.4 million. (For purposes of determination of the above stated amount, only directors, executive officers and 10% or greater unitholders have been deemed affiliates.)

The number of units of beneficial interest outstanding as of September 1, 2016 was 2,000,000.

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PART I

ITEM 1. BUSINESS

Organization. Marine Petroleum Trust (the Trust) is a royalty trust that was created in 1956 under the laws of the State of Texas. The Trust 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, under license agreements and amendments thereto between the Trust s predecessors and Gulf Oil Corporation (Gulf). As a result of various transactions that have occurred since 1956, the Gulf interests are now held by Chevron Corporation (Chevron) and its assignees.

The indenture pursuant to which the Trust was created (as amended, the Indenture) provides that the corporate trustee is to distribute all cash in the Trust, less an amount reserved for the payment of accrued liabilities and estimated future expenses, to unitholders of record on the last business day of February, May, August and November. Payments are to be made on the 28th day of September, December, March and June of each fiscal year. If the 28th falls on a Saturday, Sunday or legal holiday, the distribution is payable on the next succeeding business day.

The Indenture prohibits the operation of any kind of trade or business by the Trust and also 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.

Southwest Bank, an independent state bank chartered under the laws of the State of Texas and headquartered in Fort Worth, Texas (Southwest Bank) has served as corporate trustee of the Trust since August 27, 2014. Previously, U.S. Trust, Bank of America Private Wealth Management served as the Trust s corporate trustee. Unless the context indicates otherwise, all references herein to the Trustee refer to Southwest Bank, and when used in a historical context for the period prior to August 27, 2014, refer to U.S. Trust, Bank of America Private Wealth Management.

The Trust s wholly owned subsidiary, Marine Petroleum Corporation (MPC, collectively with the Trust, Marine), holds title to interests in properties subject to the Trust s interests that are situated offshore of Louisiana. Ninety-eight percent of all oil, natural gas, and other mineral royalties collected by MPC, less the receiving and collection costs, are retained by and delivered to the Trust. MPC retains the remaining two percent of the overriding royalties along with other items of income and expense until the board of directors declares a dividend out of the corpus. MPC, like the Trust, is prohibited from engaging in a trade or business and only does those things that are necessary for the administration and liquidation of its properties. Marine s only industry segment or purpose is the administration and collection of royalties.

Royalties. Marine s rights are generally referred to as overriding royalty interests by the oil and natural gas industry, and are sometimes referred to as overriding royalty interests in this Annual Report on Form 10-K. All production and marketing functions are conducted by the working interest owners of the leases. Revenues from overriding royalties are paid to Marine either (i) on the basis of the selling price of oil, natural gas and other minerals produced, saved and 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.

Marine holds an overriding royalty interest equal to three-fourths of 1% of the value at the well of any oil, natural gas, or other minerals produced and sold from the leases described in the Properties section below. Marine s overriding royalty interest applies only to existing leases and does not apply to new leases that Chevron or its assignees may acquire.

Marine also owns a 32.6% interest in Tidelands Royalty Trust B (Tidelands), a separate Texas trust, which owns interests in four leases covering an aggregate of 17,188 gross acres. The term of the Tidelands royalty trust will expire in 2021, unless extended by the affirmative vote of the holders of a majority of the outstanding units of beneficial interest. Tidelands 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 last

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business day of March, June, September and December of each year. Pursuant to the Indenture, such distributions are to be made within 15 days of the record date. Distributable income is paid from the unconsolidated account balances of Tidelands. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by Tidelands, plus (ii) 95% of the overriding royalties received by its subsidiary that are retained by and delivered to Tidelands on a quarterly basis, less (iii) administrative expenses of Tidelands. Marine recommends that you read Tidelands public filings for a description of its risks, business, properties and financial condition and results of operations.

As of the date of filing of this Annual Report on Form 10-K, the leases subject to Marine s interests cover an aggregate of 217,056 gross acres (including Tidelands interest in 17,188 gross acres). These leases will remain in force until the leases terminate or expire pursuant to their respective terms. Leases may be voluntarily released by the working interest owner after oil and natural gas reserves are produced. Leases may also be abandoned by the working interest owner due to the failure to discover and produce sufficient reserves to make development economically worthwhile. In addition, the U.S. federal government may terminate a lease if the working interest owner fails to develop a lease once it is acquired.

For the fiscal year ended June 30, 2016, approximately 86% of Marine s royalty revenues were attributable to the sale of oil and approximately 14% of Marine s royalty revenues were attributable to the sale of natural gas. The royalty revenues received by Marine are affected by a number of factors, including seasonal fluctuations in demand, the ability of wells to produce due to depletion and changes in the market prices for oil and natural gas. The following table presents the percent of royalties received from various working interest owners, which account for the royalties received in each of the past three years.

	Fiscal Year Ended June 30,		
Company	**2016**	**2015**	**2014**
Chevron USA, Inc.	59%	63%	84%
Arena Energy, LP	21%		
Fieldwood Energy LLC	8%	9%	4%
Renaissance Energy			3%
Walter Energy, Inc.	5%	9%	
Anglo Suisse Offshore Partners LLP	3%	6%	3%
Century Energy Ltd.	3%	5%	
Stone Energy		3%	
Apache Corporation			1%
Energy XXI GOM LLC			1%
McMoran Oil & Gas LLC			1%
W&T Offshore Inc.			1%
Others	1%	5%	2%
	100%	100%	100%

In addition, Marine s revenues from its interest in Tidelands accounted for approximately 8%, 8%, and 5% of Marine s revenues for the fiscal years ended June 30, 2016, 2015 and 2014, respectively. Tidelands has reported that royalty revenues from Black Elk Energy Offshore Operations, LLC, Renaissance Offshore LLC and Fieldwood Energy LLC/Apache Corporation accounted for more than 90% of Tidelands royalty revenue for each of the years ended December 31, 2015, 2014 and 2013.

Marine derives no revenues from foreign sources and has no export sales.

Trust Functions. The Trust is administered by officers and employees of its Trustee. The Trust has no employees. See *Item 10. Directors, Executive Officers and Corporate Governance*.

All aspects of Marine s operations are conducted by third parties. These operations include the production and sale of oil and natural gas and the calculation of royalty payments to Marine, which are conducted by oil and natural gas companies that lease tracts subject to Marine s interests. American Stock Transfer and Trust Company, LLC is the transfer agent for Marine and is responsible for reviewing, processing and paying distributions.

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The ability of Marine to receive revenues is entirely dependent upon its rights with respect to the leases held by Chevron and its assignees in the Gulf of Mexico (as more fully described in *Item 2. Properties* below). Moreover, no revenues are payable to Marine until sales of production commence from any such lease.

The royalty interests held by Marine are depleting with each barrel of oil and cubic foot of natural gas produced. No funds are reinvested by Marine; thus, these depleting assets are not being replaced.

Widely Held Fixed Investment Trust Reporting Information. 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 representative of the Trust that will provide the required information is Southwest Bank as Trustee, and the contact information for the Trustee is as follows:

Southwest Bank

2911 Turtle Creek Blvd., Suite 850

Dallas, Texas 75219

Telephone number: (855) 588-7939

Each unitholder should consult its own tax advisor for tax reporting matters.

ITEM 1A. RISK FACTORS

Although various risk factors and specific cautionary statements are described elsewhere in this Annual Report on Form 10-K, the following is a summary of the principal risks associated with an investment in units of the Trust.

Oil and natural gas prices, which are subject to fluctuations, have declined substantially from historical highs and may remain depressed for the foreseeable future. The depression in oil and natural gas prices has resulted in, and is expected to continue to result in, lower royalty payments to Marine and lower cash distributions to its unitholders.

Marine s quarterly distributions are highly dependent upon the prices realized from the sale of oil and natural gas. During Marine s 2016 fiscal year, oil and natural gas prices experienced a significant decline and the depression of oil and natural gas prices may continue for the foreseeable future. This decline in oil and natural gas prices has had, and could continue to have, a material adverse effect on Marine s distributable income. Any sustained decline in Marine s distributable income would cause a decrease in the value of cash distributions to its unitholders and could result in Marine being unable to make a cash distribution to its unitholders in one or more quarters, as well as result in a decrease of the market price of the units.

Historically, oil and natural gas prices have been volatile and are likely to continue to be volatile in the future due to factors beyond Marine s control. These factors include, but are not limited to:

political conditions worldwide, and in particular, political disruptions, terrorist activities, wars or other armed conflicts in oil producing regions;

worldwide economic conditions;

weather conditions;

the supply and price of domestic and foreign oil and natural gas;

the level of consumer demand;

the price and availability of alternative fuels;

the proximity to, and capacity of, transportation facilities; and

the effect of worldwide energy conservation measures.

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Moreover, government regulations, such as the regulation of natural gas transportation and price controls, can affect oil and natural gas prices in the long term.

The volatility of oil and natural gas prices reduces the predictability of future cash distributions to unitholders. Substantially all of the oil and natural gas produced from the leases are being sold under short-term or multi-month contracts at market clearing prices or on the spot market.

Marine is unable to acquire royalty interests in any more leases.

Marine s overriding royalty interests apply only to existing leases and do not apply to new leases that Chevron or its assignees may acquire. Therefore, Chevron and its assignees are no longer obligated to assign Marine an interest out of any lease that they acquire. In addition, Marine is not permitted to carry on any business, including making investments in additional oil and natural gas interests. Marine will continue to be entitled to receive payments on its existing leases, so long as the leases are active properties. Once the leases terminate or expire, any overriding royalties payable to Marine will terminate and Marine will not be able to acquire any additional or replacement royalty interests.

Royalty interests are depleting assets and may deplete faster than expected or in their entirety.

The net proceeds payable to Marine are derived from the sale of depleting assets. Accordingly, the portion of the distributions to unitholders that are attributable to depletion may be considered a return of capital as opposed to a return on investment. Distributions that are considered a return of capital will ultimately diminish the depletion tax benefits available to unitholders, which could reduce the market value of the units over time.

The reduction in proved reserve quantities is a common measure of depletion. Future maintenance and development projects on the leases will likely affect the quantity of proved reserves. The timing and size of these projects will depend on the market prices of oil and natural gas. If operators of the leases do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently experienced by Marine. Eventually, the properties in the leases will stop producing in commercial quantities, and Marine will cease to be entitled to receive any distributions of net proceeds therefrom.

The market price for the units may not reflect the value of the royalty interests held by Marine.

The public trading price for the units tends to be tied to the recent and expected levels of cash distributions on the units. The amounts available for distribution by Marine vary in response to numerous factors outside of Marine s control, including prevailing prices for oil and natural gas produced from properties on the leases. The market price of the units is not necessarily indicative of the value that Marine would realize if it sold its interest in the properties on the leases to a third party buyer and distributed the net proceeds to its unitholders. In addition, the market price of the units is not necessarily reflective of the fact that Marine s assets are depleting assets, and a portion of each cash distribution paid on the units should be considered by investors as a return of capital, with the remainder being considered as a return on investment. There is no guarantee that distributions made to a unitholder over the life of these depleting assets will equal or exceed the purchase price paid by the unitholder for the unit.

In addition, the public stock markets have traditionally experienced price and trading volume volatility. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons that may or may not be related to operating performance. If the public stock markets continue to experience price and trading volume volatility in the future, the market price of the units could be adversely affected.

Our units have been thinly traded and an active trading market for our units may not develop.

The trading volume of our units has historically been low. As a result, sales of small amounts of the units in the public market could cause the price of the units to fluctuate greatly, including in a materially adverse manner. In addition, a more active trading market for our units may not develop, or if it does develop, may not continue, and a unitholder may find it difficult to dispose of, or to obtain accurate quotations as to the market value of, our units.

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Operating risks for the working interest owners interests on the leases can adversely affect distributions.

The occurrence of drilling, production or transportation accidents and other natural disasters on the properties underlying the leases can reduce distributions. These occurrences include blowouts, cratering, explosions, environmental and hurricane damage that may result in personal injuries, property damage, damage to productive formations or equipment and environmental damages. Any of these occurrences could have a material adverse effect on the amount of our distributions or the market value of the units.

Failure to collect royalty payments from working interest owners could adversely affect Marine s distributions to its unitholders.

A significant portion of Marine s royalties are attributable to a limited number of working interest owners. For the fiscal year ended June 30, 2016, one working interest owner accounted for approximately 59% of the royalty payments to Marine. Marine does not require working interest owners to pledge collateral or otherwise post security for royalty payments. At any time, Marine may encounter collection issues with one or more of the working interest owners, which could result in Marine not receiving payments for some or all of its royalty interests. Any reduction in royalty payments would reduce the distributable income to Marine s unitholders.

The owner of any properties in the leases may transfer any of the properties to another unrelated third party, which could reduce the amount of royalty payments that are received.

The working interest owners may at any time transfer all or part of the property in a lease to another unrelated third party. Unitholders are not entitled to vote on any transfer, and Marine will not receive any proceeds of any such transfer. Following any transfer, the lease will continue to be subject to Marine s royalty interest, but the net proceeds from the transferred property would be calculated separately and paid by the transferee. The transferee would be responsible for all of the obligations relating to calculating, reporting and paying to Marine its royalty interest on the transferred portion of the lease, and the transferor of the transferred property would have no continuing obligation to Marine for that property. Any such transferee may not be as financially sound as the current working interest owner.

The owner of any properties in the leases may abandon any property, terminating the related royalty interest Marine may hold.

The current working interest owners or any transferee may abandon any well or property that is subject to Marine s royalty interest if it believes that the well or property can no longer produce in commercially economic quantities or for any other reason. This would terminate Marine s royalty interest relating to the abandoned well or property.

The Trustee, Marine and the Trust s unitholders do not control the operation or development of the properties in the leases and have little influence over their operation or development.

The Trustee, Marine and the Trust s unitholders have little, if any, influence or control over the operation or future development of the underlying properties of the leases. The properties underlying the leases are owned by independent working interest owners. The working interest owners manage the underlying properties and handle the receipt and payment of funds relating to the leases and payments to Marine for its royalty interests. The current working interest owners are under no obligation to continue operating the properties. The failure of a working interest owner to conduct its operations, discharge its obligations, cooperate with regulatory agencies or comply with laws, rules and regulations in a proper manner could have an adverse effect on net proceeds payable to Marine. The Trustee, Marine and the Trust s unitholders do not have the right to replace an operator.

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Important reserve and other information with respect to the particular leases subject to Marine s royalty interest is unreasonably difficult to obtain.

The leasehold working interests that are subject to the rights held by Marine are owned, in most cases, in whole or in part by Chevron, or other oil and natural gas exploration and production companies. Certain information with respect to the particular leases subject to Marine s interests, including, but not limited to, (i) reserves, (ii) the availability of oil and natural gas, (iii) the average production cost (lifting cost) per unit, (iv) undeveloped acreage and (v) net wells and net acres, lies solely within the knowledge of these working interest owners. Marine does not have access to engineering data regarding these leaseholds and believes that such information would have been compiled principally by or for the working interest owners of these leaseholds and such information is unreasonably difficult for Marine to obtain.

Terrorism and continued geopolitical hostilities could adversely affect Marine s distributions to its unitholders or the market price of its units.

Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign, as well as military or other actions taken in response to such attacks or threats, could cause instability in the global financial, oil and natural gas markets. Terrorism and other geopolitical hostilities could adversely affect the Trust s distributions to its unitholders or the market price of its units in unpredictable ways, including through the disruption of oil and natural gas supplies and markets, increased volatility in oil and natural gas prices, or the possibility that the infrastructure on which the operators of the underlying properties rely could be a direct target or an indirect casualty of an act of terror.

Unitholders have limited voting rights.

Voting rights as a unitholder are more limited than those of stockholders of most public corporations. For example, there is no requirement for annual meetings of unitholders or for an annual or other periodic re-election of the Trustee. Unlike corporations, which are generally governed by boards of directors that are elected by their equity holders, the Trust is administered by a corporate trustee in accordance with the Indenture and other organizational documents. The Trustee has extremely limited discretion in its administration of the Trust.

The limited liability of the unitholders is uncertain.

The unitholders are not protected from the liabilities of the Trust to the same extent that a shareholder would be protected from a corporation s liabilities. The structure of the Trust as a trust does not include the interposition of a limited liability entity, such as a corporation or limited partnership, which would provide further limited liability protection to unitholders. While the Trust is liable for any excess liabilities incurred if the Trustee fails to ensure that such liabilities are to be satisfied only out of the Trust s assets, under the laws of the State of Texas, which are unsettled on this point, a unitholder may be jointly and severally liable for any liability of the Trust if (i) the satisfaction of such liabilities was not contractually limited to the assets of the Trust and (ii) the assets of the Trust and the Trustee are not adequate to satisfy such liability. As a result, unitholders may be exposed to personal liability.

Marine s royalty interest can be sold and the Trust can be terminated.

The Trust may be terminated and the Trustee may sell Marine s royalty interests if holders of 80% or more of the units of beneficial interest of the Trust approve the sale and vote to terminate the Trust. Following any such termination and liquidation, the net proceeds of any sale would be distributed to the unitholders and the unitholders would receive no further distributions from the Trust. Any such sale may not be on terms acceptable or favorable to all unitholders.

The operators of the oil and natural gas leases are subject to extensive governmental regulation.

Oil and natural gas operators have been, and in the future will be, affected by Federal, state and local laws and regulations and other political developments, such as price or gathering rate controls, drilling regulations, and environmental protection regulations, including the regulation of hydraulic fracturing. Although Marine is unable to predict changes to existing laws and regulations, such changes could significantly impact Marine s overriding royalty interests.

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Cash held by the Trustee is not insured by the Federal Deposit Insurance Corporation.

Currently, cash held by Marine that is reserved for the payment of accrued liabilities and estimated future expenses and distributions to unitholders is typically held in cash deposits, U.S. Treasury and agency bonds and money market accounts. Marine places such reserve cash with financial institutions that Marine considers credit worthy and limits the amount of credit exposure from any one financial institution. However, none of these accounts are insured by the Federal Deposit Insurance Corporation. In the event that any such financial institution becomes insolvent, Marine may be unable to recover any or all such cash from the insolvent financial institution. Any loss of such cash may have a material adverse effect on Marine s cash balances and any distributions to unitholders.

Financial information of Marine is not prepared in accordance with generally accepted accounting principles in the United States.

The financial statements of Marine are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting that differs from generally accepted accounting principles in the United States (GAAP). Although the modified cash basis of accounting is permitted for royalty trusts by the U.S. Securities and Exchange Commission (the SEC), the financial statements of Marine differ from financial statements prepared in accordance with GAAP because royalty income is recognized in the month it is received rather than in the month of production, expenses are recorded in the month paid rather than in the month incurred and reserves may be established for contingencies that would not be recorded under GAAP.

If Marine becomes subject to the Texas franchise tax, the Trustee may have to withhold amounts from future distributions to pay the tax liability.

The State of Texas imposes a franchise tax that applies to most business entities doing business in Texas. Trusts, however, other than business trusts (as defined in U.S. Treasury Regulation section 301.7701-4(b)), that meet certain statutory requirements are exempt from the franchise tax as passive entities.

The Trustee does not expect that the Trust will be required to pay any amounts under the Texas franchise tax for the 2016 tax year based on the Trustee s belief that the Trust is exempt from the franchise tax as a passive entity (*i.e.*, the Trust is not a business trust, it receives at least 90% of its Federal gross income from certain passive sources, and no more than 10% of its income is derived from an active trade or business). If it is subsequently determined that the Trust is not exempt from the franchise tax, the Trust will be required to reduce distributions by the amount required to satisfy and pay the Trust s franchise tax liability for the years for which the applicable statute of limitations has not yet expired. In addition, the Trust would be required to timely pay franchise tax liability due with respect to current and future years in which the Trust fails to qualify for an exemption and has total revenues in excess of $1 million (subject to adjustment pursuant to Texas Tax Code section 171.006).

If the Trust is exempt from the Texas franchise tax as a passive entity, each unitholder that is subject to the Texas franchise tax as a taxable entity under the Texas Tax Code should generally include its share of the Trust s revenue in its franchise tax computation. The Texas franchise tax does not apply to natural persons. Each unitholder is urged to consult its own tax advisor regarding its possible Texas franchise tax liability.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

General. Marine is not engaged in oil and natural gas exploration or production operations, and its only industry segment or purpose is the administration and collection of royalties. Marine s income is based upon the oil and natural gas operations of third parties. Marine s income is derived from contracts that provide for payments in the nature of overriding royalties made to Marine based on oil and natural gas sales from certain leases in the Gulf of Mexico. Marine does not own or directly lease any physical properties.

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Reserves. As indicated above, Marine is not engaged in the exploration or production of oil or natural gas. Marine s income is derived from overriding royalty payments that are carved out of working interests in oil and natural gas leases in the Gulf of Mexico. Marine does not have the engineering data necessary to make an estimate of the proved oil and natural gas reserves attributable to such working interests (nor the present value of future net cash flows from such reserves), and Marine is not entitled to receive such data from the owners of the working interests from which its interests are derived. Similarly, Tidelands does not have access to the engineering data necessary to make an estimate of the proved oil and natural gas reserves attributable to such working interests. See also *Difficulty in Obtaining Certain Data.* Since Marine does not have access to this reserve information, Marine is unable to compute the standardized measure of discounted future net cash flows attributable to such working interests.

Marine did not file any reports during the fiscal year ended June 30, 2016 with any U.S. Federal authority or agency with respect to oil and natural gas reserves.

Due to the nature of Marine s business, it does not have any delivery commitments.

Production. Information regarding the net quantities of oil and natural gas sold with respect to Marine s overriding royalty interests (excluding its interest in Tidelands) for each of the last three fiscal years, as well as the average sales price per unit of oil and natural gas sold upon which payments to Marine are based, is set forth in the following table:

	Fiscal Year Ended June 30,		
	2016	2015	2014
Net quantities sold:			
Oil (in barrels (bbls))	15,841	17,519	24,656
Natural gas (in thousands of cubic feet (mcf))	56,719	88,150	101,717
Average sales price for royalty oil and natural gas sold:			
Oil (per bbl) (1)	$ 44.80	$ 89.57	$ 100.31
Natural gas, net of expenses (per mcf) (1)	$ 2.11	$ 4.25	$ 4.73

(1) The average sales price is calculated from data provided by the operators.

Information about average production cost (lifting cost) per unit of production has been omitted due to its unavailability and inapplicability to Marine. For more recent information regarding prices, see *Item 7. Trustee s Discussion and Analysis of Financial Condition and Results of Operations.*

Productive Wells. Based on the latest public records reviewed by Marine from the Bureau of Ocean Energy Management, Regulation and Enforcement, a division of the U.S. government, there were approximately 201 gross active wells subject to Marine s interests (excluding its interest in Tidelands). Marine believes that the term active wells is synonymous with the term productive wells as defined in Item 1205 of Regulation S-K. While Marine believes that most of the active wells produce both oil and natural gas, Marine is unable to determine the actual number of wells classified as either oil or natural gas wells without unreasonable effort and expense. See *Difficulty in Obtaining Certain Data.*

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Drilling Activity. The following table shows the number of wells drilled or recompleted in which Marine has an interest (excluding its interest in Tidelands) for each of its last three fiscal years:

	Fiscal Year Ended June 30,		
	2016	2015	2014
Development			
Oil	0	0	3
Natural Gas	0	0	2
Dry	0	0	0
Totals	0	0	5

Information regarding net wells or acres is not included since Marine does not own any working interests.

Lease Acreage. As of September 1, 2016, Marine had an overriding royalty interest (including its interest in Tidelands) in 59 different oil and natural gas leases covering an aggregate of 217,056 gross acres. These leases are located in the Central and Western areas of the Gulf of Mexico off the coasts of Louisiana and Texas. This acreage is presented in the following table:

Leases Granted by[1]:	Producing Acreage
United States	211,526
State of Texas	640
State of Louisiana	4,890
	217,056

(1) Leases are typically granted for a term of five years, during which the lease owner must establish commercial production, or the lease expires. Marine s overriding royalty area is determined by a contract that defines the area in which Marine is entitled to receive a royalty interest. In some cases, that area does not cover an entire lease block. In those cases, Marine s royalty interest only applies to the area that lies within the lease. Of the aggregate of 217,056 total gross acres in which Marine has an overriding royalty interest, there are 210 gross acres located on leases that have commercial production, but the production is not on Marine s overriding royalty area within those leases.

The overriding royalty interest owned by Marine is three-fourths of 1% of the working interest held by Chevron or its assigns. The fractional interest therefore varies from lease to lease. The acreage weighted average of the fractional interest in all leases, including Marine s interest in the leases held by Tidelands, is 0.5776%. The following table presents the acreage breakdown by fractional interests of Marine and Tidelands:

Trust	Gross Acres	Interest

Tidelands	17,188	1.01137%
Marine	105,672	0.7500%
Marine	1,527	0.5000%
Marine	40,151	0.3750%
Marine	52,518	0.2006%
Summary	**217,056**	**0.5776%**

Present Activities. As of September 1, 2016, public records indicated that no wells were either being drilled, re-drilled or worked over on tracts in which Marine has an interest. Additionally, public records indicated that operators had not designated any locations for additional operations, which may include drilling, permits to work over or recomplete a well or other types of operations. There is no assurance that wells will be drilled, and if they are drilled, that they will be successful. Marine is not obligated to provide any fixed and determinable quantities of oil or natural gas in the future under any existing contracts or agreements.

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Difficulty in Obtaining Certain Data. Marine s only activities are the collection and distribution of revenues from overriding royalties on certain oil and natural gas leases in the Gulf of Mexico, pursuant to purchase agreements between Marine s predecessors and Gulf and its transferees. The leasehold working interests that are subject to the rights held by Marine are owned, in most cases, in whole or in part by Chevron, or other oil and natural gas exploration and production companies. Certain information with respect to the particular leases subject to Marine s interests, including, but not limited to, (i) reserves, (ii) the availability of oil and natural gas, (iii) the average production cost (lifting cost) per unit, (iv) undeveloped acreage and (v) net wells and net acres, lies solely within the knowledge of these working interest owners. Marine does not have access to engineering data regarding these leaseholds and believes that such information would have been compiled principally by or for the working interest owners of these leaseholds, and that such information is unreasonably difficult for Marine to obtain. As a result, Marine believes that unreasonable efforts and expense would be involved in seeking to obtain all of the information required under Item 102 and Subpart 1200 of Regulation S-K.

ITEM 3. LEGAL PROCEEDINGS

To their knowledge, neither the Trust nor MPC, nor any of their respective properties, is a party to or subject to any material pending litigation as of the date hereof.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The units of beneficial interest in the Trust trade on the Nasdaq Capital Market under the symbol MARPS. Distributions of cash are made to unitholders quarterly. The following table presents the range of high and low sales prices of the units on the Nasdaq Capital Market by quarter for the past two fiscal years. The per unit amount of cash distributed to unitholders for each of these quarters is also presented in the table.

	Sales Price		Distributions
Quarter Ending	**High**	**Low**	**Per Unit**
September 30, 2014	$ 17.89	$ 15.84	$ 0.37
December 31, 2014	16.28	9.31	0.29
March 31, 2015	14.45	10.00	0.31
June 30, 2015	13.50	8.40	0.14
September 30, 2015	$ 8.97	$ 5.20	$ 0.11
December 31, 2015	7.70	4.01	0.07
March 31, 2016	5.75	3.07	0.09
June 30, 2016	5.75	4.03	0.07

The Trust is authorized to issue and has issued 2,000,000 units of beneficial interest. On September 1, 2016, these outstanding units of record were held by 265 unitholders. There were no changes in the number of outstanding units of beneficial interest during the fiscal year ended June 30, 2016.

The Trust must distribute to its unitholders all cash accumulated each quarter, less an amount reserved for accrued liabilities and estimated future expenses. The amount reserved varies from quarter to quarter and amounted to $76,500 for the distribution paid on June 28, 2016. Such distributions have been made since the Trust s inception and will continue so long as the income from oil and natural gas royalties exceeds administrative costs.

Distributions primarily fluctuate from quarter to quarter due to changes in oil and natural gas prices and production quantities. Distributions are determined by the cash available to the Trust on the determination date less reserves for future expenses.

Marine does not maintain any equity compensation plans. The Trust did not repurchase any units of beneficial interest during the quarter ended June 30, 2016.

While the Trust s Annual Report on Form 10-K (excluding exhibits) for the fiscal year ended June 30, 2016 is distributed to unitholders, a copy of the Annual Report on Form 10-K (excluding exhibits) is available without charge to interested parties. There will be copying and mailing charges for copies of any exhibits that are requested. Written requests should be directed to Mr. Ron E. Hooper, Southwest Bank, 2911 Turtle Creek Blvd., Suite 850, Dallas, Texas, 75219.

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ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes selected financial information that has been derived from Marine s audited consolidated financial statements. You should read the information set forth below in conjunction with *Item 7. Trustee s Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

	Fiscal Year Ended June 30, (Dollars in thousands, except per unit amounts)				
	2016	**2015**	**2014**	**2013**	**2012**
Consolidated Statements of Distributable Income Selected Data:					
Income:					
Oil and natural gas royalties	$ 829	$ 1,944	$ 2,956	$ 2,730	$ 3,755
Oil and natural gas royalties from affiliate	76	172	170	266	356
Interest income					
	$ 905	$ 2,116	$ 3,126	$ 2,996	$ 4,111
Expenses:					
General and administrative	$ 197	$ 227	$ 310	$ 274	$ 294
Federal income taxes of subsidiary					
	197	227	310	274	294
Distributable income	$ 708	$ 1,889	$ 2,816	$ 2,722	$ 3,817
Distributions to unitholders	$ 683	$ 2,228	$ 2,776	$ 2,814	$ 3,990
Distributable income per unit	$ 0.35	$ 0.94	$ 1.41	$ 1.36	$ 1.91
Distributions per unit	$ 0.34	$ 1.11	$ 1.39	$ 1.41	$ 2.00

	At June 30,				
	2016	**2015**	**2014**	**2013**	**2012**
Consolidated Statements of Assets, Liabilities and Trust Corpus Selected Data:					
Total assets	$ 820	$ 795	$ 1,135	$ 1,096	$ 1,187
Trust corpus	$ 820	$ 795	$ 1,135	$ 1,096	$ 1,187

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ITEM 7. TRUSTEE S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies. The financial statements of Marine have been prepared on the modified cash basis method and are not intended to present Marine s financial position and results of operations in conformity with GAAP. Under the modified cash basis method:

- Royalty income is recognized when received by Marine.
- Marine s expenses (which include accounting, legal, and other professional fees, Trustees fees and out-of-pocket expenses) are recorded on an actual paid basis. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary.
- Distributions to unitholders are recognized when declared by the Trustee of the Trust.

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 received rather than in the month of production.
- Reserves may be established for contingencies that would not be recorded under GAAP.
- Expenses are recorded in the month paid rather than in the month incurred.

This comprehensive basis of accounting corresponds to the accounting principles permitted for royalty trusts by the SEC as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Trustee to make various estimates and assumptions that affect the reported amount of liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results may differ from such estimates.

Results of Operations. Marine s revenues are derived from the oil and natural gas production activities of third parties. Marine s revenues and distributions fluctuate from period to period based upon factors beyond Marine s control, including, without limitation, the number of leases subject to Marine s interests, the number of productive wells drilled on leases subject to Marine s interests, the level of production over time from such wells and the prices at which the oil and natural gas from such wells are sold.

Marine s results of operations are significantly impacted by oil and natural gas prices and the quantity of oil and natural gas production. Oil and natural gas prices have historically experienced significant volatility. Marine is not permitted to manage its commodity price risk through the use of fixed price contracts or financial derivatives.

Marine s income consists primarily of oil and natural gas royalties and is based on the value at the well of its percentage interest in oil and natural gas sold without reduction for any of the expenses of production. Value at the well for oil means the purchasers selling price at its receiving point onshore, less the cost of transportation from the offshore lease to the onshore receiving point. Value at the well for natural gas means the selling price less the cost of compression, dehydration and transportation from the lease to the delivery point of the pipeline transporting the product to market. In general, value at the well is determined on the basis of the selling price of oil, natural gas and other minerals produced, saved and sold, or at wellhead prices determined by industry standards, where the selling price does not reflect value at the well. In the event an agreement is not arms-length in nature, the value is based upon current market prices.

Summary Review. In general, Marine receives royalties two months after oil production and three months after natural gas production. The June 2016 distribution of $0.073281 per unit decreased from the March 2016 distribution of $0.089795 per unit. As disclosed in a press release dated August 19, 2016, the September 2016 distribution of $0.043507 per unit will be a decrease from the June 2016 distribution of $0.073281 per unit.

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Marine s distributable income for fiscal 2016 amounted to $708,142, or $0.35 per unit, as compared to $1,888,690, or $0.94 per unit, in fiscal 2015 and $2,815,576, or $1.41 per unit, in fiscal 2014. Distributions to unitholders are calculated and paid out net of reserve for future expenses, which are estimated by the Trustee on a quarterly basis.

These results also include income from the Trust s interest in Tidelands, which amounted to $75,946 for fiscal 2016, $171,340 for fiscal 2015 and $169,739 for fiscal 2014. Income from Tidelands contributed approximately 8% of Marine s royalty income for fiscal 2016 as compared to 8% of Marine s royalty income in fiscal 2015 and to 5% of Marine s royalty income in fiscal 2014.

The following table shows the number of wells drilled or recompleted on leases in which Marine has an interest (including its interest in Tidelands) and the number of active wells at the end of each of the past three fiscal years.

	Fiscal Year Ended June 30,		
	2016	**2015**	**2014**
Wells Drilled or Recompleted (Gross)	0	0	5
Active Wells (Gross)	201	201	201

The following table and related discussion and analysis shows the royalty income, the net quantities sold, and the average price received for oil and natural gas during fiscal 2016, 2015 and 2014, excluding the Trust s interest in Tidelands.

	Fiscal Year Ended June 30,		
	2016	**2015**	**2014**
Income from:			
Oil royalties	$ 709,677	$ 1,569,177	$ 2,474,360
Natural gas royalties	$ 119,861	$ 374,691	$ 481,363
Totals	$ 829,538	$ 1,943,868	$ 2,955,723
Net quantities sold:			
Oil (bbls)	15,841	17,519	24,656
Natural gas (mcf)	56,719	88,150	101,717
Average price:			
Oil (per bbl) (1)	$ 44.80	$ 89.57	$ 100.31
Natural gas, net of expenses (per mcf) (1)	$ 2.11	$ 4.25	$ 4.73

(1) These amounts are net of the cost of transportation from offshore leases to onshore receiving points.

Fiscal Year 2016 Compared to Fiscal Year 2015. During fiscal 2016, Marine received approximately 86% of its royalty income from the sale of oil and 14% of its royalty income from the sale of natural gas, as compared to approximately 81% of its royalty income from the sale of oil and 19% of its royalty income from the sale of natural gas in fiscal 2015. Income from oil and natural gas royalties in fiscal 2016 decreased approximately 57% from fiscal 2015, primarily due to a decrease in production of oil and natural gas and a decrease in prices realized for oil and natural gas.

Revenue from oil royalties amounted to $709,677 in fiscal 2016, a decrease from the $1,569,177 realized in fiscal 2015. The average price realized for a barrel of oil decreased to $44.80 from the $89.57 realized in fiscal 2015. In fiscal 2016, oil production decreased to 15,841 bbls from the 17,519 bbls produced in fiscal 2015.

Revenue from natural gas royalties amounted to $119,861 in fiscal 2016, a decrease from the $374,691 realized in fiscal 2015. In fiscal 2016, the average price per mcf of natural gas decreased to $2.11 from the $4.25 realized in fiscal 2015. In fiscal 2016, natural gas production decreased to 56,719 mcf from the 88,150 mcf produced in fiscal 2015.

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General and administrative expenses for fiscal 2016 amounted to $197,492, a decrease from the $226,600 recorded in fiscal 2015, due to a decrease in professional fees and expenses and contract services.

Fiscal Year 2015 Compared to Fiscal Year 2014. During fiscal 2015, Marine received approximately 81% of its royalty income from the sale of oil and 19% of its royalty income from the sale of natural gas, as compared to approximately 84% of its royalty income from the sale of oil and 16% of its royalty income from the sale of natural gas in fiscal 2014. Income from oil and natural gas royalties in fiscal 2015 decreased approximately 34% from fiscal 2014, primarily due to a decrease in production of oil and natural gas and a decrease in prices realized for oil and natural gas.

Revenue from oil royalties amounted to $1,569,177 in fiscal 2015, a decrease from the $2,474,360 realized in fiscal 2014. The average price realized for a barrel of oil decreased to $89.57 from the $100.31 realized in fiscal 2014. In fiscal 2015, oil production decreased to 17,519 bbls from the 24,656 bbls produced in fiscal 2014.

Revenue from natural gas royalties amounted to $374,691 in fiscal 2015, a decrease from the $481,363 realized in fiscal 2014. In fiscal 2015, the average price per mcf of natural gas decreased to $4.25 from the $4.73 realized in fiscal 2014. In fiscal 2015, natural gas production decreased to 88,150 mcf from the 101,717 mcf produced in fiscal 2014.

General and administrative expenses for fiscal 2015 amounted to $226,600 a decrease from the $310,007 recorded in fiscal 2014, due to a decrease in professional fees and expenses and contract services.

Capital Resources and Liquidity. The Trust s Indenture (and the charter and by-laws of MPC) expressly prohibits the operation of any kind of trade or business. Due to the limited purpose of the Trust as stated in the Trust s Indenture, there is no requirement for capital. Its only obligation is to distribute to unitholders the distributable income actually collected.

As an administrator of oil and natural gas royalty properties, the Trust collects income monthly, pays expenses of administration and disburses all distributable income collected to its unitholders each quarter, less an amount reserved for accrued liabilities and estimated future expenses. Because all of Marine s revenues are invested in liquid funds pending distribution, Marine does not experience liquidity problems.

Marine s oil and natural gas properties are depleting assets and are not being replaced due to the prohibition against these investments. These restrictions, along with other factors, allow the Trust to be treated as a non-taxable grantor trust for U.S. Federal income tax purposes. Accordingly, all of Marine s income and deductions should flow through to its unitholders on a proportionate basis. MPC will owe U.S. Federal (and state) income taxes with respect to its income after deducting statutory depletion. MPC s income specifically excludes 98% of oil and natural gas royalties collected by MPC, which are retained by and delivered to the Trust in respect of the Trust s net profits interest.

The Trust does not currently have any long term contractual obligations, other than the obligation to make distributions to unitholders pursuant to the Indenture. The Trust does not maintain any off-balance sheet arrangements within the meaning of Item 303 of Regulation S-K.

Forward-Looking Statements. The statements discussed in this Annual Report on Form 10-K regarding Marine s future financial performance and results of operations, 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 Securities Exchange Act of 1934, as amended (the Exchange Act). Marine uses the words may, expect, anticipate, estimate, believe, continue, intend, plan, budget, or other similar words to identify forward-looking statements. All forward-looking statements speak only as of the date on which they are made. 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 factors, risks and uncertainties including, but not limited to, the following: reductions in prices 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,

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or geological changes such as cratering of productive formations; changes in regulations; and the expiration or release of leases subject to Marine s interests. 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 uncertainties as well as other risks of which we are not aware materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those contained in the forward-looking statements included in this Annual Report on Form 10-K.

Website. Marine has an Internet website and has made available its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, at 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As described elsewhere herein, Marine s only function is to collect overriding royalties from leases operated by others and distribute those royalties to unitholders after paying the cost of collection and administration. Marine s income is highly dependent on the prices realized from the sale of oil and natural gas and the quantities of production from wells in which it has a royalty interest. Oil and natural gas prices have historically experienced significant volatility. Marine is not permitted to manage its commodity price risk through the use of fixed price contracts or financial derivatives.

Due to the short length of time between receipts and disbursements, cash held by the Trust is held in a non-interest bearing trust account, and there is no material interest rate risk. Oil and natural gas royalties received by MPC prior to delivery of the 98% net profits interest to the Trust are held in money market accounts that invest in U.S. Treasury securities and are considered not subject to interest rate risk. The corpus of MPC is held in either money market accounts or U.S. Treasury or agency securities that are held to maturity. Funds held in money market accounts and U.S. Treasury securities that mature in less than one year are considered not subject to interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements listed in the following index, together with the related notes and the report of Weaver and Tidwell, L.L.P., independent registered public accounting firm, are presented on the following pages and are incorporated by reference herein.

	Page
Report of Independent Registered Public Accounting Firm	23
Financial Statements:	
Consolidated Statements of Assets, Liabilities and Trust Corpus as of June 30, 2016 and 2015	24
Consolidated Statements of Distributable Income for the Fiscal Years Ended June 30, 2016, 2015 and 2014	25
Consolidated Statements of Changes in Trust Corpus for the Fiscal Years Ended June 30, 2016, 2015 and 2014	26
Notes to Consolidated Financial Statements	27

See also *Item 15. Exhibits and Financial Statement Schedules* of this Annual Report on Form 10-K for further information concerning Marine s financial statements.

All schedules have been omitted because they are either not required, not applicable or the required information is included in the consolidated financial statements and notes thereto.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Effectiveness of Disclosure Controls and Procedures

As of June 30, 2016, the Trustee carried out an evaluation of the effectiveness of the design and operation of the Trust s disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, the Trustee concluded that Marine s disclosure controls and procedures were effective as of June 30, 2016.

Changes in Internal Control Over Financial Reporting

There have not been any changes in Marine s internal control over financial reporting during the fourth quarter of fiscal 2016 that have materially affected, or are reasonably likely to materially affect, Marine s internal control over financial reporting.

Trustee s Report on Internal Control Over Financial Reporting

The Trustee is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act. The Trustee conducted an evaluation of the effectiveness of Marine s internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Trustee s evaluation under the Internal Control-Integrated Framework, the Trustee concluded that Marine s internal control over financial reporting was effective as of June 30, 2016. This Annual Report on Form 10-K does not include an attestation report of Marine s registered public accounting firm regarding internal control over financial reporting since the Trustee s report was not subject to attestation by Marine s registered public accounting firm pursuant to an exemption for smaller reporting companies pursuant to Section 404(c) of the Sarbanes-Oxley Act of 2002.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Officers. The Trust is a trust created under the laws of the State of Texas. The Trust s Indenture does not provide for directors or officers or the election or appointment of directors or officers. Under the Indenture, Southwest Bank, serves as the Trustee.

Section 16(a) Beneficial Ownership Reporting Compliance. The Trust has no directors or officers and is not aware of any beneficial owner of more than ten percent of the units of beneficial interest who failed to file reports required by Section 16(a) under the Exchange Act on a timely basis during the fiscal year ended June 30, 2016.

Code of Ethics. Because the Trust has no employees, it does not have a code of ethics. Employees of the Trustee must comply with the Trustee s code of ethics, a copy of which will be made available to unitholders without charge, upon request by appointment at Southwest Bank, 2911 Turtle Creek Blvd., Suite 850, Dallas, Texas 75219.

Committees. The Trust has no directors and therefore has no audit committee or audit committee financial expert and no nominating committee or compensation committee.

ITEM 11. EXECUTIVE COMPENSATION

The Trust has no directors or officers and is administered by the Trustee. Accordingly, the Trust does not have a compensation committee or maintain any equity compensation plans, and there are no units reserved for issuance under any such plans. During the past three fiscal years, the Trust paid or accrued fees to the Trustee, as set forth below.

Name of Individual or Entity	Fiscal Year	Other Annual Compensation[1]
Southwest Bank, Trustee (2)	2016	$ 28,000
	2015	$ 29,142
U.S. Trust, Bank of America Private Wealth Management, former Trustee (2)	2015	$ 2,822
	2014	$ 34,056

(1) Under the Indenture, the Trustee is entitled to reasonable and customary fees and compensation for its services.
(2) U.S. Trust, Bank of America Private Wealth Management served as corporate trustee until the appointment of Southwest Bank, effective August 27, 2014.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

The following table sets forth the persons known to the Trust who beneficially own more than five percent of the outstanding units of beneficial interest as of September 1, 2016:

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
Robert H. Paslay 1007 Gasserway Circle Brentwood, TN 37027	204,368 units	10.2%
Patricia Martin 110 Woodbine Place Missoula, MT 59803	174,529 units	8.7%

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There are no executive officers or directors of the Trust. The Trustee does not beneficially own any units of beneficial interest. The Trust does not maintain any equity compensation plans and the Trust has not repurchased any units during the fourth quarter of fiscal 2016. The Trustee knows of no arrangements the operation of which may at a subsequent date result in a change of control of the Trust.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Pursuant to an arrangement with MPC to share certain administrative expenses related to the use of office space that was leased through April 30, 2014, Tidelands Royalty Trust B Corporation, a wholly owned subsidiary of Tidelands, paid the following amounts to MPC during the past three fiscal years. The arrangement provided that administrative expenses are shared in the ratio of each of MPC s and Tidelands Royalty Trust B Corporation s gross oil and natural gas royalties to the total gross oil and natural gas royalties of both entities. Marine owns a 32.6% interest in Tidelands.

Fiscal Year	Amount Paid
2016	
2015	
2014	$ 26,100

As of April 30, 2014, the office space lease was terminated and the administrative expenses associated therewith terminated.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Fees for services performed by Weaver and Tidwell, L.L.P. for the fiscal years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Audit Fees	$ 50,000	$ 50,000
Audit-Related Fees		
Tax Fees		
All Other Fees		

As referenced in *Item 10. Directors, Executive Officers and Corporate Governance* above, the Trust has no audit committee, and as a result, has no audit committee pre-approval policy with respect to fees paid to its independent registered public accounting firm.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements see *Item 8. Financial Statements and Supplementary Data* above.

The consolidated financial statements of Tidelands, together with the related notes and the report of Weaver and Tidwell, L.L.P., independent registered public accounting firm, as contained in its Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC and filed herewith as Exhibit 99.1, are hereby incorporated herein by reference.

(b) Exhibits:

4.1	Indenture, as amended on December 8, 2000, of Marine Petroleum Trust, filed as Exhibit 4.1 to the Annual Report on Form 10-K of Marine for the fiscal year ended June 30, 2001 (File No. 000-08565), and incorporated by reference herein.
21.1	Subsidiaries of Marine, filed as Exhibit 21.1 to the Annual Report on Form 10-K of Marine for the fiscal year ended June 30, 2002 (File No. 000-08565), and incorporated by reference 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.
99.1*	Consolidated financial statements of Tidelands Royalty Trust B for the year ended December 31, 2015, and report of Weaver and Tidwell, L.L.P., independent registered public accounting firm.

* Filed herewith.

(c) Financial Statement Schedules All required schedules are included in the financial statements included in this Annual Report on Form 10-K.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Unitholders of

Marine Petroleum Trust and Subsidiary

We have audited the accompanying consolidated statements of assets, liabilities and trust corpus of Marine Petroleum Trust and Subsidiary (the Trust) as of June 30, 2016 and 2015, and the related consolidated statements of distributable income and changes in trust corpus for each of the years in the three-year period ended June 30, 2016. These consolidated financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the consolidated financial statements, these consolidated financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and trust corpus of Marine Petroleum Trust and Subsidiary as of June 30, 2016 and 2015, and distributable income and changes in trust corpus for each of the years in the three-year period ended June 30, 2016 in conformity with the modified cash basis of accounting described in Note 2 to the consolidated financial statements.

/s/ WEAVER AND TIDWELL, L.L.P.

Dallas, Texas

September 23, 2016

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MARINE PETROLEUM TRUST AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

As of June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 817,381	$ 792,265
Federal income taxes refundable	2,800	2,800
Producing oil and gas properties	7	7
Total assets	$ 820,188	$ 795,072
Liabilities and Trust Corpus		
Current liabilities:		
Federal income taxes payable.		
Total current liabilities	$	$
Trust Corpus authorized 2,000,000 units of beneficial interest, issued 2,000,000 units at nominal value	820,188	795,072
	$ 820,188	$ 795,072

See accompanying notes to consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME

For The Fiscal Years Ended June 30,

	2016	2015	2014
Income:			
Oil and natural gas royalties	$ 829,538	$ 1,943,868	$ 2,955,723
Oil and natural gas royalties from affiliate	75,946	171,340	169,739
Interest income	150	82	121
Total income	$ 905,634	$ 2,115,290	$ 3,125,583
Expenses:			
General and administrative	197,492	226,600	310,007
Distributable income before Federal income taxes	708,142	1,888,690	2,815,576
Federal income taxes of subsidiary			
Distributable income	$ 708,142	$ 1,888,690	$ 2,815,576
Distributable income per unit	$ 0.35	$ 0.94	$ 1.41
Distributions per unit	$ 0.34	$ 1.11	$ 1.39
Units outstanding	2,000,000	2,000,000	2,000,000

See accompanying notes to consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS

For The Fiscal Years Ended June 30,

	2016	2015	2014
Trust corpus, beginning of year	$ 795,072	$ 1,134,744	$ 1,095,526
Distributable income	708,142	1,888,690	2,815,576
Distributions to unitholders	(683,026)	(2,228,362)	(2,776,358)
Trust corpus, end of year	$ 820,188	$ 795,072	$ 1,134,744

See accompanying notes to consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

(a) General

Marine Petroleum Trust (the Trust) was established on June 1, 1956 with the transfer of property to the Trust consisting of certain contract rights, units of beneficial interest and common stock in exchange for units of beneficial interest in the Trust. The contract rights entitled the Trust to receive an overriding royalty interest in oil, natural gas and other mineral leasehold interests acquired by Gulf Oil Corporation, now Chevron U.S.A., Inc. (Chevron), a subsidiary of Chevron Corporation, in certain areas of the Gulf of Mexico prior to January 1, 1980.

The Trust must distribute all income, after paying its liabilities and obligations, to the unitholders during the months of March, June, September and December each year. The Trust and its subsidiary cannot engage in a trade or business. Funds held by Marine Petroleum Corporation, a wholly owned subsidiary of the Trust, (MPC, and collectively with the Trust, Marine) pending distribution to the Trust are invested in U.S. Treasury and agency bonds.

The unitholders assigned their contract rights offshore of Louisiana to MPC reserving a 98% net profits interest to themselves. The net profits interest contract was transferred to the Trust along with the other properties. The Trust is authorized to pay expenses of MPC should it be necessary.

The Trust is to continue until June 1, 2021, or until such later date as holders of the units owning a majority of the outstanding units may designate, but in any event, not more than 20 years from such designation. However, the unitholders owning eighty percent (80%) or more of the outstanding units may terminate the Trust on any date.

(b) Principles of Consolidation

The consolidated financial statements include the Trust and its wholly owned subsidiary, MPC. All material intercompany accounts and transactions have been eliminated upon consolidation.

(c) Producing Oil and Gas Properties

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.

(d) U.S. Federal Income Taxes

No provision has been made for U.S. Federal income taxes on the Trust s income since such taxes are the liability of the unitholders.

U.S. Federal income taxes have been provided on the income of MPC (which specifically excludes the 98% net profits interest to be retained by and delivered to the Trust), after deducting statutory depletion. MPC uses the cash method of reporting for U.S. Federal income taxes.

The primary difference between the actual tax expense of MPC and the expected tax expense is due to the fact that only 2% of MPC s income (i.e., excluding the 98% net profits interest retained by, and delivered to, the Trust) is subject to U.S. Federal income tax.

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Tax positions taken by the Trust related to the Trust s pass-through status and federal state tax positions have been reviewed, and the Trustee is of the opinion that material positions taken would more likely than not be sustained upon an examination. In accordance with the Trust s basis of accounting discussed in Note 2, the Trust would only recognize the impact of tax positions that were not upheld at the time of payment. As of June 30, 2016, the Trust s tax years 2012 through 2015 remain subject to examination.

MPC recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

(e) Credit Risk Concentration and Cash Equivalents

Financial instruments which potentially subject Marine to concentrations of credit risk are primarily investments in cash equivalents, U.S. Treasury and agency bonds. The Trust and MPC place their cash investments with financial institutions or companies that the Trustee considers credit worthy and limit the amount of credit exposure from any one financial institution.

Marine had cash and cash equivalents of $817,381 and $792,265 at June 30, 2016 and 2015, respectively, which consisted of cash deposits, U.S. Treasury and agency bonds and money market accounts.

(f) Use of Estimates

The preparation of financial statements in conformity with the modified cash basis method of accounting requires the Trustee to make various estimates and assumptions that affect the reported amount of liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results may differ from such estimates.

(g) Distributable Income per Unit and Distributions

Distributable income per unit is determined by dividing distributable income by the number of units of beneficial interest outstanding during the period. Distributions to unitholders are calculated and paid out net of reserve for future expenses, which are estimated by the Trustee on a quarterly basis.

(h) Significant Royalty Sources

Percent of royalty revenue received by Marine from producers is summarized as follows:

	Fiscal Year Ended June 30,		
Company	**2016**	**2015**	**2014**
Chevron USA, Inc.	59%	63%	84%
Arena Energy, LP	21%		
Fieldwood Energy LLC	8%	9%	4%
Renaissance Energy			3%
Walter Energy, Inc.	5%	9%	

Anglo Suisse Offshore Partners LLP	3%	6%	3%
Century Energy Ltd.	3%	5%	
Stone Energy		3%	
Apache Corporation			1%
Energy XXI GOM LLC			1%
McMoran Oil & Gas LLC			1%
W&T Offshore Inc.			1%
Others	1%	5%	2%
	100%	100%	100%

(2) Basis of Accounting

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

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Royalty income is recognized when received by Marine.

Marine s expenses (which include accounting, legal, and other professional fees, Trustees fees and out-of-pocket expenses) are recorded on an actual paid basis. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary.

Distributions to unitholders are recognized when declared by the Trustee of the Trust.

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 received rather than in the month of production.

Reserves may be established for contingencies that would not be recorded under GAAP.

Expenses are recorded in the month paid rather than in the month incurred.

This comprehensive basis of accounting corresponds to the accounting principles permitted for royalty trusts by the Securities and Exchange Commission (the SEC), as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

(3) Investment in Affiliate Tidelands Royalty Trust B

At June 30, 2016 and 2015, the Trust owned 32.6% of the outstanding units of beneficial interest in Tidelands Royalty Trust B (Tidelands). The 452,366 units owned by the Trust had a market value $515,697 and $701,167 at June 30, 2016 and 2015, respectively, based on the closing price of Tideland s units on the OTC Bulletin Board on such dates.

Administrative expenses are shared by MPC and Tidelands Royalty Trust B Corporation, a wholly owned subsidiary of Tidelands, in the ratio of each of MPC s and Tidelands Royalty Trust B Corporation s gross oil and natural gas royalties to the total gross oil and natural gas royalties of both entities. These administrative expenses were associated with the lease of an office space that terminated as of April 30, 2014.

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

TIDELANDS CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2016	June 30, 2015
Assets		
Current assets:		

Cash and cash equivalents	$ 464,176	$ 504,213
Oil, natural gas and other mineral properties	2	2
Total assets	$ 464,178	$ 504,215
Liabilities and Trust Corpus		
Current liabilities:		
Income distributable to unitholders	$	$ 20,906
Total current liabilities	$	$ 20,906
Trust Corpus authorized 1,386,525 units of beneficial interest, issued 1,386,375 units at nominal value	$ 464,178	$ 483,309
	$ 464,178	$ 504,215

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TIDELANDS CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME

	Twelve Months Ended June 30,		
	2016	2015	2014
Income	$ 324,993	$ 611,324	$ 643,904
Expenses	129,862	174,099	202,316
Distributable income before Federal income taxes	195,131	437,225	441,588
Federal income taxes of Tidelands subsidiary	3,019		
Distributable income	$ 192,112	$ 437,225	$ 441,588

Tidelands is a reporting company under the Securities Exchange Act of 1934, as amended, and has filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

(4) Summary of Quarterly Financial Data (Unaudited)

The following quarterly financial information for fiscal years 2016 and 2015 is unaudited; however, in the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included.

	Oil and Natural Gas Royalties	Expenses	Distributable Income	Distributable Income Per Unit
Quarter ended:				
September 30, 2014	$ 732,372	$ 51,175	$ 681,197	$ 0.34
December 31, 2014	693,199	77,037	616,162	0.31
March 31, 2015	409,778	62,832	346,946	0.17
June 30, 2015	279,941	35,556	244,385	0.12
	$ 2,115,290	$ 226,600	$ 1,888,690	$ 0.94
Quarter ended:				
September 30, 2015	$ 292,200	$ 23,900	$ 268,300	$ 0.13
December 31, 2015	195,526	75,455	120,071	0.06
March 31, 2016	237,730	58,415	179,315	0.09
June 30, 2016	180,178	39,722	140,456	0.07
	$ 905,634	$ 197,492	$ 708,142	$ 0.35

(5) Supplemental Information Relating to Oil and Gas Reserves (Unaudited)

Oil and natural gas reserve information relating to Marine s and Tidelands royalty interests is not presented because such information is not available to Marine or Tidelands. Marine s share of oil and natural gas sold for its royalty interests and Marine s equity in oil and natural gas sold for Tidelands royalty interests were as follows:

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	Twelve Months Ended June 30,		
	2016	2015	2014
Marine:			
Oil (bbls)	15,841	17,519	24,656
Gas (mcf)	56,719	88,150	101,717
Tidelands:			
Oil (bbls)	5,265	4,064	3,976
Gas (mcf)	40,549	60,438	54,500

(6) Texas Franchise Tax

Texas imposes a franchise tax that applies to most business entities that are formed or qualified to do business, or which are otherwise doing business, in Texas. Under the Texas franchise tax, a 0.75% tax is imposed for reports due in 2017 on each taxable entity s taxable margin that is apportioned to Texas. Taxable margin is generally defined as revenues less certain costs. Taxable entities include most entities that provide owners with limited liability protection, including trusts. There are certain exemptions from the franchise tax, including exclusions for certain passive entities that satisfy specified statutory requirements as described below and entities with total revenues below a specified threshold.

Under the Texas franchise tax, passive entities include trusts that meet the following requirements: (a) the trust cannot be a business trust within the meaning of U.S. Treasury Regulation section 301.7701-4(b); (b) at least 90% of the trust s income for the taxable year must be derived from passive sources (e.g., royalties, bonuses, delay rental income from mineral properties, dividends, interest, and gains from the sale of securities); and (c) no more than 10% of the trust s income for the taxable year can be derived from an active trade or business (e.g., rent, certain income received by a non-operator under a joint operating agreement pursuant to which the operator is the member of an affiliated group that includes such non-operator). An entity will determine on an annual basis whether it meets the requirements to be treated as a passive entity for the Texas franchise tax. The Trustee believes that all or substantially all of the income of the Trust currently is passive, as it consists of royalty income from the sale of oil and natural gas, dividends and interest income. Thus, the Trust anticipates that it will be a passive entity in the tax year ending in 2016. Subject to any change in the sources of income derived by the Trust or any change in the Indenture, the Trust expects that it will continue to qualify as a passive entity that is not subject to the franchise tax.

If the Trust is exempt from the Texas franchise tax as a passive entity, each unitholder that is subject to the Texas franchise tax as a taxable entity under the Texas Tax Code should generally include its share of the Trust s revenue in its franchise tax computation. The Texas franchise tax does not apply to natural persons.

In the event that the Trust does not qualify as a passive entity, it would not be required to pay any tax and is not considered to owe any Texas franchise tax for any period in which its annualized total revenue is less than or equal to a certain threshold. For reports due on or after January 1, 2016 and before January 1, 2018, this no tax due threshold is $1,110,000.

Each unitholder is urged to consult its own tax advisor regarding the requirements for filing state tax returns.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
(Registrant)

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

Date: September 23, 2016

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

. Southwest Bank, in its capacity as trustee of Marine Petroleum Trust and not in its individual capacity or otherwise

Dated: September 23, 2016

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

(The registrant has no directors or executive officers.)