

## PERMIAN BASIN ROYALTY TRUST

### CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	March 31, 2002 (Unaudited)	December 31, 2001
<b>ASSETS</b>		
Cash and Short-term Investments _____	<b>\$1,634,721</b>	\$ 1,842,420
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,645,643 and \$8,604,029 at March 31, 2002, and December 31, 2001, respectively) _____	<b>2,329,575</b>	2,371,187
	<b><u>\$3,964,296</u></b>	<u>\$ 4,213,607</u>
<b>LIABILITIES AND TRUST CORPUS</b>		
Distribution Payable to Unit Holders _____	<b>\$1,634,721</b>	\$ 1,842,420
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	<b>2,329,575</b>	2,371,187
	<b><u>\$3,964,296</u></b>	<u>\$ 4,213,607</u>

### CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended March 31,	
	2002	2001
Royalty Income _____	<b>\$4,574,228</b>	\$12,092,419
Interest Income _____	<b>4,834</b>	26,177
	<b>4,579,062</b>	12,118,596
General and Administrative Expenditures _____	<b>(160,752)</b>	(165,982)
Distributable Income _____	<b>\$4,418,310</b>	\$11,952,614
Distributable Income per Unit (46,608,796 Units) _____	<b>\$ .09</b>	\$ .26

### CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended March 31,	
	2002	2001
Trust Corpus, Beginning of Period _____	<b>\$2,371,187</b>	\$ 2,595,254
Amortization of Net Overriding Royalty Interests _____	<b>(41,612)</b>	(58,252)
Distributable Income _____	<b>4,418,310</b>	11,952,614
Distributions Declared _____	<b>(4,418,310)</b>	(11,952,614)
Trust Corpus, End of Period _____	<b>\$2,329,575</b>	\$ 2,537,002

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's 2001 Annual Report.

PERMIAN BASIN ROYALTY TRUST

FIRST QUARTER REPORT 2002

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TO UNIT HOLDERS

For the quarter ended March 31, 2002, royalty income received by the Trust amounted to \$4,574,228 compared to royalty income of \$12,092,419 during the first quarter of 2001. The decrease in royalty income is primarily attributable to significant decreases in both oil and gas prices.

Interest income for the quarter ended March 31, 2002, was \$4,834 compared to \$26,177 during the first quarter of 2001. The decrease in interest income is primarily attributable to less funds available for investment. General and administrative expenses during the first quarter of 2002 amounted to \$160,752 compared to \$165,982 during the first quarter of 2001. The decrease in general and administrative expenses can be primarily attributed to the timing of payment of year-end expenses.

These transactions resulted in distributable income for the quarter ended March 31, 2002, of \$4,418,310, or \$.09 per Unit of beneficial interest. Distributions of \$.031576, \$.028145 and \$.035073 per Unit were made to Unit holders of record as of January 31, February 28 and March 31, 2002, respectively. For the first quarter of 2001, distributable income was \$11,952,614, or \$.256445 per Unit of beneficial interest.

Royalty income for the Trust for the first quarter of the calendar year is associated with actual oil

and gas production for the period November and December of 2001 and January 2002 from the properties from which the Trust's net overriding royalty interests ("Royalties") were carved. Oil and gas sales attributable to the Royalties and the properties from which the Royalties were carved are as follows:

First Quarter	2002	2001
ROYALTIES		
Oil Sales (Bbls) _____	<b>175,238</b>	227,230
Gas Sales (Mcf) _____	<b>759,642</b>	927,704
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED		
Oil:		
Total Oil Sales (Bbls) _____	<b>323,909</b>	382,186
Average Per Day (Bbls) _____	<b>3,521</b>	4,154
Average Price Per Bbl _____	<b>\$16.97</b>	\$27.90
Gas:		
Total Gas Sales (Mcf) _____	<b>1,555,506</b>	1,590,793
Average Per Day (Mcf) _____	<b>16,908</b>	17,291
Average Price Per Mcf _____	<b>\$2.36</b>	\$6.69

The posted price of oil decreased to an average price per barrel of \$16.97 per Bbl in the first quarter of 2002 compared to \$27.90 per Bbl in the first quarter of 2001. The Trustee has been advised by Burlington Resources Oil & Gas ("BROG") that for the period August 1, 1993, through March 31, 2002, the oil from the Waddell Ranch properties was being sold under a competitive bid to a third party. The average price of gas decreased from \$6.69 per Mcf in the first quarter of 2001 to

\$2.36 per Mcf in the first quarter of 2002 due to soft energy pricing and less demand for products.

Since the oil and gas sales attributable to the Royalties are based on an allocation formula that is dependent on such factors as price and cost (including capital expenditures), the production amounts in the Royalties section of the above table do not provide a meaningful comparison. Oil and gas sales volumes from the Underlying Properties decreased for the applicable period in 2002 compared to 2001.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2002 totaled \$885,649 as compared to \$2,379,000 for the first quarter of 2001. BROG has informed the Trustee that the 2002 capital expenditures budget has been revised to \$2.8 million for the Waddell Ranch. The total amount of capital expenditures for 2001 was \$4.6 million. Through the first quarter of 2002, capital expenditures of \$885,649 have been expended.

The Trustee has been advised that there was one well completed or in progress during the three months ended March 31, 2002, as compared to no wells completed and 10 wells in progress for the three months ended March 31, 2001, on the Waddell Ranch properties.

Lease operating expense and property taxes

totaled \$2.0 million for the first quarter of 2002 compared to \$2.7 million in the first quarter of 2001 on the Waddell Ranch properties. This decrease is primarily attributable to lower maintenance costs for the quarter due to more efficient operations.

Bank of America, N.A., Trustee

By:



Ron E. Hooper  
Senior Vice President

