

Permian Basin Royalty Trust

Condensed Statements of Assets, Liabilities and Trust Corpus

	March 31, 2003 <i>(Unaudited)</i>	December 31, 2002
Assets		
Cash and Short-term Investments _____	\$ 2,620,747	\$ 2,371,387
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,845,289 and \$8,802,823 at March 31, 2003, and December 31, 2002, respectively) _____	<u>2,129,927</u>	<u>2,172,393</u>
	<u>\$ 4,750,674</u>	<u>\$ 4,543,780</u>
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders _____	\$ 2,620,747	\$ 2,371,387
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	<u>2,129,927</u>	<u>2,172,393</u>
	<u>\$ 4,750,674</u>	<u>\$ 4,543,780</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31,	
	2003	2002
Royalty Income _____	\$ 6,983,374	\$ 4,574,228
Interest Income _____	<u>3,534</u>	<u>4,834</u>
	6,986,908	4,579,062
General and Administrative Expenditures _____	<u>217,428</u>	<u>(160,752)</u>
Distributable Income _____	<u>\$ 6,769,480</u>	<u>\$ 4,418,310</u>
Distributable Income per Unit (46,608,796 Units) _____	<u>\$.15</u>	<u>\$.09</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31,	
	2003	2002
Trust Corpus, Beginning of Period _____	\$ 2,172,393	\$ 2,371,187
Amortization of Net Overriding Royalty Interests _____	42,466	(41,612)
Distributable Income _____	6,769,480	4,418,310
Distributions Declared _____	<u>(6,769,480)</u>	<u>(4,418,310)</u>
Total Trust Corpus, End of Period _____	<u>\$ 2,129,927</u>	<u>\$ 2,329,575</u>

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trusts 2002 Annual Report.



Permian Basin Royalty Trust First Quarter Report 2003



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To Unit Holders

For the quarter ended March 31, 2003, royalty income received by the Trust amounted to \$6,983,374 compared to royalty income of \$4,574,228 during the first quarter of 2002. The increase in royalty income is primarily attributable to significant increases in both oil and gas prices.

Interest income for the quarter ended March 31, 2003, was \$3,534 compared to \$4,834 during the first quarter of 2002. The decrease in interest income is primarily attributable to lower interest rates. General and administrative expenses during the first quarter of 2003 amounted to \$217,428 compared to \$160,752 during the first quarter of 2002. The increase 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, 2003, of \$6,769,480, or \$.15 per Unit of beneficial interest.

Distributions of \$.050096, \$.038915 and \$.056228 per Unit were made to Unit holders of record as of January 31, February 28 and March 31, 2003, respectively. For the first quarter of 2002, distributable income was \$4,418,310, or \$.09 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 2002 and January 2003 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:

<u>First Quarter</u>	<u>2003</u>	<u>2002</u>
Royalties		
Oil Sales (Bbls) _____	163,593	175,238
Gas Sales (Mcf) _____	696,119	759,642
Properties From Which The Royalties Were Carved		
Oil:		
Total Oil Sales (Bbls) _____	307,978	323,909
Average Per Day (Bbls) _____	3,348	3,521
Average Price Per Bbl _____	\$28.82	\$16.97
Gas:		
Total Gas Sales (Mcf) _____	1,558,654	1,555,506
Average Per Day (Mcf) _____	16,942	16,908
Average Price Per Mcf _____	\$3.99	\$2.36

The posted price of oil increased to an average price per barrel of \$28.82 per Bbl in the first quarter of 2003 compared to \$16.97 per Bbl in the first quarter of 2002. The Trustee has been advised by BROG that for the period August 1, 1993, through March 31, 2003, the oil from the Waddell Ranch properties was being sold under a competitive bid to a third party. The average price of gas increased from \$2.36 per Mcf in the first quarter of 2002 to \$3.99 per Mcf in the first quarter of 2003 due to strong energy pricing and more 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 2003 compared to 2002.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2003 totaled \$2,950,000 as compared to \$885,649 for the first quarter of 2002. BROG has informed the Trustee that the 2003 capital expenditures budget has been revised to \$9.9 million for the Waddell Ranch. The total amount of capital expenditures for 2002 was \$9.6 million. Through the first

quarter of 2003, capital expenditures of \$2.96 million have been expended.

The Trustee has been advised that there were two wells completed and two wells in progress during the three months ended March 31, 2003, as compared to one well completed or in progress for the three months ended March 31, 2002, on the Waddell Ranch properties.

Lease operating expense and property taxes totaled \$2.58 million for the first quarter of 2003 compared to \$2 million in the first quarter of 2002 on the Waddell Ranch properties. This increase is primarily attributable to additional maintenance costs for the quarter.

Bank of America, N.A., Trustee

By:

Ron E. Hooper
Senior Vice President

