

PERMIAN BASIN ROYALTY TRUST

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	MARCH 31, 2005	DECEMBER 31, 2004
<i>(Unaudited)</i>		
ASSETS		
Cash and Short-term Investments	\$ 4,001,861	\$ 5,429,145
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$9,229,239 and \$9,179,949 at March 31, 2005, and December 31, 2004, respectively)	1,745,977	1,795,267
	<u>\$ 5,747,838</u>	<u>\$ 7,224,412</u>
LIABILITIES AND TRUST CORPUS		
Distribution Payable to Unit Holders	\$ 4,001,861	\$ 5,429,145
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	1,745,977	1,795,267
	<u>\$ 5,747,838</u>	<u>\$ 7,224,412</u>

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Royalty Income	\$ 13,531,071	\$ 9,206,674
Interest Income	11,475	3,498
	13,542,546	9,210,172
General and Administrative Expenditures	(298,693)	(184,025)
Distributable Income	<u>\$ 13,243,853</u>	<u>\$ 9,026,147</u>
Distributable Income per Unit (46,608,796 Units)	<u>\$.28</u>	<u>\$.19</u>

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Trust Corpus, Beginning of Period	\$ 1,795,267	\$ 1,991,594
Amortization of Net Overriding Royalty Interests	(49,290)	(44,286)
Distributable Income	13,243,853	9,026,147
Distributions Declared	(13,243,853)	(9,026,147)
Total Trust Corpus, End of Period	<u>\$ 1,745,977</u>	<u>\$ 1,947,308</u>
Distributions per Unit	<u>\$.28</u>	<u>\$.19</u>

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's 2004 Annual Report.

PERMIAN BASIN ROYALTY TRUST



WILDGATTERS

FIRST QUARTER REPORT
2005

PERMIAN BASIN ROYALTY TRUST

901 Main Street, Suite 1700 • Dallas, Texas 75202
P.O. Box 830650 • Dallas, Texas 75283
www.pbt-permianbasintrust.com

TO UNIT HOLDERS

For the quarter ended March 31, 2005, royalty income received by the Trust amounted to \$13,531,071 compared to royalty income of \$9,206,674 during the first quarter of 2004. 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, 2005, was \$11,475 compared to \$3,498 during the first quarter of 2004. The increase in interest income is primarily attributable to higher interest rates and more funds available for investment. General and administrative expenses during the first quarter of 2005 amounted to \$298,693 compared to \$184,025 during the first quarter of 2004. The increase in general and administrative expenses can be primarily attributed to the implementation of Sarbanes Oxley 404 compliance.

These transactions resulted in distributable income for the quarter ended March 31, 2005, of \$13,243,853 or \$.28 per Unit of beneficial interest. Distributions of \$.103011, \$.095277 and \$.085860 per Unit were made to Unit holders of record as of January 31, 2005, February 28, 2005, and March 31, 2005, respectively. For the first quarter of 2004, distributable income was \$9,026,147, or \$.19 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 of November and December 2004 and January 2005 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	2005	2004
ROYALTIES		
Oil Sales (Bbls) _____	208,024	182,702
Gas Sales (Mcf) _____	913,669	881,167
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED		
<i>Oil:</i>		
Total Oil Sales (Bbls) _____	308,892	281,964
Average Per Day (Bbls) _____	3,358	3,065
Average Price Per Bbl _____	\$40.17	\$29.66
<i>Gas:</i>		
Total Gas Sales (Mcf) _____	1,501,946	1,483,568
Average Per Day (Mcf) _____	16,326	16,126
Average Price Per Mcf _____	\$6.36	\$4.86

The posted price of oil increased to an average price of \$40.17 per Bbl in the first quarter of 2005, compared to \$29.66 per Bbl in the first quarter of 2004. The Trustee has been advised by BROG that for the period August 1, 1993, through March 31, 2005, 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 \$4.86 per Mcf in the first quarter of 2004 to \$6.36 per Mcf in the first quarter of 2005. This increase is primarily attributable to a significant increase in gas prices earlier in the year of 2005.

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 (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2004) increased for the applicable period in 2005 compared to 2004.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2005 totaled \$798,225 as compared to \$674,708 for the first quarter of 2004. BROG has informed the Trustee that the 2005 capital expenditures budget has been revised to \$14.3 million for the Waddell Ranch properties. The total amount of capital expenditures for 2004 was \$13.2 million. Through the first quarter of 2005, capital expenditures of \$4.3 million have been expended.

The Trustee has been advised that there were 11 workover wells completed, 5 new wells in progress and 13 work-over wells in progress during the three months ended March 31, 2005, as compared to no wells completed or in progress for the three months ended March 31, 2004, on the Waddell Ranch properties.

Lease operating expense and property taxes totaled \$2.9 million for the first quarter of 2005, compared to \$2.37 million in the first quarter of 2004 on the Waddell Ranch properties. This increase is primarily attributable to higher maintenance costs for the quarter.

Bank of America, N.A., Trustee

By:



Ron E. Hooper
Senior Vice President