

# Permian Basin Royalty Trust Financial Statements

## Condensed Statements of Assets, Liabilities and Trust Corpus

	March 31, 2008 (Unaudited)	December 31, 2007
<b>Assets</b>		
Cash and Short-term Investments .....	\$ 8,520,418	\$ 8,173,207
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$9,715,938 and \$9,681,281 at March 31, 2008 and December 31, 2007, respectively) .....	1,259,278	1,293,935
<b>TOTAL ASSETS</b> .....	<b>\$ 9,779,696</b>	<b>\$ 9,467,142</b>
<b>Liabilities and Trust Corpus</b>		
Distribution Payable to Unit Holders .....	\$ 8,520,418	\$ 8,173,207
Trust Corpus – 46,608,796 Units of Beneficial Interest		
Authorized and Outstanding .....	1,259,278	1,293,935
<b>TOTAL LIABILITIES AND TRUST CORPUS</b> .....	<b>\$ 9,779,696</b>	<b>\$ 9,467,142</b>

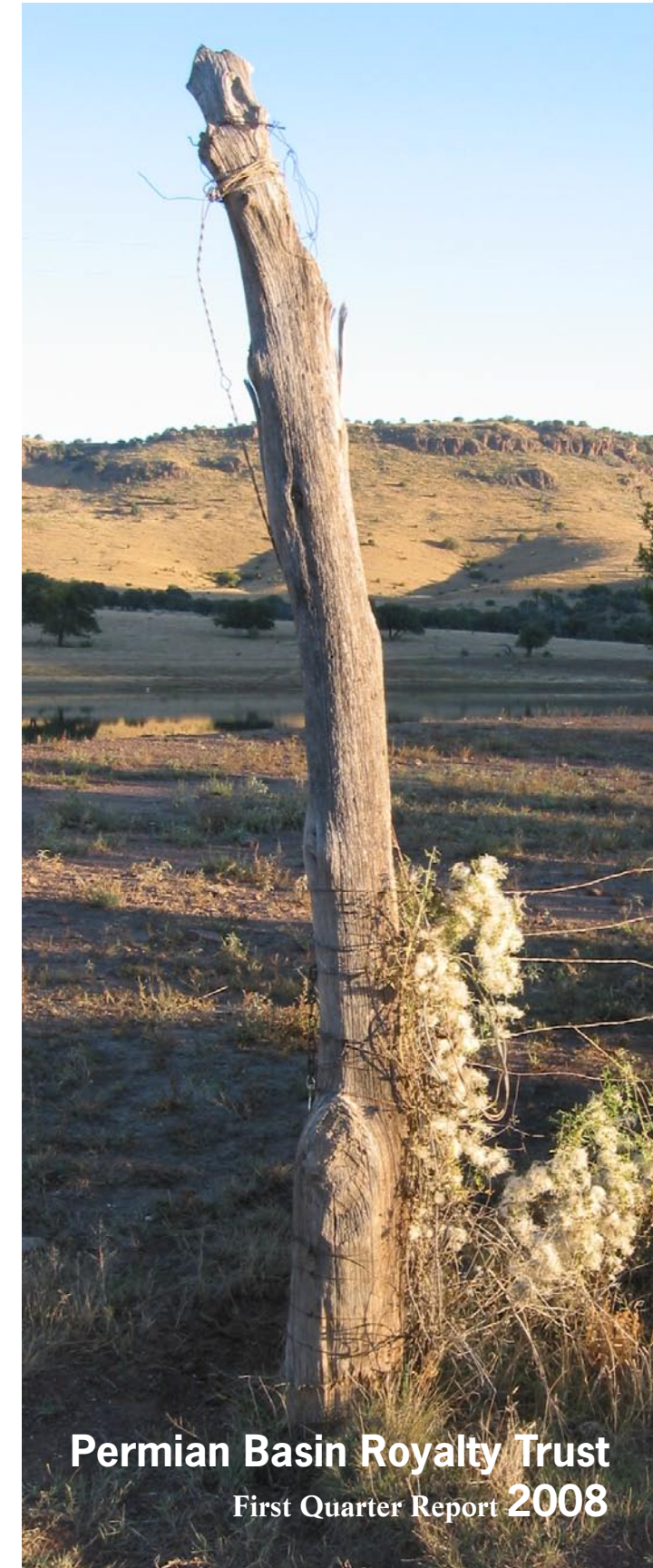
## Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31, 2008	2007
Royalty Income .....	\$ 26,424,398	\$ 13,900,543
Interest Income .....	33,694	30,785
	26,458,092	13,931,328
General and Administrative Expenditures .....	(354,756)	(322,276)
Distributable Income .....	\$ 26,103,336	\$ 13,609,052
Distributable Income per Unit (46,608,796 Units) .....	\$ .56	\$ .29

## Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31, 2008	2007
Trust Corpus, Beginning of Period .....	\$ 1,293,935	\$ 1,439,214
Amortization of Net Overriding Royalty Interests .....	(34,657)	(35,671)
Distributable Income .....	26,103,336	13,609,052
Distributions Declared .....	(26,103,336)	(13,609,052)
Trust Corpus, End of Period .....	\$ 1,259,278	\$ 1,403,543
Distributions per Unit .....	\$ .56	\$ .29

**Permian Basin Royalty Trust**  
U.S. Trust, Bank of America  
Private Wealth Management  
P.O. Box 830650  
Dallas, Texas 75202  
1-877-228-5085  
www.pbt-permianbasintrust.com



**Permian Basin Royalty Trust**  
First Quarter Report 2008





## TO UNIT HOLDERS:

For the quarter ended March 31, 2008, royalty income received by the Trust amounted to \$26,424,398

compared to royalty income of \$13,900,543 during the first quarter of 2007. 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, 2008, was \$33,694 compared to \$30,785 during the first quarter of 2007. The increase in interest income is primarily attributable to more funds available for investment. General and administrative expenses during the first quarter of 2008 amounted to \$354,756 compared to \$322,276 during the first quarter of 2007. The increase in general and administrative expenses can be primarily attributed to increased printing expenses due to an overall increase in the number of unitholders.

These transactions resulted in distributable income for the quarter ended March 31, 2008 of \$26,103,336 or \$.56 per Unit of beneficial interest. Distributions of \$.184212, \$.193032 and \$.182807 per Unit were made to Unit holders of record as of January 31, 2008, February 29, 2008 and March 31, 2008, respectively. For the first quarter of 2007, distributable income was \$13,609,052, or \$.29 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 2007 and January 2008 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	2008	2007
<b>Royalties</b>		
Oil sales (Bbls).....	<b>204,881</b>	174,617
Gas sales (Mcf) .....	<b>1,019,806</b>	769,291
<b>Product From Which The Royalties Were Carved:</b>		
<i>Oil:</i>		
Total oil sales (Bbls) .....	<b>285,590</b>	296,785
Average per day (Bbls).....	<b>3,104</b>	3,226
Average price per Bbl.....	<b>\$ 87.80</b>	\$ 51.98
<i>Gas:</i>		
Total gas sales (Mcf) .....	<b>1,548,791</b>	1,503,430
Average per day (Mcf) .....	<b>16,835</b>	16,342
Average price per Mcf.....	<b>\$ 9.49</b>	\$ 7.14

The received price of oil increased to an average price of \$87.80 per Bbl in the first quarter of 2008, compared to \$51.98 per Bbl in the first quarter of 2007 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through March 31, 2008, 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 \$7.14 per Mcf in the first quarter of 2007 to \$9.49 per Mcf in the first quarter of 2008 due to change in overall market variables.

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 sales volumes decreased and gas sales volumes increased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007) for the applicable period in 2008 compared to 2007.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2008 totaled \$275,000 as compared to \$2,800,000 for the first quarter of 2007. ConocoPhillips has informed the Trustee that the 2008 capital expenditures budget has been revised to \$33.9 million for the Waddell Ranch properties. The total amount of capital expenditures for 2007 was \$11.2 million. Through the first quarter of 2008, capital expenditures of \$275,000 have been expended.

The Trustee has been advised that there were 0 workover wells completed, 0 new wells completed, 1 new well in progress and 8 workover wells in progress during the three months ended March 31, 2008 as compared to 12 workover wells completed, 1 new well completed, 7 new wells in progress and 7 workover wells in progress for the three months ended March 31, 2007 on the Waddell Ranch properties.

Lease operating expense and property taxes totaled \$4.15 million for

the first quarter of 2008, compared to \$4.1 million in the first quarter of 2007 on the Waddell Ranch properties. This increase is primarily attributable to normal operating fluctuations.

**Bank of America, N.A., Trustee**  
By:

**Ron E. Hooper**  
Senior Vice President

