

PERMIAN BASIN ROYALTY TRUST

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2001 (Unaudited)	December 31, 2000
ASSETS		
Cash and Short-term Investments _____	\$ 3,804,184	\$3,056,122
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,497,919 and \$8,379,962 at June 30, 2001, and December 31, 2000, respectively) _____	<u>2,477,296</u>	<u>2,595,254</u>
	<u>\$ 6,281,480</u>	<u>\$5,651,376</u>
LIABILITIES AND TRUST CORPUS		
Distribution Payable to Unit Holders _____	\$ 3,804,184	\$3,056,122
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	<u>2,477,296</u>	<u>2,595,254</u>
	<u>\$ 6,281,480</u>	<u>\$5,651,376</u>

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Royalty Income _____	\$12,042,995	\$ 9,037,360	\$24,135,414	\$15,410,417
Interest Income _____	24,282	16,475	50,459	33,304
	<u>12,067,277</u>	<u>9,053,835</u>	<u>24,185,873</u>	<u>15,443,721</u>
General and Administrative Expenditures _____	131,034	158,846	297,015	282,668
Distributable Income _____	<u>\$11,936,243</u>	<u>\$ 8,894,989</u>	<u>\$23,888,858</u>	<u>\$15,161,053</u>
Distributable Income per Unit (46,608,796 Units) _____	<u>\$.256094</u>	<u>\$.190844</u>	<u>\$.512540</u>	<u>\$.325283</u>

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Trust Corpus, Beginning of Period _____	\$ 2,537,002	\$ 2,811,453	\$ 2,595,254	\$ 2,889,978
Amortization of Net Overriding Royalty Interests _____	(59,706)	(68,302)	(117,958)	(146,827)
Distributable Income _____	11,936,243	8,894,989	23,888,858	15,161,054
Distributions Declared _____	(11,936,243)	(8,894,989)	(23,888,858)	(15,161,054)
Trust Corpus, End of Period _____	<u>\$ 2,477,296</u>	<u>\$ 2,743,151</u>	<u>\$ 2,477,296</u>	<u>\$ 2,743,151</u>

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's 2000 Annual Report.

PERMIAN BASIN ROYALTY TRUST



SECOND QUARTER REPORT 2001

PERMIAN BASIN ROYALTY TRUST
901 MAIN STREET, SUITE 1700
P.O. BOX 830650
DALLAS, TEXAS 75283-0650

TO UNIT HOLDERS

For the quarter ended June 30, 2001, royalty income received by the Trust amounted to \$12,042,995 compared to royalty income of \$9,037,360 during the second quarter of 2000. The increase in royalty income is primarily attributable to significant increases in both oil and gas prices.

Interest income for the quarter ended June 30, 2001, was \$24,282 compared to \$16,475 during the second quarter of 2000. The increase in interest income is primarily attributable to more funds available for investment. General and administrative expenses during the second quarter of 2001 amounted to \$131,034 compared to \$158,846 during the second quarter of 2000. 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 June 30, 2001, of \$11,936,243, or \$.256094 per Unit of beneficial interest. Distributions of \$.094147, \$.080327 and \$.081619 per Unit were made to Unit holders of record as of April 30, May 31 and June 29, 2001, respectively. For the second quarter of 2000, distributable income was \$8,894,989, or \$.190844 per Unit of beneficial interest.

Royalty income for the Trust for the second quarter of the calendar year is associated with

actual oil and gas production for the period of February, March and April 2001 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:

Second Quarter	2001	2000
ROYALTIES		
Oil Sales (Bbls) _____	257,885	231,731
Gas Sales (Mcf) _____	1,088,264	858,916
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED		
Oil:		
Total Oil Sales (Bbls) _____	358,010	366,546
Average Per Day (Bbls) _____	4,023	4,073
Average Price Per Bbl _____	\$24.40	\$28.94
Gas:		
Total Gas Sales (Mcf) _____	1,583,761	1,481,134
Average Per Day (Mcf) _____	17,795	16,457
Average Price Per Mcf _____	\$5.64	\$3.31

The posted price of oil decreased to an average price per barrel of \$24.40 per Bbl in the second quarter of 2001, compared to \$28.94 per Bbl in the second quarter of 2000. The Trustee has been advised by Burlington Resources Oil & Gas LP (BROG) that for the period August 1, 1993, through June 30, 2001, 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 \$3.31 per Mcf in the second quarter of 2000 to \$5.64 per Mcf in the second

quarter of 2001. This increase is primarily attributable to an increase in gas prices earlier in the year of 2001.

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 increased for the applicable period in 2001 compared to 2000.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the second quarter of 2001 totaled \$226,000 as compared to \$1,669,000 for the second quarter of 2000. BROG has informed the Trustee that the 2001 capital expenditures budget has been revised to \$4.6 million for the Waddell Ranch. The total amount of capital expenditures for 2000 was \$4.6 million. Through the second quarter of 2001, capital expenditures of \$2.6 million have been expended.

The Trustee has been advised that there were three wells completed or in progress during the three months ended June 30, 2001, as compared to no wells for the three months ended June 30, 2000, on the Waddell Ranch properties.

Lease operating expense and property taxes totaled \$1.65 million for the second quarter of

2001, compared to \$1.9 million in the second quarter of 2000 on the Waddell Ranch properties. This decrease is primarily attributable to lower maintenance costs for the quarter.

Bank of America, N.A., Trustee

By:



Ron E. Hooper

Senior Vice President