

PERMIAN BASIN ROYALTY TRUST

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	June 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Cash and Short-term Investments _____	\$ 1,889,669	\$ 1,842,420
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,699,903 and \$8,604,029 at June 30, 2002, and December 31, 2001, respectively) _____	2,275,313	2,371,187
	\$ 4,164,982	\$ 4,213,607
LIABILITIES AND TRUST CORPUS		
Distribution Payable to Unit Holders _____	\$ 1,889,669	\$ 1,842,420
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	2,275,313	2,371,187
	\$ 4,164,982	\$ 4,213,607

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Royalty Income _____	\$5,654,312	\$12,042,995	\$10,228,540	\$24,135,414
Interest Income _____	3,058	24,282	7,892	50,459
	5,657,370	12,067,277	10,236,432	24,185,873
General and Administrative Expenditures _____	(134,628)	(131,034)	(295,379)	(297,015)
Distributable Income _____	\$5,522,742	\$11,936,243	\$ 9,941,053	\$23,888,858
Distributable Income per Unit (46,608,796 Units) _____	\$.118491	\$.256094	\$.213287	\$.512540

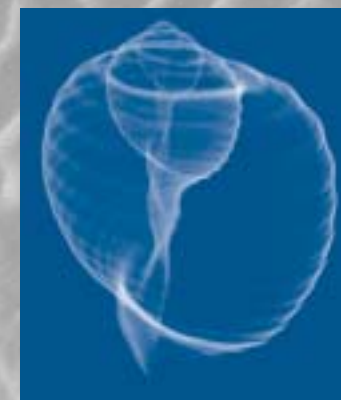
CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Trust Corpus, Beginning of Period _____	\$2,329,575	\$ 2,537,002	\$ 2,371,187	\$ 2,595,254
Amortization of Net Overriding Royalty Interests _____	(54,262)	(59,706)	(95,874)	(117,958)
Distributable Income _____	5,522,742	11,936,243	9,941,053	23,888,858
Distributions Declared _____	(5,522,742)	(11,936,243)	(9,941,053)	(23,888,858)
Trust Corpus, End of Period _____	\$2,275,313	\$ 2,477,296	\$ 2,275,313	\$ 2,477,296
Distributions per Unit _____	\$.11849	\$.256094	\$.213287	\$.512540

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

SECOND QUARTER REPORT 2002



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TO UNIT HOLDERS

For the six months ended June 30, 2002, royalty income received by the Trust amounted to \$10,228,540 compared to royalty income of \$24,135,414 for the six months ended June 30, 2001. The decrease in royalty income is primarily due to a decrease in gas prices in the first six months of 2002 compared to the first six months in 2001.

Interest income for the six months ended June 30, 2002, was \$7,892 compared to \$50,459 for the six months ended June 30, 2001. The decrease in interest income is attributable primarily to a decrease in funds available for investment. General and administrative expenses for the six months ended June 30, 2002, were \$295,380. During the six months ended June 30, 2001, general and administrative expenses were \$297,015. The decrease in general and administrative expenses is primarily due to timing differences in the receipt and payment of these expenses.

These transactions resulted in distributable income for the six months ended June 30, 2002, of \$9,941,053, or \$.213287 per Unit. For the six months ended June 30, 2001, distributable income was \$23,888,858, or \$.512540 per Unit. Royalty income for the Trust for the period ended June 30, 2002, is associated with actual oil and

gas production for the period November 2001 through April 2002 from the properties from which the Royalties were carved. Oil and gas production attributable to the Royalties and the properties from which the Royalties were carved are as follows:

Second Quarter	2002	2001
ROYALTIES		
Oil Sales (Bbls) _____	366,168	485,115
Gas Sales (Mcf) _____	1,549,944	2,015,968
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED		
Oil:		
Total Oil Sales (Bbls) _____	646,102	740,196
Average Per Day (Bbls) _____	3,570	4,089
Average Price Per Bbl _____	\$19.03	\$24.70
Gas:		
Total Gas Sales (Mcf) _____	3,029,372	3,174,554
Average Per Day (Mcf) _____	16,737	17,539
Average Price Per Mcf _____	\$2.44	\$5.63

The average price of oil decreased during the six months ended June 30, 2002, to \$19.03 per barrel compared to \$24.70 per barrel for the same period in 2001. The decrease in the average price of oil is primarily due to lagging demand in 2002 caused by a worldwide economic slowdown. The decrease in the average price of gas from \$5.63 per Mcf for the six months ended June 30, 2001, to \$2.44 per Mcf for the six months ended

June 30, 2002, is primarily the result of a decrease in the spot prices of natural gas.

Since the oil and gas sales volumes 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. The oil and gas sales volumes from the properties from which the Royalties are carved have remained relatively constant for the applicable period of 2002 compared to 2001.

The Trust has been advised that three gross and one net productive oil wells were drilled and completed on the Waddell Ranch properties during the six months ended June 30, 2002, and during the six months ended June 30, 2001. Capital expenditures for the Waddell Ranch properties for the six months ended June 30, 2002, totaled \$1.7 million compared to \$2.6 million for the same period in 2001. Burlington Resources Oil & Gas Company LLP ("BROG") has previously advised the Trust that the remaining 2002 capital expenditures budget for the Waddell Ranch properties is \$2.9 million.

Lease operating expense and property taxes totaled \$4.0 million in 2002 compared to

\$4.3 million in 2001. The decrease in lease operating expense is primarily attributable to more efficient field operations on the Waddell Ranch properties.

Bank of America, N.A., Trustee

By:

Ron E. Hooper
Senior Vice President

