

# PERMIAN BASIN ROYALTY TRUST

## CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	JUNE 30, 2005	DECEMBER 31, 2004
	<i>(Unaudited)</i>	
<b>ASSETS</b>		
Cash and Short-term Investments	\$ 4,800,362	\$ 5,429,145
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$9,269,510 and \$9,179,949 at June 30, 2005, and December 31, 2004, respectively)	<u>1,705,706</u>	<u>1,795,267</u>
	<b>\$ 6,506,068</b>	<b>\$ 7,224,412</b>
<b>LIABILITIES AND TRUST CORPUS</b>		
Distribution Payable to Unit Holders	\$ 4,800,362	\$ 5,429,145
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	<u>1,705,706</u>	<u>1,795,267</u>
	<b>\$ 6,506,068</b>	<b>\$ 7,224,412</b>

The accompanying notes to condensed financial statements are an integral part of these statements.

## CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	THREE MONTHS ENDED JUNE 30,	
	2005	2004
Royalty Income	\$ 12,746,016	\$ 9,045,654
Interest Income	<u>11,569</u>	<u>3,154</u>
	12,757,585	9,048,808
General and Administrative Expenditures	<u>(237,206)</u>	<u>(144,076)</u>
Distributable Income	<u>\$ 12,520,379</u>	<u>\$ 8,904,732</u>
Distributable Income per Unit (46,608,796 Units)	<u>\$ .268627</u>	<u>\$ .191053</u>

The accompanying notes to condensed financial statements are an integral part of these statements.

## CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	THREE MONTHS ENDED JUNE 30,	
	2005	2004
Trust Corpus, Beginning of Period	\$ 1,745,977	\$ 1,947,308
Amortization of Net Overriding Royalty Interests	<u>(40,271)</u>	<u>(44,738)</u>
Distributable Income	12,520,379	8,904,732
Distributions Declared	<u>(12,520,379)</u>	<u>(8,904,732)</u>
Total Trust Corpus, End of Period	<u>\$ 1,705,706</u>	<u>\$ 1,902,570</u>
Distributions per Unit	<u>\$ .268627</u>	<u>\$ .191053</u>

The accompanying notes to condensed financial statements are an integral part of these statements.

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PERMIAN BASIN  
ROYALTY TRUST



WILDGATTERS

SECOND QUARTER REPORT  
2005

## TO UNIT HOLDERS

For the quarter ended June 30, 2005, royalty income received by the Trust amounted to \$12,746,016 compared to royalty income of \$9,045,654 during the second 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 June 30, 2005, was \$11,569 compared to \$3,154 during the second 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 second quarter of 2005 amounted to \$237,206 compared to \$144,076 during the second quarter of 2004. The increase in general and administrative expenses can be primarily attributed to increased expenses due to implementation and compliance with the Sarbanes-Oxley Act.

These transactions resulted in distributable income for the quarter ended June 30, 2005, of 12,520,379 or \$.268627 per Unit of beneficial interest. Distributions of \$.073306, \$.092327 and \$.102992 per Unit were made to Unit holders of record as of April 29, 2005, May 31, 2005, and June 30, 2005, respectively. For the second quarter of 2004, distributable income was \$8,904,732, or \$.191053 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 of 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:

<u>SECOND QUARTER</u>	<u>2005</u>	<u>2004</u>
<b>ROYALTIES</b>		
Oil Sales (Bbls) _____	<b>181,562</b>	175,475
Gas Sales (Mcf) _____	<b>747,306</b>	711,703
<b>PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED</b>		
<i>Oil:</i>		
Total Oil Sales (Bbls) _____	<b>312,749</b>	298,568
Average Per Day (Bbls) _____	<b>3,514</b>	3,317
Average Price Per Bbl _____	<b>\$46.61</b>	\$33.89
<i>Gas:</i>		
Total Gas Sales (Mcf) _____	<b>1,518,099</b>	1,426,463
Average Per Day (Mcf) _____	<b>17,057</b>	15,850
Average Price Per Mcf _____	<b>\$6.43</b>	\$4.98

The posted price of oil increased to an average price of \$46.61 per Bbl in the second quarter of 2005 compared to \$33.89 per Bbl in the second quarter of 2004. The Trustee has been advised by Burlington Resources Oil & Gas Company LLP ("BROG") that for the period of August 1, 1993, through June 30, 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 \$4.98 per Mcf in the second quarter of 2004 to \$6.43 per Mcf in the second quarter of 2005 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 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 second quarter of 2005 totaled \$4,461,869 as compared to \$2,679,989 for the second 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 second quarter of 2005, capital expenditures of \$5.3 million have been expended.

The Trustee has been advised that there were 4 wells completed and 2 wells in progress, and 23 work-over wells completed and 13 work-over wells in progress during the three months ended June 30, 2005, as compared to no wells completed, 4 wells in progress and 31 work-over wells in progress for the three months ended June 30, 2004, on the Waddell Ranch properties. There was 1 facility project completed and 6 projects in progress for the second quarter of 2005.

Lease operating expense and property taxes totaled \$2.7 million for the second quarter of 2005, compared to \$2.4 million in the second quarter of 2004 on the Waddell Ranch properties. This increase is primarily attributable to increased electrical costs for the second quarter in 2005.

Bank of America, N.A., Trustee

By:



Ron E. Hooper  
Senior Vice President