

# PERMIAN BASIN ROYALTY TRUST

## CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	September 30, 2001 (Unaudited)	December 31, 2001
<b>ASSETS</b>		
Cash and Short-term Investments _____	<b>\$ 2,255,830</b>	\$ 3,056,122
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,547,962 and \$8,379,962 at September 30, 2001, and December 31, 2000, respectively) _____	<b>2,427,254</b>	2,595,254
	<b>\$ 4,683,084</b>	\$ 5,651,376
<b>LIABILITIES AND TRUST CORPUS</b>		
Distribution Payable to Unit Holders _____	<b>\$ 2,255,830</b>	\$ 3,056,122
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	<b>2,427,254</b>	2,595,254
	<b>\$ 4,683,084</b>	\$ 5,651,376

## CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Royalty Income _____	<b>\$ 8,433,236</b>	\$ 9,486,867	<b>\$32,568,650</b>	\$24,897,284
Interest Income _____	<b>17,543</b>	23,172	<b>68,002</b>	56,476
	<b>8,450,779</b>	9,510,039	<b>32,636,652</b>	24,953,760
General and Administrative Expenditures _____	<b>74,320</b>	46,979	<b>371,336</b>	329,646
Distributable Income _____	<b>\$ 8,376,459</b>	\$ 9,463,060	<b>\$32,265,316</b>	\$24,624,114
Distributable Income per Unit (46,608,796 Units) _____	<b>\$ .179718</b>	\$ .203032	<b>\$ .692258</b>	\$ .528315

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2001	2000	2001	2000
Trust Corpus, Beginning of Period _____	<b>\$ 2,477,296</b>	\$ 2,743,157	<b>\$ 2,595,254</b>	\$ 2,889,978
Amortization of Net Overriding Royalty Interests _____	<b>(50,042)</b>	(69,572)	<b>(168,000)</b>	(216,393)
Distributable Income _____	<b>8,376,459</b>	9,463,060	<b>32,265,316</b>	24,624,114
Distributions Declared _____	<b>(8,376,459)</b>	(9,463,060)	<b>(32,265,316)</b>	(24,624,114)
Trust Corpus, End of Period _____	<b>\$ 2,427,254</b>	\$ 2,673,585	<b>\$ 2,427,254</b>	\$ 2,673,585

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



THIRD QUARTER REPORT 2001

PERMIAN BASIN ROYALTY TRUST  
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P.O. BOX 830650  
DALLAS, TEXAS 75283-0650

## TO UNIT HOLDERS

For the quarter ended September 30, 2001, royalty income received by the Trust amounted to \$8,433,236 compared to royalty income of \$9,486,867 during the third quarter of 2000. The decrease in royalty income is primarily attributable to decreases in both oil and gas prices.

Interest income for the quarter ended September 30, 2001, was \$17,543 compared to \$23,172 during the third quarter of 2000. The decrease in interest income is primarily attributable to less funds available for investment. General and administrative expenses during the third quarter of 2001 amounted to \$74,320 compared to \$46,979 during the third quarter of 2000. The increase in general and administrative expenses can be primarily attributed to the timing of payment of annual expenses.

These transactions resulted in distributable income for the quarter ended September 30, 2001, of \$8,376,459, or \$.18 per Unit of beneficial interest. Distributions of \$.072291, \$.59027 and \$.048399 per Unit were made to Unit holders of record as of July 31, August 31 and September 28, 2001, respectively. For the third quarter of 2000, distributable income was \$9,463,060, or \$.20 per Unit of beneficial interest.

Royalty income for the Trust for the third quarter of the calendar year is associated with actual oil and gas production for the period of May,

June and July 2001 for 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:

Third Quarter	2001	2000
ROYALTIES		
Oil Sales (Bbls) _____	<b>216,148</b>	231,820
Gas Sales (Mcf) _____	<b>944,179</b>	893,292
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED		
Oil:		
Total Oil Sales (Bbls) _____	<b>343,865</b>	367,470
Average Per Day (Bbls) _____	<b>3,738</b>	3,994
Average Price Per Bbl _____	<b>\$24.59</b>	\$28.44
Gas:		
Total Gas Sales (Mcf) _____	<b>1,636,098</b>	1,528,344
Average Per Day (Mcf) _____	<b>17,784</b>	16,612
Average Price Per Mcf _____	<b>\$3.74</b>	\$3.75

The posted price of oil decreased to an average price per barrel of \$24.59 per Bbl in the third quarter of 2001 compared to \$28.44 per Bbl in the third quarter of 2000. The Trustee has been advised by Burlington Resources Oil & Gas LP (BROG) that for the period August 1, 1993, through September 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 decreased from \$3.75 per Mcf in the third quarter of 2000 to \$3.74 per Mcf in the third

quarter of 2001. This decrease is primarily attributable to the softening market for natural gas nationwide.

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 for the Underlying Properties have decreased for the applicable period in 2001 compared to 2000 while being offset by increases in gas sales volumes.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the third quarter of 2001 totaled \$394,000 as compared to \$1.1 million for the third 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 third quarter of 2001, capital expenditures of \$3.0 million have been expended.

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

Lease operating expense and property taxes totaled \$2.6 million for the third quarter of 2001 compared to \$2.3 million in the third quarter of 2000 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