

PERMIAN BASIN ROYALTY TRUST

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	September 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Cash and Short-term Investments _____	\$ 2,158,014	\$ 1,842,420
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,750,210 and \$8,604,029 at September 30, 2002, and December 31, 2001, respectively) _____	2,225,006	2,371,187
	\$ 4,383,020	\$ 4,213,607
LIABILITIES AND TRUST CORPUS		
Distribution Payable to Unit Holders _____	\$ 2,158,014	\$ 1,842,420
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	2,225,006	2,371,187
	\$ 4,383,020	\$ 4,213,607

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Royalty Income _____	\$6,305,922	\$8,433,236	\$16,534,462	\$32,568,650
Interest Income _____	4,319	17,543	12,211	68,002
	6,310,241	8,450,779	16,546,673	32,636,652
General and Administrative Expenditures _____	(69,703)	(74,320)	(365,082)	(371,336)
Distributable Income _____	\$6,240,538	\$8,376,459	\$16,181,591	\$32,265,316
Distributable Income per Unit (46,608,796 Units) _____	\$.133892	\$.179718	\$.347179	\$.692258

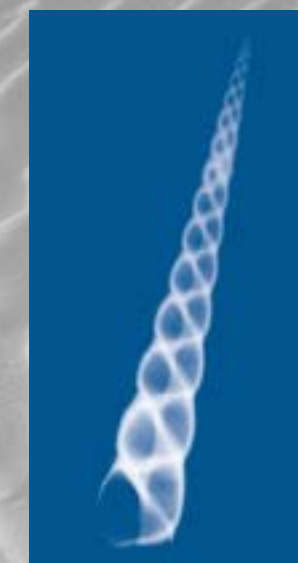
CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Trust Corpus, Beginning of Period _____	\$2,272,994	\$2,477,296	\$ 2,371,187	\$ 2,595,254
Amortization of Net Overriding Royalty Interests _____	(47,988)	(50,042)	(146,181)	(168,000)
Distributable Income _____	6,240,538	8,376,459	16,181,591	32,265,316
Distributions Declared _____	(6,240,538)	(8,376,459)	(16,181,591)	(32,265,316)
Trust Corpus, End of Period _____	\$2,225,006	\$2,427,254	\$ 2,225,006	\$ 2,427,254

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

THIRD QUARTER REPORT 2002



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TO UNIT HOLDERS

For the quarter ended September 30, 2002, royalty income received by the Trust amounted to \$6,305,922 compared to royalty income of \$8,433,236 during the third quarter of 2001. The decrease in royalty income is primarily attributable to significant decreases in both oil and gas prices and lower production for both oil and gas.

Interest income for the quarter ended September 30, 2002, was \$4,319 compared to \$17,543 during the third quarter of 2001. The decrease in interest income is primarily attributable to less funds available for investment and lower interest rates. General and administrative expenses during the third quarter of 2002 amounted to \$69,703 compared to \$74,320 during the third quarter of 2001. The decrease in general and administrative expenses can be primarily attributed to the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended September 30, 2002, of \$6,240,538, or \$.13 per Unit of beneficial interest. Distributions of \$.036621, \$.050969 and \$.046300 per Unit were made to Unit holders of record as of July 31, August 30 and September 30, 2002, respectively. For the third quarter of 2001, distributable income was \$8,376,459, or \$.18 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 2002 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:

Third Quarter	2002	2001
ROYALTIES		
Oil Sales (Bbls) _____	216,148	177,014
Gas Sales (Mcf) _____	944,179	767,274
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED		
Oil:		
Total Oil Sales (Bbls) _____	343,865	317,453
Average Per Day (Bbls) _____	3,738	3,451
Average Price Per Bbl _____	\$24.59	\$24.41
Gas:		
Total Gas Sales (Mcf) _____	1,636,098	1,565,863
Average Per Day (Mcf) _____	17,784	17,020
Average Price Per Mcf _____	\$3.74	\$2.99

The posted price of oil decreased to an average price per barrel of \$24.41 per Bbl in the third quarter of 2002 compared to \$24.59 per Bbl in the third quarter of 2001. The Trustee has been advised by Burlington Resources Oil & Gas Company LLP ("BROG") that for the period August 1, 1993, through September 30, 2002, 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 \$3.74 per Mcf in the third quarter of 2001 to \$2.99 per Mcf in the third quarter of 2002. This decrease is primarily attributable to a significant 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 decreased for the applicable period in 2002 compared to 2001.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the third quarter of 2002 totaled \$1,434,435 as compared to \$394,000 for the third quarter of 2001. BROG has informed the Trustee that the 2002 capital expenditures budget has been revised to \$4.1 million for the Waddell Ranch properties. The total amount of capital expenditures for 2001 was \$4.6 million. Through the third quarter of 2002, capital expenditures of \$3.1 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, 2002, as compared to three wells for the three months ended September 30, 2001, on the Waddell Ranch properties.

Lease operating expense and property taxes totaled \$2.4 million for the third quarter of 2002 compared to \$2.6 million in the third quarter of 2001 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

