

# PERMIAN BASIN ROYALTY TRUST

## CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	SEPTEMBER 30, 2005	DECEMBER 31, 2004
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>ASSETS</b>		
Cash and Short-term Investments	\$ 6,090,764	\$ 5,429,145
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$9,315,330 and \$9,179,949 at September 30, 2005, and December 31, 2004, respectively)	<u>1,659,886</u>	<u>1,795,267</u>
	<u>\$ 7,750,650</u>	<u>\$ 7,224,412</u>
<b>LIABILITIES AND TRUST CORPUS</b>		
Distribution Payable to Unit Holders	\$ 6,090,764	\$ 5,429,145
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	<u>1,659,886</u>	<u>1,795,267</u>
	<u>\$ 7,750,650</u>	<u>\$ 7,224,412</u>

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

## CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	THREE MONTHS ENDED SEPT. 30,		NINE MONTHS ENDED SEPT. 30,	
	2005	2004	2005	2004
Royalty Income	\$ 15,989,323	\$ 11,647,036	\$ 42,266,409	\$ 29,899,365
Interest Income	<u>13,777</u>	<u>4,185</u>	<u>36,821</u>	<u>10,837</u>
	<u>16,003,100</u>	<u>11,651,221</u>	<u>42,303,230</u>	<u>29,910,202</u>
General and Administrative Expenditures	<u>(112,337)</u>	<u>(84,828)</u>	<u>(648,236)</u>	<u>(412,929)</u>
Distributable Income	<u>\$ 15,890,763</u>	<u>\$ 11,566,393</u>	<u>\$ 41,654,994</u>	<u>\$ 29,497,273</u>
Distributable Income per Unit (46,608,796 Units)	<u>\$ .340939</u>	<u>\$ .248159</u>	<u>\$ .893715</u>	<u>\$ .632869</u>

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

	THREE MONTHS ENDED SEPT. 30,		NINE MONTHS ENDED SEPT. 30,	
	2005	2004	2005	2004
Trust Corpus, Beginning of Period	\$ 1,705,706	\$ 1,902,570	\$ 1,795,267	\$ 1,991,594
Amortization of Net Overriding Royalty Interests	<u>(45,820)</u>	<u>(50,489)</u>	<u>(135,381)</u>	<u>(139,513)</u>
Distributable Income	<u>15,890,763</u>	<u>11,566,393</u>	<u>41,654,994</u>	<u>29,497,273</u>
Distributions Declared	<u>(15,890,763)</u>	<u>(11,566,393)</u>	<u>(41,654,994)</u>	<u>(29,497,273)</u>
Total Trust Corpus, End of Period	<u>\$ 1,659,886</u>	<u>\$ 1,852,081</u>	<u>\$ 1,659,886</u>	<u>\$ 1,852,081</u>
Distributions per Unit	<u>\$ .340939</u>	<u>\$ .248159</u>	<u>\$ .893715</u>	<u>\$ .632869</u>

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PERMIAN BASIN ROYALTY TRUST  
 901 Main Street, Suite 1700 • Dallas, Texas 75202  
 P.O. Box 830650 • Dallas, Texas 75283  
 www.pbt-permianbasintrust.com

PERMIAN BASIN  
ROYALTY TRUST



WILDGATTERS

THIRD QUARTER REPORT  
2005

## To UNIT HOLDERS

For the quarter ended September 30, 2005, royalty income received by the Trust amounted to \$15,989,323 compared to royalty income of \$11,647,036 during the third 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 September 30, 2005, was \$13,777 compared to \$4,185 during the third 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 third quarter of 2005 amounted to \$112,337 compared to \$84,828 during the third quarter of 2004. The increase in general and administrative expenses can be primarily attributed to increased costs associated with Sarbanes-Oxley compliance.

These transactions resulted in distributable income for the quarter ended September 30, 2005, of \$15,890,763 or \$.340939 per Unit of beneficial interest. Distributions of \$.099822, \$.110437 and \$.130678 per Unit were made to Unit holders of record as of July 29, 2005, August 31, 2005, and September 30, 2005, respectively. For the third quarter of 2004, distributable income was \$11,566,393, or \$.248159 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 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>THIRD QUARTER</u>	<u>2005</u>	<u>2004</u>
<b>ROYALTIES</b>		
Oil Sales (Bbls) _____	<b>215,618</b>	198,032
Gas Sales (Mcf) _____	<b>957,711</b>	849,226
<b>PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED</b>		
<i>Oil:</i>		
Total Oil Sales (Bbls) _____	<b>327,081</b>	319,176
Average Per Day (Bbls) _____	<b>3,555</b>	3,496
Average Price Per Bbl _____	<b>\$49.38</b>	\$36.74
<i>Gas:</i>		
Total Gas Sales (Mcf) _____	<b>1,612,808</b>	1,535,078
Average Per Day (Mcf) _____	<b>17,531</b>	16,686
Average Price Per Mcf _____	<b>\$6.34</b>	\$5.82

The posted price of oil increased to an average price per barrel of \$49.38 per Bbl in the third quarter of 2005, compared to \$36.74 per Bbl in the third 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 September 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 \$5.82 per Mcf in the third quarter of 2004 to \$6.34 per Mcf in the third quarter of 2005. This increase is primarily attributable to a significant increase in gas prices during the year of 2005.

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 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 third quarter of 2005 totaled \$1,789,545 as compared to \$2,685,591 for the third quarter of 2004. BROG has informed the Trustee that the 2005 capital expenditures budget was revised to \$14.3 million for the Waddell Ranch properties of which \$7.2 million was the Trust's portion. Through the third quarter of 2005, capital expenditures of \$7.049 million for the Trust's portion have been expended, essentially completing the capital expenditure budget for 2005. The total amount of capital expenditures for 2004 was \$13.2 million.

The Trustee has been advised that there were 2 wells completed and no wells in progress, and 13 work-over wells completed during the three months ended September 30, 2005, as compared to 3 wells completed, no wells in progress, and 4 work-over wells in progress for the three months ended September 30, 2004, on the Waddell Ranch properties. There were 6 facility projects completed and no projects in progress for the third quarter of 2005.

Lease operating expense and property taxes totaled \$3.1 million for the third quarter of 2005, compared to \$2.2 million in the third quarter of 2004 on the Waddell Ranch properties. This increase is primarily attributable to higher electrical costs on the Waddell Ranch properties.

Bank of America, N.A., Trustee

By:



Ron E. Hooper  
Senior Vice President