

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	March 31, 2012	December 31, 2011
Assets		
Cash and Short-term Investments	\$ 6,573,996	\$ 4,727,946
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,105,695 and \$10,083,640 at March 31, 2012 and December 31, 2011, respectively)	869,521	891,576
TOTAL ASSETS	\$ 7,443,517	\$ 5,619,522
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders.....	\$ 6,573,996	\$ 4,727,946
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding.....	869,521	891,576
TOTAL LIABILITIES AND TRUST CORPUS	\$ 7,443,517	\$ 5,619,522

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31, 2012	2011
Royalty Income	\$ 20,421,681	\$ 16,798,284
Interest Income	385	199
	20,422,066	16,798,483
General and Administrative Expenditures	(325,596)	(399,518)
Distributable Income	\$ 20,096,470	\$ 16,458,965
Distributable Income per Unit (46,608,796 Units)	\$.43	\$.35

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31, 2012	2011
Trust Corpus, Beginning of Period	\$ 891,576	\$ 971,207
Amortization of Net Overriding Royalty Interests	(22,055)	(22,600)
Distributable Income.....	20,096,470	16,458,965
Distributions Declared.....	(20,096,470)	(16,458,965)
Trust Corpus, End of Period	\$ 869,521	\$ 948,607
Distributions per Unit	\$.43	\$.35

PERMIAN BASIN ROYALTY TRUST



1st
 Quarter Report
2012



To Unit Holders:

For the quarter ended March 31, 2012, royalty income received by the Trust amounted to \$20,421,681 compared to royalty income of \$16,798,284 during the first quarter of 2011. The increase in royalty income is primarily attributable to an increase in oil prices and oil production offset by a decrease in gas production.

Interest income for the quarter ended March 31, 2012, was \$385 compared to \$199 during the first quarter of 2011. The increase in interest income is primarily attributable to more funds available for investment. General and administrative expenses during the first quarter of 2012 amounted to \$325,596 compared to \$339,518 during the first quarter of 2011. The decrease in general and administrative expenses can be primarily attributed to decreased professional expenses.

These transactions resulted in distributable income for the quarter ended March 31, 2012 of \$20,096,470 or \$.43 per Unit of beneficial interest. Distributions of \$0.125910, \$0.164216 and \$0.141046 per Unit were made to Unit holders of record as of January 31, 2012, February 29, 2012 and March 30, 2012, respectively. For the first quarter of 2011, distributable income was \$16,458,965, or \$.35 per Unit of beneficial interest.

Royalty income for the Trust for the first quarter of the calendar year is associated with

actual oil and gas production for the period of November and December 2011 and January 2012 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:

FIRST QUARTER	2012	2011
PRODUCTION:		
Oil sales (Bbls)	174,841	154,021
Gas sales (Mcf)	657,540	661,874
PRODUCT FROM WHICH THE ROYALTIES WERE CARVED:		
<i>Oil:</i>		
Total oil sales (Bbls)	263,002	261,091
Average per day (Bbls)	2,859	2,838
Average price per Bbl	\$ 95.28	\$ 83.00
<i>Gas:</i>		
Total gas sales (Mcf)	1,141,796	1,309,959
Average per day (Mcf)	12,411	14,239
Average price per Mcf	\$ 7.61	\$ 7.07

The average received price of oil increased to an average price per barrel of \$95.28 per Bbl in the first quarter of 2012, compared to \$83.00 per Bbl in the first quarter of 2011 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through March 31, 2012, the oil from the Waddell Ranch properties was being sold under a competitive bid to a third party. The average price of gas (including natural gas liquids) increased from \$7.07 per Mcf in the first quarter of 2011 to

\$7.61 per Mcf in the first quarter of 2012 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 sales volumes increased and gas sales volumes decreased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2011) for the applicable period in 2012 compared to 2011.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2012 totaled \$2.3 million as compared to \$3.7 million for the first quarter of 2011. ConocoPhillips has informed the Trustee that the 2012 capital expenditures budget has been revised to \$75.4 million for the Waddell Ranch properties. The total amount of capital expenditures for 2011 was \$11.5 million.

The Trustee has been advised that there were 10 workover wells completed, 0 new wells completed, 0 new wells in progress and 10 workover wells in progress during the three months ended March 31, 2012 as compared to 6 workover well completed, 2 new wells completed, 2 new wells in progress and 6 workover wells in progress

for the three months ended March 31, 2011 on the Waddell Ranch properties.

Lease operating expenses and property taxes of \$4.5 million for the first quarter of 2012 were unchanged compared to the same period in 2011 on the Waddell Ranch properties.

Bank of America, N.A., Trustee
By:

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