

PERMIAN BASIN ROYALTY TRUST FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Cash and Short-term Investments.....	\$ 1,005,686	\$ 2,105,320
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,261,812 and \$10,252,269 at March 31, 2015 and December 31, 2014, respectively)	713,404	722,947
TOTAL ASSETS	\$ 1,719,090	\$ 2,828,267
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders.....	\$ 1,005,686	\$ 2,105,320
Trust Corpus – 46,608,796 Units of Beneficial Interest		
Authorized and Outstanding.....	713,404	722,947
TOTAL LIABILITIES AND TRUST CORPUS	\$ 1,719,090	\$ 2,828,267

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended March 31, 2015	2014
Royalty Income.....	\$ 4,630,106	\$ 12,135,107
Interest Income	32	63
	4,630,138	12,135,170
General and Administrative Expenditures.....	(446,094)	(434,775)
Distributable Income	\$ 4,184,044	\$ 11,700,395
Distributable Income per Unit (46,608,796 Units)	\$.09	\$.25

CONDENSED STATEMENTS OF CHANGE IN TRUST CORPUS (UNAUDITED)

	Three Months Ended March 31, 2015	2014
Trust Corpus, Beginning of Period.....	\$ 722,947	\$ 780,872
Amortization of Net Overriding Royalty Interests.....	(9,543)	(14,374)
Distributable Income.....	4,184,044	11,700,395
Distributions Declared.....	(4,184,044)	(11,700,395)
Trust Corpus, End of Period	\$ 713,404	\$ 766,498
Distributions per Unit	\$.09	\$.25

**PERMIAN BASIN
ROYALTY TRUST**

**1st
Quarter Report**

2015

TO UNIT HOLDERS:

For the quarter ended March 31, 2015, royalty income received by the Trust amounted to \$4,630,106 compared to royalty income of \$12,135,107 during the first quarter of 2014. The decrease in royalty income is primarily attributable to a substantial decrease in oil and gas prices for the quarter ending March 31, 2015 to \$57.72 and \$4.15, respectively, as compared to the quarter ending March 31, 2014 of \$89.97 and \$6.58, respectively. Due to the deficit of the NPI, Waddell Ranch Properties contributed nothing to the royalty income for the quarter ending March 31, 2015.

Interest income for the quarter ended March 31, 2015, was \$32 compared to \$63 during the first quarter of 2014. The decrease in interest income is primarily attributable to less funds available to invest. General and administrative expenses during the first quarter of 2015 amounted to \$446,094 compared to \$434,775 during the first quarter of 2014. The increase in general and administrative expenses can be primarily attributed to increased professional expenses.

These transactions resulted in distributable income for the quarter ended March 31, 2015 of \$4,184,044 or \$.09 per Unit of beneficial interest. Distributions of \$0.036726, \$0.031465 and \$0.021577 per Unit were made to Unit holders of record as of January 30, 2015, February 27, 2015 and March 31, 2015, respectively. For the first quarter of 2014, distributable income was \$11,700,395, or \$.25 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 2014 and January 2015 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 2015	2014
ROYALTIES:		
Oil sales (Bbls)	79,262	121,049
Gas sales (Mcf)	103,333	301,342
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED:		
<i>Oil:</i>		
Total oil sales (Bbls)	311,483	306,742
Average per day (Bbls)	3,386	3,334
Average price per Bbl	\$ 57.72	\$ 89.97
<i>Gas:</i>		
Total gas sales (Mcf)	1,180,576	1,006,039
Average per day (Mcf)	12,832	10,935
Average price per Mcf	\$ 4.15	\$ 6.58

The average received price of oil decreased to an average price per barrel of \$57.72 per Bbl in the first quarter of 2015, compared to \$89.97 per Bbl in the first quarter of 2014 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through March 31, 2015, 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) decreased from \$6.58 per Mcf in the first quarter of 2014 to \$4.15 per Mcf in the first quarter of 2015 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 increased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2014) for the applicable period in 2015 compared to 2014.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2015 totaled \$10.2 million as compared to \$11.6 million for the first quarter of 2014. ConocoPhillips has informed the Trustee that the 2015 capital expenditures budget has been approved at \$48.1 million (gross) for the Waddell Ranch properties. The total amount of capital expenditures for 2014 with regard to the Waddell Ranch properties totaled \$76 million (gross).

The Trustee has been advised that there were 6 workover wells completed, 3 new wells completed, 0 new wells in progress and 2 workover wells in progress during the three months ended March 31, 2015 as compared to 8 workover wells completed, 7 new wells completed, 1 new well in progress and 3 workover wells in progress for the three months ended March 31, 2014 on the Waddell Ranch properties. There were 3 facility projects completed and 7 projects in progress for

the first quarter of 2015.

Lease operating expenses and property taxes totaled \$6.8 million (gross) for the first quarter of 2015, compared to \$6.6 million (gross) for the same period in 2014 on the Waddell Ranch properties due to increased maintenance and work on the Waddell Ranch.

Southwest Bank, Trustee

By:



Ron E. Hooper

Senior Vice President,

Royalty Trust Management

