

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

| | June 30, 2010 (Unaudited) | December 31, 2009 |
|--|--|-----------------------------|
| ASSETS | | |
| Cash and Short-term Investments | \$ 5,885,870 | \$ 5,483,148 |
| Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$9,951,221 and \$9,895,230 at June 30, 2010 and December 31, 2009, respectively) | 1,023,995 | 1,079,986 |
| TOTAL ASSETS | \$ 6,909,865 | \$ 6,563,134 |
| LIABILITIES AND TRUST CORPUS | | |
| Distribution Payable to Unit Holders | \$ 5,885,870 | \$ 5,483,148 |
| Trust Corpus – 46,608,796 Units of Beneficial Interest | | |
| Authorized and Outstanding | 1,023,995 | 1,079,986 |
| TOTAL LIABILITIES AND TRUST CORPUS | \$ 6,909,865 | \$ 6,563,134 |

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-------------|---------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Royalty Income | \$18,444,207 | \$6,725,240 | \$34,952,943 | \$14,438,626 |
| Interest Income | 251 | 447 | 388 | 2,682 |
| | 18,444,458 | 6,725,687 | 34,953,331 | 14,441,308 |
| General and Administrative Expenditures | (459,539) | (487,556) | (863,335) | (929,972) |
| Distributable Income | \$17,984,919 | \$6,238,131 | \$34,089,996 | \$13,511,336 |
| Distributable Income per Unit (46,608,796 Units) | \$.39 | \$.13 | \$.73 | \$.29 |

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

| | Six Months Ended June 30, | |
|--|---------------------------|--------------|
| | 2010 | 2009 |
| Trust Corpus, Beginning of Period | \$ 1,079,986 | \$ 1,170,793 |
| Amortization of Net Overriding Royalty Interests | (55,991) | (40,402) |
| Distributable Income | 34,089,996 | 13,511,336 |
| Distributions Declared | (34,089,996) | (13,511,336) |
| Trust Corpus, End of Period | \$ 1,023,995 | \$ 1,130,391 |
| Distributions per Unit | \$.73 | \$.29 |



TO UNIT HOLDERS:

For the quarter ended June 30, 2010 royalty income received by the Trust amounted to \$18,444,207 compared to royalty income of \$6,725,240 during the second quarter of 2009. The increase in royalty income is primarily attributable to increases in both oil and gas prices.

Interest income for the quarter ended June 30, 2010, was \$251 compared to \$447 during the second quarter of 2009. The decrease in interest income is primarily attributable to lowered interest rates. General and administrative expenses during the second quarter of 2010 amounted to \$459,539 compared to \$487,556 during the second quarter of 2009. 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 June 30, 2010 of \$17,984,919 or \$.385869 per Unit of beneficial interest. Distributions of \$.120920, \$.138667 and \$.126282 per Unit were made to Unit holders of record as of April 30, 2010, May 28, 2010 and June 30, 2010, respectively. For the second quarter of 2009, distributable income was \$6,238,130, or \$.133840 per Unit of beneficial interest.

Royalty income for the Trust for the second quarter of the calendar year is associated with actual oil and gas production for the period of February, March and April of 2010 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:

| Second Quarter | 2010 | 2009 |
|--|------------------|-------------|
| Royalties | | |
| Oil sales (Bbls)..... | 174,469 | 127,053 |
| Gas sales (Mcf)..... | 799,308 | 480,941 |
| Product From Which The Royalties Were Carved: | | |
| Oil: | | |
| Total oil sales (Bbls)..... | 257,558 | 262,962 |
| Average per day (Bbls)..... | 2,894 | 2,955 |
| Average price per Bbl..... | \$ 77.01 | \$ 39.47 |
| Gas: | | |
| Total gas sales (Mcf) | 1,310,250 | 1,320,596 |
| Average per day (Mcf) | 14,722 | 14,838 |
| Average price per Mcf..... | \$ 7.10 | \$ 3.90 |

The average received price of oil increased to an average price per barrel of \$77.01 per Bbl in the second quarter of 2010 compared to \$39.47 per Bbl in the second quarter of 2009 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through June 30, 2010, 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 \$3.90 per Mcf in the second quarter of 2009 to \$7.10 per Mcf in the second quarter of 2010 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

decreased 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, 2009) for the applicable period in 2010 compared to 2009.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the second quarter of 2010 totaled \$0.2 million as compared to \$1.9 million to the Trust for the second quarter of 2009. ConocoPhillips has informed the Trustee that the 2010 capital expenditures budget has been revised to \$22 million (gross) for the Waddell Ranch properties. The total amount of capital expenditures for 2009 was \$43.1 million. Through the second quarter of 2010, capital expenditures of \$2.4 million (gross) have been expended.

The Trustee has been advised that there were 0 wells completed and 0 wells in progress, and 0 workover wells completed and 3 workover wells in progress, during the three months ended June 30, 2010 as compared to 1 well completed and 2 wells in progress, 11 workover wells completed and 10 workover wells in progress for the three months ended June 30, 2009 on the Waddell Ranch properties. There were no facility projects completed and 13 projects in progress for the second quarter of 2010.

Lease operating expenses and property taxes totaled \$4.6 million for the second quarter of 2010, compared to \$4.5 million in the second quarter of 2009 on the Waddell Ranch properties. This increase is primarily attributable to increased maintenance work.

Six Months Ended June 30, 2010

For the six months ended June 30, 2010, royalty income received by the Trust amounted to \$34,952,943 compared to royalty income of \$14,438,626 for the six months ended June 30, 2009. The increase in royalty income is primarily due to an increase in oil and gas prices in the first six months of 2010, compared to the first six months in 2009. Interest income for the six months ended June 30, 2010 was \$388 compared to \$2,682 for the six months ended June 30, 2009. The decrease in interest income is attributable primarily to significantly lowered interest rates. General and administrative expenses for the six months ended June 30, 2010 were \$863,335. During the six months ended June 30, 2009, general and administrative expenses were \$929,972. The decrease in general and administrative expenses is primarily due to reduced Unit holder reporting and other professional expenses.

These transactions resulted in distributable income for the six months ended June 30, 2010 of \$34,089,996, or \$.731407, per Unit. For the six months ended June 30, 2009, distributable income was \$13,511,336, or \$.289888, per Unit.

Bank of America, N.A., Trustee

By:



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