

PERMIAN BASIN ROYALTY TRUST FINANCIAL STATEMENTS

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2019 <i>(Unaudited)</i>	December 31, 2018
Assets		
Cash and Short-term Investments	\$ 2,900,400	\$ 3,526,613
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,526,858 and \$10,507,636 at June 30, 2019 and December 31, 2018, respectively).....	448,358	467,580
TOTAL ASSETS	\$ 3,348,758	\$ 3,994,193
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders	\$ 1,850,400	\$ 2,476,613
Reserves for Expenses.....	1,050,000	1,050,000
Trust Corpus – 46,608,796 Units of Beneficial Interest		
Authorized and Outstanding.....	448,358	467,580
TOTAL LIABILITIES AND TRUST CORPUS	\$ 3,348,758	\$ 3,994,193

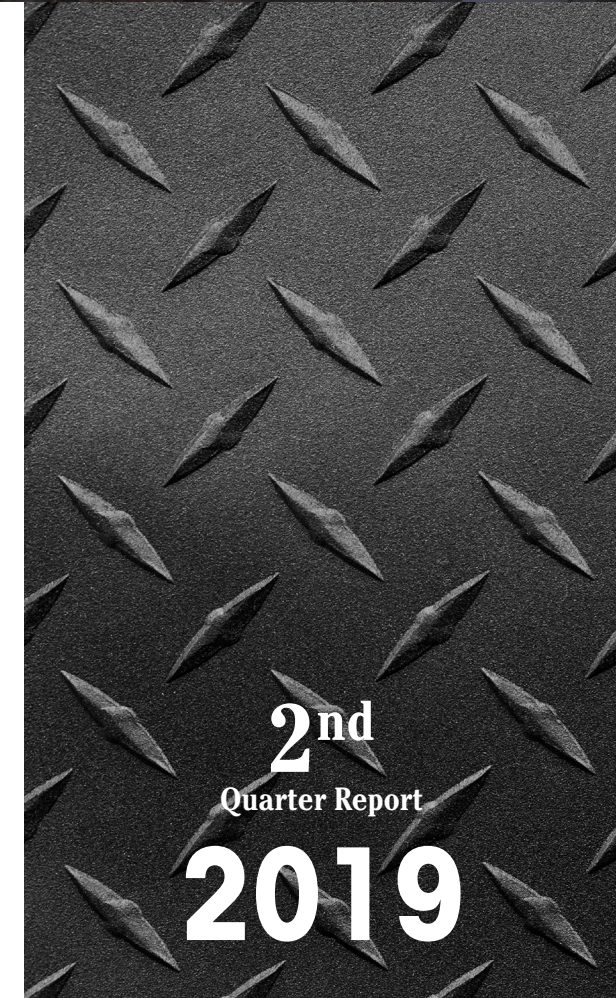
Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Royalty Income.....	\$ 4,767,067	\$ 7,623,122	\$ 9,297,512	\$ 17,342,427
Interest Income.....	4,263	6,754	11,421	12,230
	4,771,330	7,629,876	9,308,933	17,354,657
General and Administrative Expenditures	(456,419)	(581,462)	(757,550)	(995,312)
Distributable Income	\$ 4,314,911	\$ 7,048,414	\$ 8,551,383	\$ 16,359,345
Distributable Income per Unit (46,608,796 Units)	\$.09	\$.15	\$.18	\$.35

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Trust Corpus, Beginning of Period.....	\$ 457,731	\$ 509,721	\$ 467,580	\$ 529,043
Amortization of Net Overriding Royalty Interests.	(9,373)	(14,394)	(19,222)	(33,716)
Distributable Income.....	4,314,911	7,048,414	8,551,383	16,359,345
Distributions Declared.....	(4,314,911)	(7,048,414)	(8,551,383)	(16,359,345)
Trust Corpus, End of Period.....	\$ 458,358	\$ 495,327	\$ 458,358	\$ 495,327
Distributions per Unit	\$.09	\$.15	\$.18	\$.35

Permian Basin Royalty Trust



TO UNIT HOLDERS:

For the quarter ended June 30, 2019, royalty income received by the Trust amounted to \$4,767,067 compared to royalty income of \$7,623,122 during the second quarter of 2018. The decrease in royalty income is primarily attributable to a decrease in oil and gas pricing and a decrease in production of oil and gas for the quarter ending June 30, 2019, as compared to the quarter ended June 30, 2018. Average oil and gas prices were \$54.90 and \$2.72 for the quarter ending June 30, 2019, compared to \$60.94 and \$3.12 for the quarter ended June 30, 2018.

Interest income for the quarter ended June 30, 2019, was \$4,263 compared to \$6,754 during the second quarter of 2018. The decrease in interest income is primarily attributable to decreased funds available to invest. Total expenses during the second quarter of 2019 amounted to \$456,419 compared to \$581,462 during the second quarter of 2018. The decrease in total expenses can be primarily attributed to decreased expense for professional services and the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended June 30, 2019, of \$4,314,911 or \$0.09 per Unit of beneficial interest. Distributions of \$0.017601, \$0.035276 and \$0.039700 per Unit were made to Unit holders of record as of April 30, 2019, May 31, 2019, and June 28, 2019, respectively. For the second quarter of 2018, distributable income was \$7,048,414 or \$0.15 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 2019 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 2019	2018
ROYALTIES:		
Oil sales (Bbls)	79,772	109,771
Gas sales (Mcf)	192,130	363,560
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED:		
<i>Oil:</i>		
Total oil sales (Bbls)	209,185	223,399
Average per day (Bbls)	2,299	2,454
Average price per Bbl	\$ 54.90	\$ 60.94
<i>Gas:</i>		
Total gas sales (Mcf)	849,009	973,980
Average per day (Mcf)	9,330	10,703
Average price per Mcf	\$ 2.72	\$ 3.12

The average received price of oil decreased to an average price per barrel of \$54.90 per Bbl in the second quarter of 2019, compared to \$60.94 per Bbl in the second quarter of 2018 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through June 30, 2019, 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 \$3.12 per Mcf in the second quarter of 2018 to \$2.72 per Mcf in the second quarter of 2019 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, 2018) for the applicable period in 2019 compared to 2018.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the second quarter of 2019 totaled \$1,667,431 as compared to \$167,801 for the second quarter of 2018. ConocoPhillips has informed the Trustee that the 2019 capital expenditures budget has been approved at \$6.6 million (gross) for the Waddell Ranch properties. The total amount of capital expenditures for 2018 with regard to the Waddell Ranch properties totaled \$4.3 million (gross).

The Trustee has been advised that there were 0 workover wells completed, 0 new wells completed, 0 new wells in progress and 0 workover wells in progress during the three months ended June 30, 2019, as compared to 2 workover wells completed, 0 new wells completed, 0 new wells in progress and 0 workover wells in progress for the three months ended June 30, 2018, on the Waddell Ranch properties. There were various facility projects in progress for the second quarter of 2019.

Lease operating expenses and property taxes totaled \$5.7 million (gross) for the second quarter of 2019, compared to \$6.3 million (gross) for the same period in 2018 on the Waddell Ranch properties due to decreased maintenance work.

Six Months Ended June 30, 2019

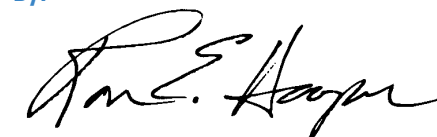
For the six months ended June 30, 2019, royalty income received by the Trust amounted to \$9,297,512 compared to royalty income of \$17,342,427 for the six months ended June 30, 2018. The decrease in royalty income is primarily attributable to a decrease in oil and gas pricing and a decrease in production of oil and gas for the six months ending June 30, 2019, as compared to the six months ended June 30, 2018. Average oil and gas prices were \$49.61 and \$3.08 for the six months ending June 30, 2019 compared to \$58.60 and \$3.49 for the six months ended June 30, 2018.

Interest income for the six months ended June 30, 2019, was \$11,421 compared to \$12,230 during the six months ended June 30, 2018. The decrease in interest income is primarily attributable to decreased funds available to invest. Total expenses during the six months ending June 30, 2019, amounted to \$757,550 compared to \$995,312 during the six months ended June 30, 2018. The decrease in total expenses can be primarily attributed to decreased expense for professional services and the timing of payment of expenses.

These transactions resulted in distributable income for the six months ended June 30, 2019 of \$8,551,383, or \$0.18 per Unit. For the six months ended June 30, 2018, distributable income was \$16,359,345, or \$0.35 per Unit.

Simmons Bank, Trustee

By:



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Senior Vice President,
Royalty Trust Management