

CONDENSED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	September 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Cash and Short-term Investments	\$ 5,253,628	\$ 5,483,148
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$9,979,762 and \$9,895,230 at September 30, 2010 and December 31, 2009, respectively)	995,454	1,079,986
TOTAL ASSETS	\$ 6,249,082	\$ 6,563,134
LIABILITIES AND TRUST CORPUS		
Distribution Payable to Unit Holders	\$ 5,253,628	\$ 5,483,148
Trust Corpus – 46,608,796 Units of Beneficial Interest		
Authorized and Outstanding	995,454	1,079,986
TOTAL LIABILITIES AND TRUST CORPUS	\$ 6,249,082	\$ 6,563,134

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2010	2009	2010	2009
Royalty Income	\$16,016,241	\$10,469,008	\$50,969,184	\$24,907,635
Interest Income	420	335	808	3,017
.....	16,016,661	10,469,343	50,969,992	24,910,652
General and Administrative Expenditures	(124,056)	(135,642)	(987,391)	(1,065,614)
Distributable Income	\$15,892,605	\$10,333,701	\$49,982,601	\$23,845,038
Distributable Income per Unit (46,608,796 Units)	\$.340979	\$.221711	\$ 1.072386	\$.511600

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Nine Months Ended September 30,	
	2010	2009
Trust Corpus, Beginning of Period	\$ 1,079,986	\$ 1,170,793
Amortization of Net Overriding Royalty Interests	(84,532)	(63,850)
Distributable Income	49,982,601	23,845,038
Distributions Declared	(49,982,601)	(23,845,038)
Trust Corpus, End of Period	\$ 995,454	\$ 1,106,943
Distributions per Unit	\$ 1.072386	\$.511600



TO UNIT HOLDERS:

For the quarter ended September 30, 2010, royalty income received by the Trust amounted to \$16,016,241 compared to royalty income of \$10,469,008 during the third 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 September 30, 2010, was \$420 compared to \$335 during the third quarter of 2009. The increase in interest income is primarily attributable to more funds available for investment, offset by lower interest rates. General and administrative expenses during the third quarter of 2010 amounted to \$124,056 compared to \$135,642 during the third 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 September 30, 2010 of \$15,892,605 or \$.340979 per Unit of beneficial interest. Distributions of \$.116351, \$.111909 and \$.112717 per Unit were made to Unit holders of record as of July 30, 2010, August 31, 2010 and September 30, 2010, respectively. For the third quarter of 2009, distributable income was \$10,333,701, or \$.221711 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 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:

Third Quarter	2010	2009
Royalties		
Oil sales (Bbls).....	168,282	138,042
Gas sales (Mcf).....	763,886	588,825
Product From Which The Royalties Were Carved:		
<i>Oil:</i>		
Total oil sales (Bbls).....	256,478	266,797
Average per day (Bbls).....	2,788	2,900
Average price per Bbl.....	\$ 69.56	\$ 59.65
<i>Gas:</i>		
Total gas sales (Mcf).....	1,318,837	1,474,200
Average per day (Mcf).....	14,335	16,024
Average price per Mcf.....	\$ 6.45	\$ 4.48

The average received price of oil increased to an average price per barrel of \$69.56 Bbl in the third quarter of 2010, compared to \$59.65 per Bbl in the third quarter of 2009 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through September 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 \$4.48 per Mcf in the third quarter of 2009 to \$6.45 per Mcf in the third 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 third quarter of 2010 totaled \$366,440 as compared to \$3,881,031 for the Trust for the third 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 \$24.1 million. Through the third quarter of 2010, capital expenditures of \$4.3 million (gross) have been expended.

The Trustee has been advised that there were 0 wells completed and 1 drill well in progress, and 2 workover wells completed and 13 workover wells in progress, during the three months ended September 30, 2010 as compared to 3 wells completed, 2 drill wells in progress, and 12 workover wells completed and 1 workover well in progress for the three months ended September 30, 2009 on the Waddell Ranch properties. There were 0 facility projects completed and 14 projects in progress for the third quarter of 2010.

Lease operating expenses and property taxes totaled \$4.7 million for the third quarter of 2010, compared to \$4.7 million in the third quarter of 2009 on the Waddell Ranch properties.

Nine Months Ended September 30, 2010

For the nine months ended September 30, 2010, royalty income received by the Trust amounted to \$50,969,184 compared to royalty income of \$24,907,635 for the nine months ended September 30, 2009. The increase in royalty income is primarily due to an increase in oil and gas prices in the first nine months of 2010 compared to the first nine months in 2009. Interest income for the nine months ended September 30, 2010 was \$808 compared to \$3,017 for the nine months ended September 30, 2009. The decrease in interest income is attributable primarily to significantly lowered interest rates. General and administrative expenses for the nine months ended September 30, 2010 were \$987,391. During the nine months ended September 30, 2009, general and administrative expenses were \$1,065,614. The decrease in general and administrative expenses is primarily due to reduced professional expenses.

These transactions resulted in distributable income for the nine months ended September 30, 2010 of \$49,982,601, or \$1.072386 per Unit. For the nine months ended September 30, 2009, distributable income was \$23,845,038, or \$.511600 per Unit.

Bank of America, N.A., Trustee

By:



Ron E. Hooper
Senior Vice President