

Permian Basin Royalty Trust

Condensed Statements of Assets, Liabilities and Trust Corpus

	March 31, 2004	December 31, 2003
<i>(Unaudited)</i>		
Assets		
Cash and Short-term Investments _____	\$ 3,038,718	\$ 2,873,975
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$9,027,908 and \$8,983,700 at March 31, 2004, and December 31, 2003, respectively) _____	<u>1,947,308</u>	<u>1,991,594</u>
	\$ 4,986,026	\$ 4,865,569
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders _____	\$ 3,038,718	\$ 2,873,975
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	<u>1,947,308</u>	<u>1,991,594</u>
	\$ 4,986,026	\$ 4,865,569

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31,	
	2004	2003
Royalty Income _____	\$ 9,206,674	\$ 6,983,374
Interest Income _____	<u>3,498</u>	<u>3,534</u>
	9,210,172	6,986,908
General and Administrative Expenditures _____	<u>184,025</u>	<u>217,428</u>
Distributable Income _____	\$ 9,026,147	\$ 6,769,480
Distributable Income per Unit (46,608,796 Units) _____	\$.19	\$.15

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31,	
	2004	2003
Trust Corpus, Beginning of Period _____	\$ 1,991,594	\$ 2,172,393
Amortization of Net Overriding Royalty Interests _____	<u>(44,286)</u>	<u>(42,466)</u>
Distributable Income _____	9,026,147	6,769,480
Distributions Declared _____	<u>(9,026,147)</u>	<u>(6,769,480)</u>
Total Trust Corpus, End of Period _____	\$ 1,947,308	\$ 2,129,927

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's 2003 Annual Report.



Permian Basin Royalty Trust

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Permian Basin Royalty Trust

First Quarter Report 2004

To Unit Holders

For the quarter ended March 31, 2004, royalty income received by the Trust amounted to \$9,206,674 compared to royalty income of \$6,983,374 during the first quarter of 2003. The increase in royalty income is primarily attributable to significant increases in both oil and gas prices.

Interest income for the quarter ended March 31, 2004, was \$3,498 compared to \$3,534 during the first quarter of 2003. The decrease in interest income is primarily attributable to lower interest rates. General and administrative expenses during the first quarter of 2004 amounted to \$184,025 compared to \$217,428 during the first quarter of 2003. The decrease in general and administrative expenses can be primarily attributed to the timing of payment of year-end expenses.

Royalty income for the Trust for the first quarter of the calendar year is associated with actual oil and gas production for the period November and December of 2003 and January 2004 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	2004	2003
Royalties		
Oil Sales (Bbls) _____	182,702	163,593
Gas Sales (Mcf) _____	881,167	696,119
Properties From Which The Royalties Were Carved		
Oil:		
Total Oil Sales (Bbls) _____	281,964	307,978
Average Per Day (Bbls) _____	3,065	3,348
Average Price Per Bbl _____	\$29.66	\$28.82
Gas:		
Total Gas Sales (Mcf) _____	1,483,568	1,558,654
Average Per Day (Mcf) _____	16,126	16,942
Average Price Per Mcf _____	\$4.86	\$3.99

The posted price of oil increased to an average price per barrel of \$29.66 per Bbl in the first quarter of 2004 compared to \$28.82 per Bbl in the first quarter of 2003. The Trustee has been advised by Burlington Resources Oil & Gas Company LLP ("BROG") that for the period August 1, 1993,

through March 31, 2004, the oil from the Waddell Ranch properties was sold under a competitive bid to a third party. The average price of gas increased from \$3.99 per Mcf in the first quarter of 2003 to \$4.86 per Mcf in the first quarter of 2004 due to strong energy pricing and more demand for products.

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 and gas sales volumes from the Underlying Properties decreased for the applicable period in 2004 compared to 2003.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the first quarter of 2004 totaled \$674,708 as compared to \$2,965,073 for the first quarter of 2003. BROG has informed the Trustee

that the 2004 capital expenditures budget has been revised to \$13.2 million for the Waddell Ranch. The total amount of capital expenditures for 2003 was \$9.1 million. Through the first quarter of 2004, capital expenditures of \$.6 million have been expended.

The Trustee has been advised that there were no wells completed and no wells in progress during the three months ended March 31, 2004, as compared to two wells completed and two wells in progress for the three months ended March 31, 2003, on the Waddell Ranch properties.

Bank of America, N.A., Trustee

By:



Ron E. Hooper
Senior Vice President