

Permian Basin Royalty Trust

Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2003 <i>(Unaudited)</i>	December 31, 2002
Assets		
Cash and Short-term Investments _____	\$ 3,215,037	\$ 2,371,387
Net Overriding Royalty Interests in Producing Oil and Gas Properties (Net of Accumulated Amortization of \$8,936,913 and \$8,802,823 at September 30, 2003, and December 31, 2002, respectively) _____	<u>2,038,303</u>	<u>2,172,393</u>
	\$ 5,253,340	\$ 4,543,780
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders _____	\$ 3,215,037	\$ 2,371,387
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding _____	<u>2,038,303</u>	<u>2,172,393</u>
	\$ 5,253,340	\$ 4,543,780

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Royalty Income _____	\$ 8,692,172	\$ 6,305,922	\$ 24,244,896	\$ 16,534,462
Interest Income _____	3,468	4,319	10,402	12,211
	<u>8,695,640</u>	<u>6,310,241</u>	<u>24,255,298</u>	<u>16,546,673</u>
General and Administrative Expenditures _____	71,646	69,703	436,780	365,082
Distributable Income _____	<u>\$ 8,623,994</u>	<u>\$ 6,240,538</u>	<u>\$ 23,818,518</u>	<u>\$ 16,181,591</u>
Distributable Income per Unit (46,608,796 Units) _____	<u>\$.185029</u>	<u>\$.133892</u>	<u>\$.511031</u>	<u>\$.347179</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Trust Corpus, Beginning of Period _____	\$ 2,085,667	\$ 2,272,994	\$ 2,192,393	\$ 2,371,187
Amortization of Net Overriding Royalty Interests _____	(47,364)	(47,988)	(134,090)	(146,181)
Distributable Income _____	8,623,994	6,240,538	23,818,518	16,181,591
Distributions Declared _____	(8,623,994)	(6,240,538)	(23,818,518)	(16,181,591)
Total Trust Corpus, End of Period _____	<u>\$ 2,038,303</u>	<u>\$ 2,225,006</u>	<u>\$ 2,038,303</u>	<u>\$ 2,225,006</u>

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Trust's 2002 Annual Report.



Permian Basin Royalty Trust Third Quarter Report 2003



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To Unit Holders

For the quarter ended September 30, 2003, royalty income received by the Trust amounted to \$8,692,172 compared to royalty income of \$6,305,922 during the third quarter of 2002. The increase in royalty income is primarily attributable to significant increases in both oil and gas prices.

Interest income for the quarter ended September 30, 2003, was \$3,468 compared to \$4,319 during the third quarter of 2002. The decrease in interest income is primarily attributable to lower interest rates. General and administrative expenses during the third quarter of 2003 amounted to \$71,646 compared to \$69,703 during the third quarter of 2002. The increase in general and administrative expenses can be primarily attributed to the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended September 30, 2003, of \$8,623,994, or \$.18 per Unit of beneficial interest. Distributions of \$.054215, \$.061834 and

\$.068979 per Unit were made to Unit holders of record as of July 31, August 29 and September 30, 2003, respectively. For the third quarter of 2002, distributable income was \$6,240,538, or \$.13 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 2003 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:

<u>Third Quarter</u>	<u>2003</u>	<u>2002</u>
<u>Royalties</u>		
Oil Sales (Bbls) _____	183,456	177,014
Gas Sales (Mcf) _____	859,067	767,274
<u>Properties From Which The Royalties Were Carved</u>		
<u>Oil:</u>		
Total Oil Sales (Bbls) _____	300,864	317,453
Average Per Day (Bbls) _____	3,270	3,451
Average Price Per Bbl _____	\$27.85	\$24.41
<u>Gas:</u>		
Total Gas Sales (Mcf) _____	1,589,614	1,565,863
Average Per Day (Mcf) _____	17,278	17,020
Average Price Per Mcf _____	\$4.71	\$2.99

The posted price of oil increased to an average price per barrel of \$27.85 per Bbl in the third quarter of 2003,

compared to \$24.41 per Bbl in the third quarter of 2002. The Trustee has been advised by Burlington Resources Oil & Gas Company ("BROG") that for the period August 1, 1993, through September 30, 2003, 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 \$2.99 per Mcf in the third quarter of 2002 to \$4.71 per Mcf in the third quarter of 2003. This increase is primarily attributable to a significant increase in gas prices earlier in the year of 2003.

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 increased for the applicable period in 2003 compared to 2002.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the third quarter of 2003 totaled \$1,479,891 as compared to \$1,434,435 for the third quarter of 2002. BROG has informed the Trustee that the 2003 capital expenditures budget has been revised to \$9.1 million for the Waddell Ranch. The total amount of capital expenditures for 2002 was \$9.6 million. Through the third quarter of 2003, capital expenditures of \$7.0 million have been expended.

The Trustee has been advised that there were two wells completed or in progress during the three months ended September 30, 2003, as compared to three wells for the three months ended September 30, 2002, on the Waddell Ranch properties.

Lease operating expense and property taxes totaled \$2.5 million for the third quarter of 2003, compared to \$2.4 million in the third quarter of 2002 on the Waddell Ranch properties. This increase is primarily attributable to higher maintenance costs for the quarter.

Bank of America, N.A., Trustee

By:

Ron E. Hooper
Senior Vice President

