

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

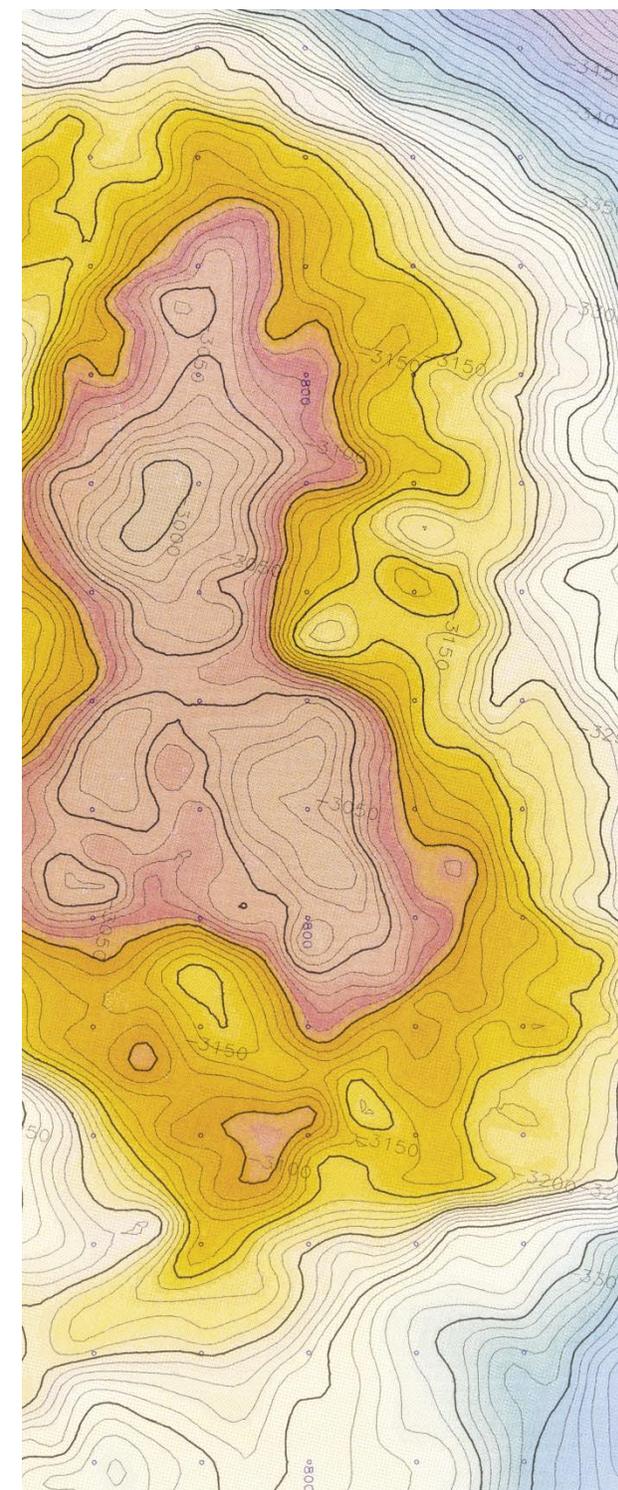
	September 30, 2009 (Unaudited)	December 31, 2008
Assets		
Cash and Short-term Investments.....	\$ 3,158,404	\$ 5,147,216
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$9,868,273 and \$9,804,423 at September 30, 2009 and December 31, 2008, respectively)	1,106,943	1,170,793
TOTAL ASSETS	\$ 4,265,347	\$ 6,318,009
Liabilities and Trust Corpus		
Distribution Payable to Unit Holders	\$ 3,158,404	\$ 5,147,216
Trust Corpus – 46,608,796 Units of Beneficial Interest Authorized and Outstanding	1,106,943	1,170,793
TOTAL LIABILITIES AND TRUST CORPUS	\$ 4,265,347	\$ 6,318,009

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2009	2008	2009	2008
Royalty Income.....	\$10,469,008	\$35,552,084	\$24,907,635	\$89,237,008
Interest Income	335	20,118	3,017	75,332
	10,469,343	35,572,202	24,910,652	89,312,340
General and Administrative Expenditures.....	(135,642)	(134,748)	(1,065,614)	(848,993)
Distributable Income.....	\$10,333,701	\$35,437,454	\$23,845,038	\$88,463,347
Distributable Income per Unit (46,608,796 Units)	\$.221711	\$.760317	\$.511600	\$ 1.897997

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Nine Months Ended September 30,	
	2009	2008
Trust Corpus, Beginning of Period	\$ 1,170,793	\$ 1,293,935
Amortization of Net Overriding Royalty Interests	(63,850)	(95,734)
Distributable Income.....	23,845,038	88,463,347
Distributions Declared.....	(23,845,038)	(88,463,347)
Trust Corpus, End of Period	\$ 1,106,943	\$ 1,198,201
Distributions per Unit	\$.511600	\$ 1.897997





To Unit holders:

For the quarter ended September 30, 2009, royalty income received by the Trust amounted to \$10,469,008 compared to royalty income of \$35,552,084 during the third quarter of 2008. The decrease in royalty income is primarily attributable to significant decreases in both oil and gas prices and related production.

Interest income for the quarter ended September 30, 2009, was \$335 compared to \$20,118 during the third quarter of 2008. The decrease in interest income is primarily attributable to less funds available for investment and significantly lowered interest rates. General and administrative expenses during the third quarter of 2009 amounted to \$135,642 compared to \$134,748 during the third quarter of 2008. The increase in general and administrative expenses can be primarily attributed to professional expenses.

These transactions resulted in distributable income for the quarter ended September 30, 2009 of \$10,333,701 or \$.221711 per Unit of beneficial interest. Distributions of \$.074511, \$.079435 and \$.067764 per Unit were made to Unit holders of record as of July 31, 2009, August 31, 2009 and September 30, 2009, respectively. For the third quarter of 2008, distributable income was \$35,437,454, or \$.760317 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 2009 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	2009	2008
Royalties		
Oil sales (Bbls)	138,420	189,184
Gas sales (Mcf)	588,825	955,832
Product From Which The Royalties Were Carved:		
<i>Oil:</i>		
Total oil sales (Bbls)	266,797	265,967
Average per day (Bbls)	2,900	2,891
Average price per Bbl	\$ 59.65	\$ 104.07
<i>Gas:</i>		
Total gas sales (Mcf)	1,474,200	1,475,516
Average per day (Mcf)	16,024	16,038
Average price per Mcf	\$ 4.48	\$ 11.06

The average received price of oil decreased to an average price per barrel of \$59.65 per Bbl in the third quarter of 2009, compared to \$104.07 per Bbl in the third quarter of 2008 due to worldwide market variables. The Trustee has been advised by ConocoPhillips that for the period of August 1, 1993, through September 30, 2009, the oil from the Waddell Ranch properties was being sold under a competitive bid to a third party. The average price of gas decreased from \$11.06 per Mcf in the third quarter of 2008 to \$4.48 per Mcf in the third quarter of 2009 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 increased 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, 2008) for the applicable period in 2009 compared to 2008.

Capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the third quarter of 2009 totaled \$3,881,031 as compared to \$2,643,259 to the Trust for the third quarter of 2008. ConocoPhillips has informed the Trustee that the 2009 capital expenditures budget has been revised to \$27.1 million (gross) for the Waddell Ranch properties. The total amount of capital expenditures for 2008 was \$24.1 million. Through the third quarter of 2009, capital expenditures of \$20.2 million (gross) have been expended.

The Trustee has been advised that there were 3 wells completed and 2 drill wells in progress, and 12 workover wells completed and 1 workover well in progress, during the three months ended September 30, 2009 as compared to no wells completed, 4 drill wells in progress, and 21 workover wells completed and 14 workover wells in progress for the three months ended September 30, 2008 on the Waddell Ranch properties. There were 33 facility projects completed and 24 projects in progress for the third quarter of 2009.

Lease operating expenses and property taxes totaled \$4.7 million for the third quarter of 2009, compared to \$4.2 million in the third quarter of 2008 on the Waddell Ranch properties. This increase is primarily attributable to increased ad valorem taxes and an increase in the project management fee.

Nine Months Ended Sept. 30, 2009

For the nine months ended September 30, 2009, royalty income received by the Trust amounted to \$24,907,635 compared to royalty income of \$89,237,008 for the nine months ended September 30, 2008. The decrease in royalty income is primarily due to a substantial decrease in oil and gas prices in the first nine months of 2009 compared to the first nine months in 2008. Interest income for the nine months ended September 30, 2009 was \$3,017 compared to \$75,332 for the nine months ended September 30, 2008. The decrease in interest income is attributable primarily to lower interest rates. General and administrative expenses for the nine months ended September 30, 2009 were \$1,065,614. During the nine months ended September 30, 2008, general and administrative expenses were \$848,993. The increase in general and administrative expenses is primarily due to enhanced Unit holder reporting and other professional expenses.

These transactions resulted in distributable income for the nine months ended September 30, 2009 of \$23,845,038, or \$.511600 per Unit. For the nine months ended September 30, 2008, distributable income was \$88,463,347, or \$1.897997 per Unit.

Permian Basin Royalty Trust

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