



THE TRUST

The Permian Basin Royalty Trust's (the "Trust") principal assets are comprised of a 75% net overriding royalty interest carved out by Southland Royalty Company ("Southland") from its fee mineral interest in the Waddell Ranch properties in Crane County, Texas ("Waddell Ranch properties"), and a 95% net overriding royalty interest carved out by Southland from its major producing royalty properties in Texas ("Texas Royalty properties"). The interests out of which the Trust's net overriding royalty interests were carved were in all cases less than 100%. The Trust's net overriding royalty interests represent burdens against the properties in favor of the Trust without

regard to ownership of the properties from which the overriding royalty interests were carved. The net overriding royalties above are collectively referred to as the "Royalties." The properties and interests from which the Royalties were carved and which the Royalties now burden are collectively referred to as the "Underlying Properties."

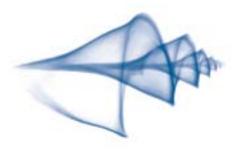
The Trust has been advised that effective January 1, 1996, Southland was merged with and into Meridian Oil Inc. ("Meridian"), a Delaware corporation, with Meridian being the surviving corporation. Meridian succeeded to the ownership of all the assets, has the rights, powers and privileges, and assumed all of the liabilities and obligations of Southland. Effective July 11, 1996, Meridian changed its name to Burlington Resources Oil & Gas Company ("BROG"). Any reference to BROG hereafter for periods prior to the occurrence of the aforementioned name change or merger should, as applicable, be construed to be a reference to Meridian or Southland. Further, BROG notified the Trust that, on February 14, 1997, the Texas Royalty properties that are subject to the Net Overriding Royalty Conveyance dated November 1, 1980 ("Texas Royalty Conveyance"), were sold to Riverhill Energy Corporation ("Riverhill Energy") of Midland, Texas.

UNITS OF BENEFICIAL INTEREST

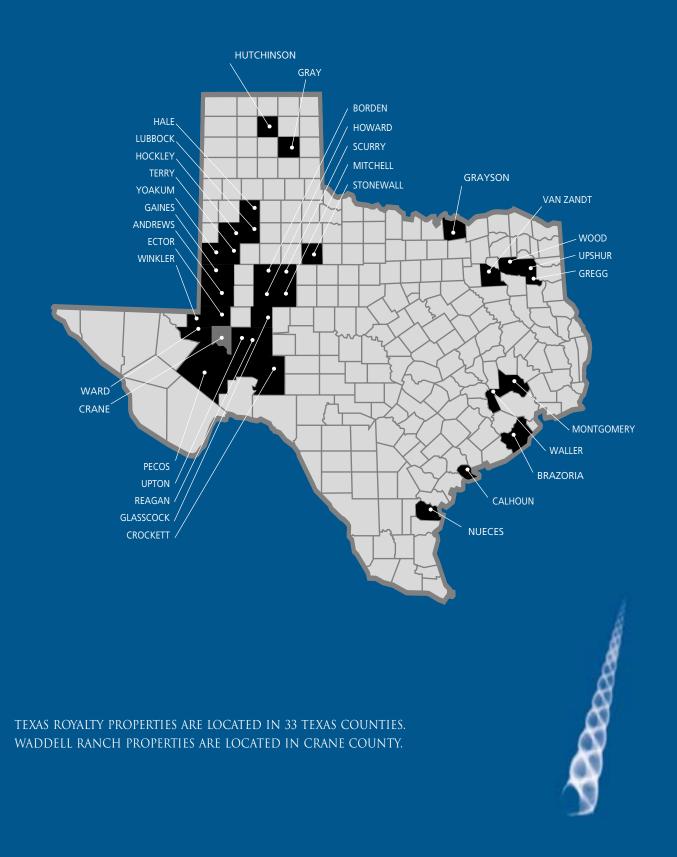
Units of Beneficial Interest ("Units") of the Trust are traded on the New York Stock Exchange with the symbol PBT. Quarterly high and low sales prices and the aggregate amount of monthly distributions paid each quarter during the Trust's two most recent years were as follows:

2001	High	Low	Distributions Paid
First Quarter	\$6.700	\$5.625	\$.256445
Second Quarter	6.850	5.000	.256094
Third Quarter	6.530	5.500	.179718
Fourth Quarter	5.950	5.200	154651
Total for 2001			\$.846908
2000			
First Quarter	\$5.625	\$4.313	\$.134440
Second Quarter	5.125	4.250	.190844
Third Quarter	5.813	4.750	.203032
Fourth Quarter	6.625	5.250	.234311
Total for 2000			\$.762627

Approximately 2,118 Unit holders of record held the 46,608,796 Units of the Trust at December 31, 2001.



FROM THE ANCIENT SEA FLOOR, A TREASURE TROVE OF ENERGY FOR A NEW AGE.



TO UNIT HOLDERS

The are pleased to present the twenty-second Annual Report of the Trust. The report includes a copy of the Trust's Annual Report on Form 10-K to the Securities and Exchange Commission for the year ended December 31, 2001, without exhibits. Both the report and accompanying Form 10-K contain important information concerning the Trust's properties, including the oil and gas reserves attributable to the Royalties owned by the Trust. Production figures, drilling activity and certain other information included in this report have been provided to the Trust by BROG (formerly Meridian and Southland).

As more particularly explained in the Notes to the financial Statements appearing in this report and in Item 1 of the accompanying Form 10-K, Bank of America, N.A., as Trustee, has the primary function under the Trust Indenture of collecting the monthly net proceeds attributable to the Royalties and making monthly distributions to the Unit holders, after deducting Trust administrative expenses and any amounts necessary for cash reserves.

Royalty income received by the Trustee for the year ended December 31, 2001, was \$39,816,141 and interest income earned for the same period was \$77,977. General and administrative expenses amounted to \$420,723. A total of \$39,473,395 or \$.846908 per Unit was distributed to Unit holders during 2001. A discussion of factors affecting the distributions for 2001 may be found in the Trustee's Discussion and Analysis section of this report and the accompanying Form 10-K.

As of December 31, 2001, the Trust's proved reserves were estimated at 7,377,792 Bbls of oil and 25,917 Mcf of gas.

The estimated future net revenues from proved reserves at December 31, 2001, amount to \$174,342,000 or \$3.74 per Unit.

The present value of estimated future net revenues discounted at 10% at December 31, 2001, was \$93,102,000 or \$2.01 per Unit.

The computation of future net revenues is made following guidelines prescribed by the Financial Accounting Standards Board (explained in Item 2 of the accompanying Form 10-K) based on year-end prices and costs.

As has been previously reported, Southland advised the Trust that it became operator of record of the Waddell Ranch properties on May 1, 1991. Meridian, as successor by merger, became the operator of record effective January 1, 1996. Meridian changed its name to Burlington Resources Oil & Gas Company in 1996. All field, technical and accounting operations, however, have been carried out by Coastal Management Corporation ("CMC") and Riverhill Capital Corporation ("Riverhill Capital"), but remain under the direction of BROG.

As was previously reported, in February 1997, BROG sold its interest in the Texas Royalty properties that are subject to the Texas Royalty Conveyance to Riverhill Energy, which at the time was a wholly-owned subsidiary of Riverhill Capital and an affiliate of CMC. Subsequently, the Trustee was advised that Schlumberger Technology Corporation ("STC") acquired all of the shares of Riverhill Capital. The Trustee has been advised that, as part of this transaction, ownership of Riverhill Energy's interests in the Texas Royalty properties referenced above remain in Riverhill Energy, which was owned by the former shareholders of Riverhill Capital. CMC will continue to perform all accounting operations pertaining to the Texas Royalty properties under the direction of Riverhill Energy.

The Omnibus Budget Reconciliation Act of 1990 allows percentage depletion on proven properties acquired after October 11, 1990. For Units acquired after such date, Unit holders would normally compute both percentage depletion and cost depletion from each property, and claim the larger amount as a deduction on their income tax returns. However, the Trustee and its accountants have estimated the percentage depletion for January through December 2001, and it appears that cost depletion will exceed percentage depletion for all Unit holders.

Royalty income is generally considered portfolio income under the passive loss rules enacted by the Tax Reform Act of 1986. Therefore, in general, it appears that Unit holders should not consider the taxable income from the Trust to be passive income in determining net passive income or loss. Unit holders should consult their tax advisors for further information.

Unit holders of record will continue to receive an individualized tax information letter for each of the quarters ending March 31, June 30 and September 30, 2002, and for the year ending December 31, 2002. Unit holders owning Units in nominee name may obtain monthly tax information from the Trustee upon request.

Bank of America, N.A.

Ron E. Hooper

Senior Vice President

DESCRIPTION OF THE PROPERTIES

he net overriding royalty interests held by the Trust are carved out of high-quality producing oil and gas properties located primarily in West Texas. A production index for oil and gas properties is the number of years derived by dividing remaining reserves by current production. The production index for the Trust properties based on the reserve report prepared by independent petroleum engineers as of December 31, 2001, is approximately 7.4 years.

The net overriding royalty interest in the Waddell Ranch properties is the largest asset of the Trust. The mineral interests in the Waddell Ranch, from which such net overriding royalty interest was carved, vary from 37.5% to 50.0% in 78,175 gross (34,205 net) acres, containing 750 gross (332 net) productive oil wells, 182 gross (87 net) productive gas wells and 336 gross (147 net) injection wells.

Six major fields on the Waddell Ranch properties account for more than 90% of the total production. In the six fields, there are 12 producing zones ranging in depth from 2,800 to 10,600 feet. Most prolific of these zones are the Grayburg and San Andres, which produce from depths between 2,800 and 3,400 feet. Productive from the San Andres are the Sand Hills (Judkins) gas field and the Sand Hills (McKnight) oil field.

The Dune and Waddell oil fields are productive from both the Grayburg and San Andres formations. The Sand Hills (Tubb) oil fields produce from the Tubb formation at depths averaging 4,300 feet, and the University Waddell (Devonian) oil field is productive from the Devonian formation between 8,400 and 9,200 feet.

All of the major oil fields on the Waddell Ranch properties are

currently being water flooded. Engineering studies and 3-D seismic evaluations on these fields indicate the potential for increased production through infill drilling, modifications of existing water flood techniques, installation of larger capacity pumping equipment and tertiary recovery projects. Capital expenditures for remedial and maintenance activities during 2001 totaled approximately \$9.5 million.

The Texas Royalty properties, out of which the other net overriding royalty was carved, are located in 33 counties across Texas. The Texas Royalty properties consist of approximately 125 separate royalty interests containing approximately 303,000 gross (51,000 net) producing acres. Approximately 41% of the future net revenues discounted at 10% attributable to Texas Royalty properties are located in the Wasson and Yates fields.

BROG has informed the Trustee that the 2002 capital expenditures budget should total approximately \$9.6 million, of which \$0 is attributable to the drilling program and \$9.6 million to workovers and recompletions.

COMPUTATION OF ROYALTY INCOME RECEIVED BY THE TRUST

The Trust's royalty income is computed as a percentage of the net profit from the operation of the properties in which the Trust owns net overriding royalty interests. The percentages of net profits are 75% and 95% in the cases of the Waddell Ranch properties and the Texas Royalty properties, respectively. Royalty income received by the Trust for the five years ended December 31, 2001, was computed as shown in the table on the next page.



	200	01	20	000	Year Ended Dec	,	199	98	19	97
Gross Proceeds	Waddell	Texas	Waddell	Texas	Waddell	Texas	Waddell	Texas	Waddell	Texas
of Sales	Ranch	Royalty	Ranch	Royalty	Ranch	Royalty	Ranch	Royalty	Ranch	Royalty
From the Underlying	Properties	Properties	Properties	Properties	Properties	Properties	Properties	Properties	Properties	Properties
Properties:										
Oil Proceeds	\$26,477,679	\$ 9,524,586	\$31,289,829	\$ 9,770,732	\$18,667,382	\$5,261,863	\$18,821,076	\$ 5,404,598	\$27,099,891	\$ 8,427,062
Gas Proceeds	26,068,379	3,771,184	18,342,926	2,701,298	12,794,695	1,760,499	13,769,872	1,880,571	17,105,677	2,318,393
Other Payments (a)								540,543		
Total	52,546,058	13,295,770	49,632,755	12,472,030	31,462,077	7,022,362	32,590,948	7,825,712	44,205,568	10,745,455
Less:										
Severance Tax										
Oil	1,108,968	374,204	1,288,522	373,643	726,944	186,846	725,100	196,770	1,037,862	320,447
Gas	1,160,095	239,337	1,189,617	146,512	773,689	77,379	(1,299,730)	104,759	1,232,298	135,717
Other	-	-	26,991	-	44,839	16,000	-	-	-	-
Lease Operating Expense										
and Property Tax										
Oil and Gas	9,086,468	605,125	9,318,915	442,523	9,687,476	525,035	14,096,881	790,246	12,239,689	597,508
Other Payments	50,000	-	-	-	132,166	180,000	-	-	50,297	-
Capital Expenditures	3,350,003		4,606,227		1,052,769		15,874,193		11,789,849	
Total	14,755,534	1,218,666	16,430,272	962,678	12,417,883	985,260	29,396,444	1,091,775	26,349,995	1,053,672
Net Profits	37,790,525	12,077,104	33,202,483	11,509,352	19,044,194	6,037,102	3,194,504	6,733,937	17,855,573	9,691,783
Net Overriding										
Royalty Interest	75%	95%	75%	95%	75%	95%	75%	95%	75%	95%
Royalty Income	28,342,893	11,473,248	24,901,862	10,933,884	14,284,146	5,735,247	2,395,878	6,397,240	13,391,679	9,207,194
Negative Revenue (b)	-	-	-	-	1,218,732	-	1,218,732	-	-	-
Litigation Settlement (c)			=				766,051			=
Total Royalty Income for Distribution	\$28,342,893	\$11,473,248	\$24,901,862	\$ 10,933,884	\$13,064,414	\$5,735,247	\$ 4,380,661	\$ 6,397,240	\$13,391,679	\$ 9,207,194

- (a) The Trust received funds in 1998 from BROG which represented the Trust's portion of amounts that had been previously held in suspense by BROG relating to the Texas Royalty properties. The Trustee was advised that these amounts relate to revenues received by BROG prior to the conveyance of its interest in the Texas Royalty properties to Riverhill Energy in February 1997.
- (b) In calculating Trust royalty income for the months of June through December 1998, costs exceeded revenues for the Waddell Ranch properties underlying the Waddell Ranch Net Overriding Royalty Conveyance dated effective November 1, 1980 ("Waddell Ranch Conveyance"), by \$1,218,732. Pursuant to the Waddell Ranch Conveyance, excess costs plus accrued interest must be recovered from future net proceeds relating to the underlying Waddell Ranch properties before the properties can again contribute to Trust royalty income. Cumulative excess amounts were fully recovered in February 1999.
- (c) In November 1998, the Trust received its portion of settlement proceeds totaling \$766,051 from a class-action lawsuit.



DISCUSSION AND ANALYSIS

TRUSTEE'S DISCUSSION AND ANALYSIS FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2001

Royalty income received by the Trust for the three-year period ended December 31, 2001, is reported in the following table:

	Year Ended December 31,				
ROYALTIES	2001	2000	1999		
Total Revenue	\$39,816,141	\$35,835,746	\$18,799,659		
	100%	100%	100%		
Oil Revenue	22,466,757	24,901,862	12,202,023		
	56%	69%	65%		
Gas Revenue	17,349,384	10,933,884	6,597,626		
	44%	31%	35%		
Total Revenue/Unit	\$.854327	\$.768862	\$.403350		

Royalty income of the Trust for the calendar year is associated with actual oil and gas production for the period November of the prior year through October of the current year. Oil and gas sales for 2001, 2000 and 1999 for the Royalties and the Underlying Properties, excluding portions attributable to the adjustments discussed hereafter, are presented in the following table:

	Ye	31,	
ROYALTIES	2001	2000	1999
Oil Sales (Bbls)	941,202	919,429	909,352
Gas Sales (Mcf)	3,875,586	3,346,445	3,464,208
Underlying Properties			
Oil			
Total Oil Sales (Bbls)	1,434,983	1,486,110	1,674,898
Average Per Day (Bbls)	3,931	4,072	4,589
Average Price/Bbl	\$24.88	\$27.66	\$14.29
Gas			
Total Gas Sales (Mcf)	6,441,298	5,890,023	6,907,167
Average Per Day (Mcf)	17,593	16,137	18,924
Average Price/Mcf	\$4.70	\$3.63	\$2.11

he average price of oil decreased to \$24.88 per barrel in 2001, down from \$27.66 per barrel in 2000. In addition, the average price of gas rose from \$3.63 per Mcf in 2000 to \$4.70 per Mcf in 2001.

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), production amounts do not necessarily provide a meaningful comparison. Total oil production decreased approximately 3.5% from 2000 to 2001 primarily due to lower capital expenditures in previous years. Total gas sales increased approximately 9% from 2000 to 2001 primarily due to a increase in capital expenditures for gas wells.

Total capital expenditures in 2001 used in the net overriding royalty calculation were approximately \$3.4 million compared to \$4.6 million in 2000 and \$1.1 million in 1999. During 2001, there were 11 gross (.76 net) wells drilled and completed on the Waddell

DISCUSSION AND ANALYSIS, CONTINUED

Ranch properties. At December 31, 2001, there were 8 gross (3.75 net) wells in progress on the Waddell Ranch properties.

In 2001, lease operating expense and property taxes on the Waddell Ranch properties amounted to approximately \$9.1 million, which amount was approximately the same as in 2000.

The Trustee has been advised by BROG that for the period August 1, 1993, through June 30, 2002, the oil from the Waddell Ranch was sold under a competitive bid to a third party.

During 2001, the monthly royalty receipts were invested by the Trustee in U.S. Treasury securities until the monthly distribution date, and earned interest totaled \$77,977. Interest income for 2000 and 1999 was \$85,348 and \$27,331, respectively.

General and administrative expenses in 2001 were \$420,723 compared to \$375,953 in 2000 and \$355,148 in 1999.

Distributable income for 2001 was \$39,473,395 or \$.846909 per Unit. Distributable income for 2000 was \$35,545,141 or \$.762627 per Unit. Distributable income for 1999 was \$18,471,842 or \$.396317 per Unit.





RESULTS OF THE FOURTH QUARTERS OF 2001 AND 2000

Royalty income received by the Trust for the fourth quarter of 2001 amounted to \$7,247,490 or \$.154651 per Unit. For the fourth quarter of 2000, the Trust received royalty income of \$10,938,461 or \$.234686 per Unit. Interest income for the fourth quarter of 2001 amounted to \$9,925 compared to \$28,872 for the fourth quarter of 2000. The decrease in interest income can be attributed primarily to a decrease in interest rates. General and administrative expenses totaled \$49,388 for the fourth quarter of 2001 compared to \$46,306 for the fourth quarter of 2000.

Royalty income for the Trust for the fourth quarter is associated with actual oil and gas production during August through October from the Underlying Properties. Oil and gas sales attributable to the Royalties and the Underlying Properties for the quarter and the comparable period for 2000 are as follows:

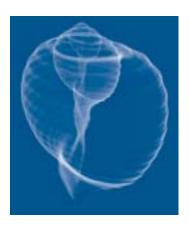
Fourth Quarter	2001	2000	Fourth Quarter	2001	2000
Royalties			Underlying Properties		
Oil Sales (Bbls)	226,307	261,030	Total Oil Sales (Bbls)	350,921	376,705
Gas Sales (Mcf)	943,738	873,994	Average Per Day (Bbls)	3,814	4,095
			Average Price/Bbls	\$22.52	\$29.18
			Total Gas Sales (Mcf)	1,610,652	1,360,733
			Average Per Day (Mcf)	17,507	14,791
			Average Price/Mcf	\$2.63	\$4.45

The posted price of oil decreased for the fourth quarter of 2001 compared to the fourth quarter of 2000, resulting in an average price per barrel of \$22.52 compared to \$29.18 in the same period of 2000. The average price of gas increased for the fourth quarter of 2001 compared to the same period in 2000, resulting in an average price per Mcf of \$2.63 compared to \$4.45 in the fourth quarter of 2000.

The Trustee has been advised that oil sales decreased in 2001 compared to the same period in 2000 primarily due to decreased

capital expenditures in prior periods and natural production declines. Gas sales from the Underlying Properties decreased in the fourth quarter of 2001 compared to the same period in 2000 due to the same factors.

The Trust has been advised that 1 gross (.38 net) well was drilled and completed during the three months ended December 31, 2001, and there were 8 gross (3.75 net) wells in progress.



PERMIAN BASIN ROYALTY TRUST

STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS DECEMBER 31, 2001 AND 2000

2001	2000
\$1,842,420	\$3,056,122
2,371,187	2,595,254
\$4,213,606	\$5,651,376
\$1,842,420	\$3,056,122
2,371,187	2,595,254
\$4,213,606	\$5,651,376
	\$1,842,420 2,371,187 \$4,213,606 \$1,842,420 2,371,187

STATEMENTS OF DISTRIBUTABLE INCOME FOR THE THREE YEARS ENDED DECEMBER 31, 2001

	2001	2000	1999
Royalty Income (Notes 2 and 3)	\$39,816,141	\$35,835,746	\$18,799,659
Interest Income	77,977	85,348	27,331
	39,894,118	35,921,094	18,826,990
Expenditures – General and Administrative	420,723	375,953	355,148
Distributable Income	\$39,473,395	\$35,545,141	\$18,471,842
Distributable Income per Unit (46,608,796 Units)	\$.846908	\$.762627	\$.396317

STATEMENTS OF CHANGES IN TRUST CORPUS FOR THE THREE YEARS ENDED DECEMBER 31, 2001

	2001	2000	1999
Trust Corpus, Beginning of Period	\$ 2,595,254	\$ 2,889,978	\$ 3,336,583
Amortization of Net Overriding Royalty Interests			
(Notes 2 and 3)	(224,067)	(294,724)	(446,605)
Distributable Income	39,473,395	35,545,141	18,471,842
Distributions Declared	(39,473,395)	(35,545,141)	(18,471,842)
Trust Corpus, End of Period	\$ 2,371,187	\$ 2,595,254	\$ 2,889,978

The accompanying Notes to Financial Statements are an integral part of these statements.

1. TRUST ORGANIZATION AND PROVISIONS

The Permian Basin Royalty Trust ("Trust") was established as of November 1, 1980. Bank of America, N.A. ("Trustee") is Trustee for the Trust. Southland Royalty Company ("Southland") conveyed to the Trust (1) a 75% net overriding royalty in Southland's fee mineral interest in the Waddell Ranch in Crane County, Texas ("Waddell Ranch properties") and (2) a 95% net overriding royalty carved out of Southland's major producing royalty properties in Texas ("Texas Royalty properties"). The net overriding royalties above are collectively referred to as the "Royalties."

On November 3, 1980, Units of Beneficial Interest ("Units") in the Trust were distributed to the Trustee for the benefit of Southland shareholders of record as of November 3, 1980, who received one Unit in the Trust for each share of Southland common stock held. The Units are traded on the New York Stock Exchange.

The terms of the Trust Indenture provide, among other things, that:

- the Trust shall not engage in any business or commercial activity of any kind or acquire any assets other than those initially conveyed to the Trust;
- the Trustee may not sell all or any part of the Royalties unless approved by holders of 75% of all Units outstanding in which case the sale must be for cash and the proceeds promptly distributed;
- the Trustee may establish a cash reserve for the payment of any liability which is contingent or uncertain in amount;
- the Trustee is authorized to borrow funds to pay liabilities of the Trust; and
- the Trustee will make monthly cash distributions to Unit holders (see Note 2).

2. NET OVERRIDING ROYALTY INTERESTS AND DISTRIBUTION TO UNIT HOLDERS

The amounts to be distributed to Unit holders ("Monthly Distribution Amounts") are determined on a monthly basis. The Monthly Distribution Amount is an amount equal to the sum of cash received by the Trustee during a calendar month attributable to the Royalties, any reduction in cash reserves and any other cash receipts of the Trust, including interest, reduced by the sum of liabilities paid and any increase in cash reserves. If the Monthly Distribution Amount for any monthly period is a negative number, then the distribution will be zero for such month. To the extent the distribution amount is a negative number, that amount will be carried forward and deducted from future monthly distributions until the cumulative distribution calculation becomes a positive number, at which time a distribution will be made. Unit holders of record will be entitled to receive the calculated Monthly Distribution Amount

for each month on or before 10 business days after the monthly record date, which is generally the last business day of each calendar month.

The cash received by the Trustee consists of the amounts received by owners of the interest burdened by the Royalties from the sale of production less the sum of applicable taxes, accrued production costs, development and drilling costs, operating charges and other costs and deductions, multiplied by 75% in the case of the Waddell Ranch properties and 95% in the case of the Texas Royalty properties.

The initial carrying value of the Royalties (\$10,975,216) represented Southland's historical net book value at the date of the transfer to the Trust. Accumulated amortization as of December 31, 2001 and 2000, aggregated \$8,604,029 and \$8,379,962, respectively.

3. BASIS OF ACCOUNTING

The financial statements of the Trust are prepared on the following basis:

- Royalty income recorded is the amount computed and paid by the working interest owner to the Trustee on behalf of the Trust.
- Trust expenses recorded are based on liabilities paid and cash reserves established out of cash received or borrowed funds for liabilities and contingencies.
- Distributions to Unit holders are recorded when declared by the Trustee

The financial statements of the Trust differ from financial statements prepared in accordance with accounting principles generally accepted in the United States of America because revenues are not accrued in the month of production and certain cash reserves may be established for contingencies which would not be accrued in financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

Amortization of the Royalties calculated on a unit-of-production basis is charged directly to trust corpus.

4. FEDERAL INCOME TAX

For federal income tax purposes, the Trust constitutes a fixed investment trust which is taxed as a grantor trust. A grantor trust is not subject to tax at the trust level. The Unit holders are considered to own the Trust's income and principal as though no trust were in existence. The income of the Trust is deemed to have been received or accrued by each Unit holder at the time such income is received or accrued by the Trust rather than when distributed by the Trust.

The Royalties constitute "economic interests" in oil and gas properties for federal income tax purposes. Unit holders must report their share of the revenues of the Trust as ordinary income from oil and gas royalties and are entitled to claim depletion with respect to such income. The Trust has on file technical advice memoranda confirming the tax treatment described above.

The classification of the Trust's income for purposes of the loss rules may be important to a Unit holder. As a result of the Tax Reform Act of 1986, royalty income will generally be treated as portfolio income and will not offset passive losses.

5. SIGNIFICANT CUSTOMERS

Information as to significant purchasers of oil and gas production attributable to the Trust's economic interests is included in Item 2 of the Trust's Annual Report on Form 10-K which is included in this report.

6. PROVED OIL AND GAS RESERVES (UNAUDITED)

Proved oil and gas reserve information is included in Item 2 of the Trust's Annual Report on Form 10-K which is included in this report.

7. QUARTERLY SCHEDULE OF DISTRIBUTABLE INCOME (UNAUDITED)

The following is a summary of the unaudited quarterly schedule of distributable income for the two years ended December 31, 2001 (in thousands, except per Unit amounts):

2001	Royalty Income	Distributable Income	Income and Distribution Per Unit
First Quarter	\$12,092	\$11,953	\$.256445
Second Quarter	12,043	11,936	.256094
Third Quarter	8,433	8,376	.179718
Fourth Quarter	7,247	7,208	154651
Total	\$39,816	\$39,473	\$.846908
2000			
First Quarter	\$ 6,373	\$ 6,266	\$.134440
Second Quarter	9,037	8,895	.190844
Third Quarter	9,487	9,463	.203032
Fourth Quarter	10,939	10,921	234311
Total	\$35,836	\$35,545	\$.762627

Distributable



INDEPENDENT AUDITORS' REPORT

BANK OF AMERICA, N.A., AS TRUSTEE FOR THE PERMIAN BASIN ROYALTY TRUST:

We have audited the accompanying statements of assets, liabilities and trust corpus of the Permian Basin Royalty Trust (the "Trust") as of December 31, 2001 and 2000, and the related statements of distributable income and changes in trust corpus for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 3 to the financial statements, these statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities and trust corpus of the Trust at December 31, 2001 and 2000, and the distributable income and changes in trust corpus for each of the three years in the period ended December 31, 2001, on the basis of accounting described in Note 3.

Deloutte + Touche LLP

Deloitte & Touche LLP

Dallas, Texas

March 22, 2002

PERMIAN BASIN ROYALTY TRUST

901 Main Street, Suite 1700 P.O. Box 830650 Dallas, Texas 75202 Bank of America, N.A., Trustee

AUDITORS

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Thompson & Knight L.L.P. Dallas, Texas

TAX COUNSEL

Winstead Sechrest & Minick, P.C. Houston, Texas

TRANSFER AGENT

Mellon Investor Services, L.L.C. Ridgefield Park, New Jersey









