

PERMIAN BASIN ROYALTY TRUST

Form S-3

April 14, 2005

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As filed with the Securities and Exchange Commission on April 14, 2005

Registration No. 333-

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Permian Basin Royalty Trust**

*(Exact name of co-registrant as specified in its charter)*

**TEXAS**

*(State or other jurisdiction of incorporation or organization)*

**75-6280532**

*(I.R.S. Employer Identification Number)*

**Ron E. Hooper**

**Bank of America, N.A.**

**Trust Department**

**P.O. Box 830650**

**Dallas, Texas 75202**

**(214) 209-2400**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**Burlington Resources Inc.**

*(Exact name of co-registrant as specified in its charter)*

**DELAWARE**

*(State or other jurisdiction of incorporation or organization)*

**91-1413284**

*(I.R.S. Employer Identification Number)*

**Frederick J. Plaeger, Esq.**

**Vice President and General Counsel**

**Burlington Resources Inc.**

**717 Texas, Suite 2100**

**Houston, Texas 77002**

**(713) 624-9000**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***With copies to:***

**Amy R. Curtis**

**Thompson & Knight LLP**

**1700 Pacific, Suite 3300**

**Dallas, Texas 75201**

**(214) 969-1700**

**G. Michael O Leary**

**Andrews Kurth LLP**

**600 Travis, Suite 4200**

**Houston, Texas 77002**

**(713) 220-4200**

**Approximate date of commencement of proposed sale to the public:** From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered and Sold by the Selling Unit Holder</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price per Unit*</b>	<b>Proposed Maximum Aggregate Offering Price*</b>	<b>Amount of Registration Fee</b>
Units of Beneficial Interest	27,577,741	\$ 13.40	\$ 369,541,729.40	\$ 43,495.06

\* Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act, based on the average of the high and low reported sales price per unit on the New York Stock Exchange on April 11, 2005.

**The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED APRIL 14, 2005**

**PROSPECTUS**

**27,577,741 Trust Units  
Permian Basin Royalty Trust**

Burlington Resources Inc. may offer and sell in one or more offerings up to 27,577,741 trust units representing undivided shares of beneficial interest in Permian Basin Royalty Trust. The trust units do not represent any interest in Burlington Resources. The trust will not receive any of the proceeds of any offering. You should read this prospectus and any supplement carefully before you invest.

The trust units are traded on the New York Stock Exchange under the symbol PBT. On April 13, 2005, the last reported sales price for the trust units as reported on the New York Stock Exchange was \$13.05 per unit.

**INVESTING IN THE TRUST UNITS INVOLVES RISKS. PLEASE READ RISK FACTORS BEGINNING ON PAGE 5 OF THIS PROSPECTUS.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**You should rely only on the information included or incorporated by reference in this prospectus or any prospectus supplement. Neither the trust nor Burlington Resources has authorized anyone else to provide you with different information. Neither the trust nor Burlington Resources is making an offer of these securities in any state where the offer is not permitted. You should not assume that the information incorporated by reference or provided in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of each of those documents.**

The trust units may be sold directly, through agents from time to time or through underwriters or dealers. If any agent of the issuers or any underwriter is involved in the sale of the securities, the name of the agent or underwriter and any applicable commission or discount will be set forth in the accompanying prospectus supplement.

This prospectus may be used to offer and sell securities only if accompanied by a prospectus supplement.

The date of this Prospectus is \_\_\_\_\_, 2005.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that the trust and Burlington Resources have filed with the Securities and Exchange Commission utilizing a shelf registration process. Under this shelf registration process, Burlington Resources may sell up to a total of 27,577,741 units of beneficial interest in the trust in one or more offerings. This prospectus provides you with a general description of the trust and Burlington Resources and the trust units Burlington Resources may offer under this prospectus. The information in this prospectus is accurate as of its date. You should carefully read this prospectus, the prospectus supplement and any additional information described under the heading Where You Can Find More Information.

In this prospectus, references to the trust mean Permian Basin Royalty Trust, references to Burlington Resources mean Burlington Resources Inc. and references to Southland Royalty mean Southland Royalty Company. References to BROG mean Burlington Resources Oil & Gas LP, a wholly owned subsidiary of Burlington Resources. References to the trustee mean Bank of America, N.A., as trustee for the trust, or any successor trustee.

**WHERE YOU CAN FIND MORE INFORMATION**

The trust and Burlington Resources file annual, quarterly and other reports and other information, and Burlington Resources files proxy statements, with the SEC. The trust's and Burlington Resources' current SEC filings are available to the public over the Internet or at the SEC's web site at <http://www.sec.gov>. You may also read and copy any of these documents at the SEC's public reference room located at 450 Fifth Street, N.W. Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms.

The SEC allows the trust and Burlington Resources to incorporate by reference the information the trust and Burlington Resources file with them, which means that the trust and Burlington Resources can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be an important part of this prospectus, and information that the trust and Burlington Resources file later with the SEC will automatically update and supersede this information. In all cases, you should rely on the most recent information included or incorporated by reference in this prospectus.

The trust incorporates by reference into this prospectus the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until the offering of trust units made hereby is terminated:

its annual report on Form 10-K for the fiscal year ended December 31, 2004, as amended by its Amendment 1 thereto on Form 10-K/A filed April 6, 2005; and

the description of trust units contained in the trust's registration statement on Form 8-A, dated October 10, 1980, as subsequently amended.

Under applicable SEC rules, Burlington Resources is treated as a co-registrant with respect to the trust units. As a result, other SEC rules require that certain SEC filings by Burlington Resources be incorporated by reference into this prospectus. Notwithstanding the applicable SEC rules, however, a purchaser of trust units will not acquire any interest in Burlington Resources, its subsidiaries or any of the outstanding securities of Burlington Resources. In accordance with applicable SEC requirements, Burlington Resources incorporates by reference into this prospectus the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the offering of trust units made hereby is terminated:

its annual report on Form 10-K for the fiscal year ended December 31, 2004; and

its current report on Form 8-K filed January 31, 2005.

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You may request a copy of these filings, in most cases without exhibits, at no cost, by writing or telephoning us at our principal executive offices located at each of the following addresses:

Bank of America, N.A.  
P.O. Box 830650  
Dallas, Texas 75202  
Attention: Trust Department  
Telephone: (214) 209-2400

Burlington Resources Inc.  
717 Texas, Suite 2100  
Houston, Texas 77002  
Attention: Corporate Secretary  
Telephone: (713) 624-9000

**FORWARD-LOOKING STATEMENTS**

Some statements made by the trust and Burlington Resources in this prospectus, including information in documents incorporated by reference, are prospective and constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events, outcomes and other matters that Burlington Resources or the trust plans, expects, intends, assumes, believes, budgets, predicts, forecasts, projects, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the trust and Burlington Resources. These risks include, but are not limited to:

uncertainty of estimates of future crude oil and natural gas production;

uncertainty of production and development costs;

commodity price fluctuations;

the overriding royalty interests owned by the trust are depleting assets and will eventually cease to produce oil and natural gas in commercial quantities;

inflation;

lack of availability of goods and services;

environmental risks;

drilling and other operating risks;

inability of the trust to control operations on its royalty properties;

litigation risks;

regulatory changes; and

uncertainties inherent in estimating proved crude oil and natural gas reserves and in projecting future rates of production and timing of development expenditures.

Should one or more of these risks or uncertainties described above or elsewhere in this prospectus occur, or should underlying assumptions prove incorrect, actual results may differ materially from future results expressed or implied by the forward-looking statements. All forward-looking statements attributable to Burlington Resources or the trust are expressly qualified in their entirety by this cautionary statement.





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**THE TRUST**

The trust was created under the laws of the state of Texas on November 3, 1980 by Southland Royalty Company. In connection with the formation of the trust, the stockholders of Southland Royalty approved and authorized that company's conveyance of net overriding royalty interests (equivalent to net profits interests) to the trust for the benefit of its stockholders. Each stockholder of Southland Royalty of record on the date of the trust's formation received one unit of beneficial ownership in the trust for each share of Southland Royalty common stock then held. In 1985, Southland Royalty became a wholly-owned subsidiary of Burlington Northern Inc. In 1988, Burlington Northern transferred its natural resource operations to Burlington Resources. As a result of this transfer, Meridian Oil Inc., which was the parent company of Southland Royalty, became a wholly owned direct subsidiary of Burlington Resources. In 1996, Southland Royalty was merged with and into Meridian Oil. As a result of this merger, the separate corporate existence of Southland Royalty ceased and Meridian Oil survived and succeeded to the ownership of all of the assets of Southland Royalty and assumed all of its rights, powers, privileges, liabilities and obligations. In 1996, Meridian Oil changed its name to Burlington Resources Oil & Gas Company, now Burlington Resources Oil & Gas Company LP, which is referred to in this prospectus as BROG. BROG is a wholly owned subsidiary of Burlington Resources.

The trust's net overriding royalty interests constitute its principal assets. These net overriding royalty interests include: a 75% net overriding royalty carved out of Southland's fee mineral interests in the Waddell Ranch in Crane County, Texas; and a 95% net overriding royalty carved out of Southland's major producing royalty interests in other mature producing oil fields in Texas. The 95% net overriding royalty is subject to the provisions of the lease agreements under which it was created.

BROG continues to own the fee mineral interest in the Waddell Ranch properties underlying the trust's net overriding royalty interest and is the operator of record on those properties. In 1997, BROG sold its interests in the other properties underlying the trust's net overriding royalty interests to Riverhill Energy Corporation, an energy company not affiliated with Burlington Resources or its subsidiaries. As required by the terms of the conveyance to the trust of its net overriding royalty interests in those properties, Riverhill Energy succeeded to all of the requirements upon and responsibilities of BROG arising under the conveyance.

The function of the trustee is to collect the income attributable to the royalty interests, to pay all expenses and charges of the trust, and to then distribute the remaining available income to the unit holders. The trust is not empowered to carry on any business activity, conducts no research activities and has no employees since all administrative functions are performed by the trustee. The income to the trust attributable to the net overriding royalty interests is not subject in material respects to seasonal factors nor in any manner related to or dependent upon patents, licenses, franchises or concessions.

The Permian Basin Royalty Trust maintains its principal executive offices at 901 Main Street, Dallas, Texas 75202, telephone (214) 209-2400. Burlington Resources maintains its principal executive offices at 717 Texas, Suite 2100, Houston, Texas 77002, telephone (713) 624-9000.

**Table of Contents****SUMMARY RESERVE INFORMATION**

The following table summarizes net proved reserves estimated as of December 31, 2004 and certain related information for the net overriding royalty interests and underlying properties from the reserve report, dated February 25, 2005, prepared for the trust by Cawley, Gillespie & Associates, Inc., independent petroleum engineers. Additional information regarding the net proved reserves of the trust is provided in the trust's annual report on Form 10-K for the year ended December 31, 2004 and the notes to the financial statements in the trust's annual report to security holders which is filed as an exhibit to the trust's annual report on Form 10-K for the year ended December 31, 2004.

	<b>Year Ended December 31, 2004</b>
	<b>(In thousands)</b>
Proved Gas Reserves (Mcf)(a)	27,985
Proved Crude Oil Reserves (Bbls)(a)	7,108
Estimated Future Net Revenues(a)(b)	\$ 424,965
Discounted Estimated Future Net Revenues(a)(b)	\$ 237,193

(a) Reserve quantities and revenues shown in the preceding table were estimated from projections of reserves and revenue attributable to the combined Burlington Resources Oil & Gas Company LP, Riverhill Energy and trust interests in the properties underlying the trust's royalty interests. Reserve quantities attributable to the trust's royalty interests were estimated by allocating to the trust's royalty interests a portion of the total estimated net reserve quantities of the interests, based upon gross revenue less production taxes. Because the reserve quantities attributable to the trust's royalty interests are estimated using an allocation of the reserves, any changes in prices or costs will result in changes in the estimated reserve quantities allocated to the trust's royalty interests. Therefore, the reserve quantities estimated will vary if different future price and cost assumptions occur.

(b) Based on quantities of total proved reserves.

There are many uncertainties inherent in estimating quantities and values of proved reserves and in projecting future rates of production and the timing of development expenditures. The reserve data set forth above, although prepared by independent petroleum engineers in a manner customary in the industry, are estimates only, and actual quantities and values of crude oil and natural gas are likely to differ from the estimated amounts set forth. In addition, the reserve estimates for the net overriding royalty interests will be affected by future changes in sales prices for crude oil and natural gas produced and costs that are deducted in calculating net proceeds from net overriding royalty interests.

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**RISK FACTORS OF THE TRUST**

***The market price for the trust units may not reflect the value of the royalty interests held by the trust.***

The public trading price for the trust units tends to be tied to the recent and expected levels of cash distribution on the trust units. The amounts available for distribution by the trust vary in response to numerous factors outside the control of the trust, including prevailing prices for crude oil and natural gas produced from the trust's royalty interests. The market price is not necessarily indicative of the value that the trust would realize if it sold those royalty interests to a third party buyer. In addition, such market price is not necessarily reflective of the fact that since the assets of the trust are depleting assets, a portion of each cash distribution paid on the trust units should be considered by investors as a return of capital, with the remainder being considered as a return on investment. There is no guarantee that distributions made to a unit holder over the life of these depleting assets will equal or exceed the purchase price paid by the unit holder.

***Crude oil and natural gas prices are volatile and fluctuate in response to a number of factors. Lower prices could reduce the net proceeds payable to the trust and trust distributions.***

The trust's monthly distributions are highly dependent upon the prices realized from the sale of crude oil and natural gas and a material decrease in such prices could reduce the amount of cash distributions paid to unit holders. Crude oil and natural gas prices can fluctuate widely on a month-to-month basis in response to a variety of factors that are beyond the control of the trust and Burlington Resources. Factors that contribute to price fluctuation include, among others:

political conditions in major oil producing regions, especially the Middle East;

worldwide economic conditions;

weather conditions;

the supply and price of domestic and foreign crude oil or natural gas;

the level of consumer demand;

the price and availability of alternative fuels;

the proximity to, and capacity of, transportation facilities;

the effect of worldwide energy conservation measures; and

the nature and extent of governmental regulation and taxation.

When crude oil and natural gas prices decline, the trust is affected in two ways. First, net royalties are reduced. Second, exploration and development activity on the underlying properties may decline as some projects may become uneconomic and are either delayed or eliminated. It is impossible to predict future crude oil and natural gas price movements, and this reduces the predictability of future cash distributions to trust unit holders.

***Increased production and development costs attributable to the net overriding royalty interests will result in decreased trust distributions unless revenues also increase.***

Production and development costs attributable to the Waddell Ranch net overriding royalty interest are deducted in the calculation of the trust's share of net proceeds. Accordingly, higher or lower production and development costs will directly decrease or increase the amount received by the trust for those net overriding royalty interests. For example, Burlington Resources currently estimates that the costs of electricity that will be included in production and development costs deducted in calculating the trust's share of 2005 net proceeds will increase approximately 45% over the electrical costs incurred during 2004 principally as a result of higher fuel surcharges by the third party electricity provider in response to the higher costs of natural gas consumed to generate the electricity. These increased costs will

reduce the trust

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share of 2005 net proceeds below the level that would exist if such costs remained at the level experienced in 2004.

If production and development costs attributable to the Waddell Ranch net overriding royalty interests exceed the gross proceeds related to production from the underlying properties, the trust will not receive net proceeds until future proceeds from production exceed the total of the excess costs plus accrued interest during the deficit period. Development activities may not generate sufficient additional proceeds to repay the costs.

***Trust reserve estimates depend on many assumptions that may prove to be inaccurate, which could cause both estimated reserves and estimated future net revenues to be too high, leading to write-downs of estimated reserves.***

The value of the trust units will depend upon, among other things, the reserves attributable to the trust's net overriding royalty interests in the underlying properties. The calculations of proved reserves included in this prospectus are only estimates, and estimating reserves is inherently uncertain. In addition, the estimates of future net revenues are based upon various assumptions regarding future production levels, prices and costs that may prove to be incorrect over time.

The accuracy of any reserve estimate is a function of the quality of available data, engineering interpretation and judgment, and the assumptions used regarding the quantities of recoverable crude oil and natural gas and the future prices of crude oil and natural gas. Petroleum engineers consider many factors and make many assumptions in estimating reserves. Those factors and assumptions include:

historical production from the area compared with production rates from similar producing areas;

the effects of governmental regulation;

assumptions about future commodity prices, production and development costs, taxes, and capital expenditures;

the availability of enhanced recovery techniques; and

relationships with landowners, working interest partners, pipeline companies and others.

Changes in any of these factors and assumptions can materially change reserve and future net revenue estimates.

The trust's estimate of reserves and future net revenues is further complicated because the trust holds an interest in net overriding royalties and does not own a specific percentage of the crude oil or natural gas reserves. Ultimately, actual production, revenues and expenditures for the underlying properties, and therefore actual net proceeds payable to the trust, will vary from estimates and those variations could be material. Results of drilling, testing and production after the date of those estimates may require substantial downward revisions or write-downs of reserves.

***The assets of the trust are depleting assets and, if BROG and the other operators developing the underlying properties do not perform additional development projects, the assets may deplete faster than expected.***

***Eventually, the assets of the trust will cease to produce in commercial quantities and the trust will cease to receive proceeds from such assets. In addition, a reduction in depletion tax benefits may reduce the market value of the trust units.***

The net proceeds payable to the trust are derived from the sale of depleting assets. The reduction in proved reserve quantities is a common measure of depletion. Future maintenance and development projects on the underlying properties will affect the quantity of proved reserves and can offset the reduction in proved reserves. The timing and size of these projects will depend on the market prices of crude oil and natural gas. If the operators developing the underlying properties, including BROG, do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently expected by the trust and Burlington Resources.

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Because the net proceeds payable to the trust are derived from the sale of depleting assets, the portion of distributions to trust unit holders attributable to depletion may be considered a return of capital as opposed to a return on investment. Distributions that are a return of capital will ultimately diminish the depletion tax benefits available to the trust unit holders, which could reduce the market value of the trust units over time. Eventually, the overriding royalty interests will cease to produce in commercial quantities and the trust will, therefore, cease to receive any distributions of net proceeds therefrom.

***Operational risks and hazards associated with the development of the underlying properties may decrease trust distributions.***

There are operational risks and hazards associated with the production and transportation of crude oil and natural gas, including without limitation natural disasters, blowouts, explosions, fires, leakage of crude oil or natural gas, mechanical failures, cratering, and pollution. Any of these or similar occurrences could result in the interruption of operations, personal injury or loss of life, property damage, damage to productive formations or equipment, or damage to the environment. The uninsured costs resulting from any of these or similar occurrences would be deducted as a cost of production in calculating the net proceeds payable to the trust and would therefore reduce trust distributions by the amount of such uninsured costs.

***Terrorism and continued hostilities in the Middle East could decrease trust distributions or the market price of the trust units.***

Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign, as well as the military or other actions taken in response, cause instability in the global financial and energy markets. Terrorism, the war in Iraq and other sustained military campaigns could adversely affect trust distributions or the market price of the trust units in unpredictable ways, including through the disruption of fuel supplies and markets, increased volatility in crude oil and natural gas prices, or the possibility that the infrastructure on which the operators developing the underlying properties rely could be a direct target or an indirect casualty of an act of terror.

***Trust unit holders and the trustee have no influence over the operations on, or future development of, the underlying properties.***

Neither the trustee nor the trust unit holders can influence or control the operations on, or future development of, the underlying properties. The failure of an operator to conduct its operations, discharge its obligations, deal with regulatory agencies or comply with laws, rules and regulations, including environmental laws and regulations, in a proper manner could have an adverse effect on the net proceeds payable to the trust. The current operators developing the underlying properties are under no obligation to continue operations on the underlying properties. Neither the trustee nor the trust unit holders have the right to replace an operator.

***The operators developing the Texas Royalty properties have no duty to protect the interests of the trust unit holders, and do not have sole discretion regarding development activities on the underlying properties.***

Under the terms of a typical operating agreement relating to oil and gas properties, the operator owes a duty to working interest owners to conduct its operations on the properties in a good and workmanlike manner and in accordance with its best judgment of what a prudent operator would do under the same or similar circumstances. BROG is the operator of record of the Waddell Ranch overriding royalty interests and in such capacity owes the trust a contractual duty under the conveyance agreement for that overriding royalty interest to operate the Waddell Ranch properties in good faith and in accordance with a prudent operator standard. The operators of the properties burdened by the Texas Royalty properties overriding royalty interests, however, have no contractual or fiduciary duty to protect the interests of the trust or the trust unit holders other than indirectly through its duty of prudent operations to the unaffiliated owners of the working interests in those properties.

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In addition, even if an operator, including BROG in the case of the Waddell Ranch properties, concludes that a particular development operation is prudent on a property, it may be unable to undertake such activity unless it is approved by the requisite approval of the working interest owners of such properties (typically the owners of at least a majority of the working interests). Even if the trust concludes that such activities in respect of any of its overriding royalty interests would be in its best interests, it has no right to cause those activities to be undertaken.

***The operator developing any underlying property may transfer its interest in the property without the consent of the trust or the trust unit holders.***

Any operator developing any of the underlying properties may at any time transfer all or part of its interest in the underlying properties to another party. Neither the trust nor the trust unit holders are entitled to vote on any transfer of the properties underlying the trust's net overriding royalty interests, and the trust will not receive any proceeds of any such transfer. Following any transfer, the transferred property will continue to be subject to the net overriding royalty interests of the trust, but the net proceeds from the transferred property will be calculated separately and paid by the transferee. The transferee will be responsible for all of the transferor's obligations relating to calculating, reporting and paying to the trust the net overriding royalties from the transferred property, and the transferor will have no continuing obligation to the trust for that property.

***The operator developing any underlying property may abandon the property, thereby terminating the related net overriding royalty interest payable to the trust.***

The operators developing the underlying properties, or any transferee thereof, may abandon any well or property without the consent of the trust or the trust unit holders if they reasonably believe that the well or property can no longer produce in commercially economic quantities. This could result in the termination of the net overriding royalty interest relating to the abandoned well or property.

***The net overriding royalty interests can be sold and the trust would be terminated.***

The trustee must sell the net overriding royalty interests if the holders of 75% or more of the trust units approve the sale or vote to terminate the trust. The trustee must also sell the net overriding royalty interests if they fail to generate net revenue for the trust of at least \$1,000,000 per year over any consecutive two-year period. Sale of all of the net overriding royalty interests will terminate the trust. The net proceeds of any sale will be distributed to the trust unit holders.

***Trust unit holders have limited voting rights and have limited ability to enforce the trust's rights against the current or future operators developing the underlying properties.***

The voting rights of a trust unit holder are more limited than those of stockholders of most public corporations. For example, there is no requirement for annual meetings of trust unit holders or for an annual or other periodic re-election of the trustee. Additionally, trust unit holders have no voting rights in BROG or in Burlington Resources.

The trust indenture and related trust law permit the trustee and the trust to sue BROG, Riverhill Energy Corporation or any other future operators developing the underlying properties to compel them to fulfill the terms of the conveyance of the net overriding royalty interests. If the trustee does not take appropriate action to enforce provisions of the conveyance, the recourse of the trust unit holders would likely be limited to bringing a lawsuit against the trustee to compel the trustee to take specified actions. Trust unit holders probably would not be able to sue BROG, Riverhill Energy Corporation or any other future operators developing the underlying properties.

***Financial information of the trust is not prepared in accordance with GAAP.***

The financial statements of the trust are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United

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States, or GAAP. Although this basis of accounting is permitted for royalty trusts by the U.S. Securities and Exchange Commission, the financial statements of the trust differ from GAAP financial statements because revenues are not accrued in the month of production and cash reserves may be established for specified contingencies and deducted which could not be accrued in GAAP financial statements.

***An audited 2004 statement of the calculation of net proceeds has not yet been received by the trust from Riverhill Energy Corporation and could vary materially from unaudited quarterly computations.***

Pursuant to the terms of the original conveyances to the trust of the net overriding royalties, the assignor or its successor is obligated to furnish to the trust within 90 days after the end of each calendar year an audited statement of the calculation of net proceeds for such year in accordance with the conveyance. Riverhill Energy Corporation, which succeeded to the obligation of Southland Royalty Company under the conveyance in respect of the Texas Royalty properties, has not furnished to the trust such an audited statement for calendar year 2004. It is possible that such audited statement could reflect information that differs from the unaudited quarterly computations of net proceeds furnished to the trust by Riverhill Energy for 2004, which differences could be material.

***The limited liability of trust unit holders is uncertain.***

The trust unit holders are not protected from the liabilities of the trust to the same extent that a shareholder would be protected from a corporation's liabilities. The structure of the trust does not include the interposition of a limited liability entity such as a corporation or limited partnership which would provide further limited liability protection to trust unit holders. While the trustee is liable for any excess liabilities incurred if the trustee fails to insure that such liabilities are to be satisfied only out of trust assets, under the laws of Texas, which are unsettled on this point, a holder of units may be jointly and severally liable for any liability of the trust if the satisfaction of such liability was not contractually limited to the assets of the trust and the assets of the trust and the trustee are not adequate to satisfy such liability. As a result, trust unit holders may be exposed to personal liability.

**USE OF PROCEEDS**

The trust will not receive any proceeds from the sale, in one or more transactions, of any of the 27,577,741 trust units owned indirectly by Burlington Resources and registered for sale hereby. Burlington Resources will receive all net proceeds from any sale of trust units described in this prospectus and any prospectus supplement. Burlington Resources will use the net proceeds received from any sale of the trust units offered by this prospectus for general corporate purposes, unless Burlington Resources specifies otherwise in an applicable prospectus supplement.

**RECENT SALES PRICES AND DISTRIBUTIONS**

The following table sets forth, for the periods indicated, the high and low sales prices per unit and the amount of quarterly cash distributions per unit made by the trust.

**Sales Price**

<b>2003</b>	<b>High</b>	<b>Low</b>	<b>Distributions per Unit</b>
First Quarter	\$ 7.45	\$ 5.20	\$ 0.145
Second Quarter	\$ 7.50	\$ 5.45	\$ 0.181
Third Quarter	\$ 8.79	\$ 7.13	\$ 0.185
Fourth Quarter	\$ 8.47	\$ 7.66	\$ 0.178



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<b>2004</b>	<b>High</b>	<b>Low</b>	<b>Distributions per Unit</b>
First Quarter	\$ 9.45	\$ 7.00	\$ 0.194
Second Quarter	\$ 9.32	\$ 7.80	\$ 0.191
Third Quarter	\$ 11.87	\$ 9.01	\$ 0.248
Fourth Quarter	\$ 15.29	\$ 11.06	\$ 0.323

**Sales Price**

<b>2005</b>	<b>High</b>	<b>Low</b>	<b>Distributions per Unit*</b>
First Quarter	\$ 15.57	\$ 12.13	\$ 0.284
Second Quarter (through April 12, 2005)	\$ 14.26	\$ 13.00	

\* Including, with respect to first quarter distributions, a per-unit distribution of \$.0859 declared on March 21, 2005, payable on April 14, 2005 to unitholders of record on March 31, 2005. As of April 12, 2005 no April, 2005 distribution has been announced or paid.

At April 1, 2005, there were 46,608,796 trust units outstanding and approximately 1,623 unit holders of record.

The trust's monthly distributions are dependent upon the prices realized from the sale of crude oil and natural gas. Crude oil and natural gas prices can fluctuate widely on a month-to-month basis in response to a variety of factors that are beyond the control of the trust and Burlington Resources. Factors that contribute to price fluctuation include, among others, political conditions in major oil producing regions, especially the Middle East, worldwide economic conditions, weather conditions, the supply and price of domestic and foreign crude oil and natural gas, the level of consumer demand, the price and availability of alternative fuels, the proximity to, and capacity of, transportation facilities, the effect of worldwide energy conservation measures and the nature and extent of government regulation and taxation.

**DESCRIPTION OF TRUST UNITS**

Each trust unit represents an equal undivided share of beneficial interest in the trust and is evidenced by a transferable certificate issued by the trustee. Each trust unit entitles its holder to the same rights as the holder of any other trust unit, and the trust has no other authorized or outstanding class of equity security. Currently, there are 46,608,796 trust units outstanding and, if all of the units included in this prospectus are sold, there will continue to be 46,608,796 units outstanding. The trust may not issue additional units.

**Distributions of Net Income**

Distributions of trust income, the identity of unit holders entitled to receive such distributions and the amounts of such distributions are generally determined as of the last business day of each calendar month. Unit holders of record as of the monthly record date (which is defined in the trust indenture and which, except in limited circumstances, will be the last business day of each calendar month) are entitled to receive the calculated monthly distribution amount (as defined in the trust indenture) for such month on or before ten business days after the monthly record date. The aggregate monthly distribution amount is the excess of (i) net revenues from the trust properties, plus any decrease in cash reserves previously established for contingent liabilities and any other cash receipts of the trust, over (ii) the expenses and payments of liabilities of the trust, plus any net increase in cash reserves for contingent liabilities.

The Waddell Ranch overriding royalty interest entitles the trust to 75% of the net proceeds from production attributable to the Waddell Ranch properties. Such net proceeds are generally equal to the



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gross proceeds from the sale of production less production costs calculated on an accrual basis, such as development and drilling costs, applicable taxes, operation charges and other costs, deductions and reserves. Such net proceeds are determined monthly. If the amounts deducted from gross proceeds in any month exceed the gross proceeds generated during such month, the excess amounts are carried forward to the succeeding months until recovered in full. Pending such recovery, no amounts would be distributed to the trust in respect of the Waddell Ranch overriding royalty interest. The amount of such excess costs over gross proceeds is often referred to by the trust as excess production costs. Excess production costs can also exist under the Texas Royalty properties overriding royalty interest, which is a 95% net-overriding royalty interest carved out of major producing royalty interests in other mature producing Texas oil fields. If costs exceed gross proceeds for either of the overriding royalty interests, such excess is recovered only from proceeds generated in respect of the overriding royalty interest from which such excess arose.

### **Transferability**

The units of the trust are transferable on the books of the trustee upon surrender of the certificates representing such units in proper form for transfer in accordance with procedures adopted by the trustee. No service charge is required for any such transfer, although the trustee may require payment of transfer taxes or other fees imposed by any governmental authority.

Until a transfer is made in accordance with the procedures specified by the trustee, the trustee may conclusively treat as the owner of any unit for all purposes the holder shown on its records. Any transfer of a unit in accordance with the procedures established by the trustee will, as to the trustee, vest in the transferee all rights of the transferor at the date of transfer, except that a transfer of a unit after the monthly record date for a distribution will not transfer the right of the transferor to such distribution.

Mellon Investor Services, L.L.C. serves as transfer agent for the units in the trust.

### **Periodic Reports**

The trustee will mail as soon as practicable after the end of each calendar quarter, to each person who was a unit holder on any monthly record date during such quarter, a report summarizing the assets and liabilities and the receipts and disbursements of the trust for the quarter then ended and for each month in such quarter. Within 90 days after the end of each fiscal year, the trustee will mail to unit holders as of a specified record date an annual report containing audited financial statements of the trust. In addition, the trustee will furnish to the unit holders such reports and in such manner as are at any time required by law or by regulation of the New York Stock Exchange.

The trustee files federal informational returns and state income tax returns as required to comply with applicable laws and to permit each holder of units to correctly report his share of the income and deductions of the trust. The trustee treats all income and deductions recognized during each month as having been recognized on the monthly record date unless otherwise advised by counsel or by the Internal Revenue Service. Such information is included in the reports distributed by the trustee to unit holders. Each holder of units and his duly authorized agents have the right, during reasonable business hours, to examine the books and records of the trust.

### **Liability of Unit Holders**

The trustee is liable for any excess liabilities incurred if the trustee fails to insure that such liabilities are to be satisfied only out of trust assets regardless of whether the assets are adequate to satisfy the liability. The trustee may not represent to any third party dealing with the trustee or the trust that such liabilities are recoverable from the amounts distributed to, or other assets owned by, the unit holders. However, under the laws of Texas, which are unsettled on this point, a holder of units may be jointly and severally liable for any liability of the trust if the satisfaction of such liability was not contractually limited to the assets of the trust and the assets of the trust and the trustee are not adequate to satisfy such liability.

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### **Possible Requirement That Units Be Divested**

The trust indenture imposes no restrictions based on nationality or other status of the persons or other entities which are eligible to hold units. However, the trust indenture provides that if at any time the trust is named a party in any judicial or administrative proceeding which seeks the cancellation or forfeiture of any property in which the trust has an interest because of the nationality, or any other status, of any one or more unit holders, the following procedures will be applicable:

(i) The trustee will give written notice to each unit holder whose nationality or other status is an issue in the proceeding as to the existence of such controversy. The notice will contain a reasonable summary of such controversy and will constitute a demand to each such holder that he dispose of his units, to a party not of the nationality or other status at issue in the proceeding described in the notice, within 30 days after the date of the notice.

(ii) If any such unit holder fails to dispose of his units, as required by the notice, within 30 days after the date of the notice, the trustee has the preemptive right, at its sole option and during the 90 days following the termination of the 30-day period specified in the notice, to purchase any unit not so transferred for a cash price equal to the closing price of the units on the New York Stock Exchange on the last business day prior to the expiration of the 30-day period stated in the notice. The procedures for any such purchase are more fully described in the trust indenture.

(iii) The trustee may, at its sole discretion, cancel any units acquired in accordance with the foregoing procedures or may sell such units, either publicly or privately, in accordance with all applicable laws. The proceeds of any such sale of units will constitute proceeds of the trust.

(iv) The trustee may, in its sole discretion, cause the trust to borrow any amounts required to purchase units in accordance with the procedures described above.

### **Voting Rights of Trust Unit Holders**

While unit holders in the trust have voting rights, these rights are not comparable to those of stockholders of a corporation. For example, there is no requirement for annual meetings or for annual or other periodic re-election of the trustee.

The trust indenture may be amended by the affirmative vote of the holders of a majority of the units who are present in person or represented by proxy at any duly called meeting of unit holders. However, no such amendment may (i) permit the trust to engage in any business or any other investment activity, (ii) alter the relative rights of unit holders or (iii) permit the trustee to distribute the assets of the trust in kind to unit holders. In addition, certain special voting requirements relating to termination of a trust or sale of its properties can be amended only if such amendment is approved by the holders of not less than 75% of the units.

The removal of the trustee requires the affirmative vote of the holders of at least a majority of the units of the trust, while the appointment of a successor requires only the affirmative vote of the holders of at least a majority of the units represented at a meeting at which a quorum is present.

Unless the trustee must sell the trust assets pursuant to the terms of the trust indenture, the sale of all or any part of the assets of the trust must be authorized by the affirmative vote of holders of at least 75% of the units. The trust can be terminated by the unit holders only if such termination is approved by the holders of not less than 75% of the units. The special voting requirements described in this paragraph can be amended or revoked only upon the approval of the holders of at least 75% of the units.

Meetings of unit holders may be called by the trustee at any time at its discretion and will be called by the trustee at the written request of holders of not less than 15% of the units then outstanding.

Notice of any meeting of unit holders will be given not less than 20 nor more than 60 days prior to the date of such meeting. The notice will state the purpose of the meeting, and no other matter will be acted upon at the meeting.



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