



SABINE ROYALTY TRUST

Sabine Royalty Trust
U.S. Trust, Bank of America
Private Wealth Management
P.O. Box 830650
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www.sbr-sabineroyalty.com

1st Quarter Report
2009

To Unit holders:

Sabine Royalty Trust (the "Trust") makes monthly distributions to the holders of units of beneficial interest in the Trust ("Units") of the excess of the preceding month's revenues received over expenses incurred. Upon receipt, royalty income is invested in short-term investments until its subsequent distribution. In accordance with the Trust Agreement, the Trust's only long-term assets consist of royalty interests in producing and proved undeveloped oil and gas properties. Although the Trust is permitted to borrow funds if necessary to continue its operations, borrowings are not anticipated in the foreseeable future.

Distributable income consists of royalty income plus interest income plus any decrease in cash reserves established by the Trustee less general and administrative expenses of the Trust less any increase in cash reserves established by the Trustee. Distributable income for the three months ended March 31, 2009 was \$10,276,516, or \$0.70 per unit. Royalty income for the three months ended March 31, 2009 amounted to \$10,876,919 while interest income was \$19,155. General and administrative expenses totaled \$619,558 for the three months ended March 31, 2009.

Distributions during the period were \$.41550, \$.25441, and \$.21205 per Unit payable to Unit holders of record on January 15, February 17, and March 16, 2009, respectively.

Royalty income for the quarter ended March 31, 2009 decreased approximately \$7,979,000 or 42% compared with the first quarter of 2008. This decrease was caused by decreases in the production of both oil and natural gas as well as decreases in the price of both oil and natural gas. Compared to the preceding quarter ended December 31, 2008, royalty income decreased approximately \$9,677,000, or 47%, due to decreases in the production of both oil and natural gas as well as decreases in the prices of both oil and natural gas.

The following tables illustrate average prices received for the periods discussed above and the related oil and gas production volumes:

	Quarter Ended		
	March 31, 2009	March 31, 2008	December 31, 2008
Production			
Oil (Bbls)	104,171	110,302	123,499
Gas (Mcf)	1,572,366	1,651,669	1,613,790
Average Price			
Oil (per Bbl)	\$ 39.13	\$ 85.89	\$ 86.95
Gas (per Mcf)	\$ 5.00	\$ 6.60	\$ 8.12

Gas revenues received for the three months ended March 31, 2009, related primarily to production for October 2008 through December 2008. The average price of gas as reported by the Henry Hub for the same time period was \$5.77 per Mcf. The average price of gas for the Henry Hub was \$4.50 per Mcf for January 2009 through March 2009. Oil revenues for the three months ended March 31, 2009 related primarily to production for November 2008 through January 2009. The average price of oil as reported by Nymex for that time period was \$46.98 per barrel. The average price of oil was \$43.22 per barrel for January 2009 through March 2009. As of April 22, 2009, the average price of gas for the Henry Hub was \$3.16 per Mcf and the average price of oil reported by Nymex was \$46.51 per barrel. It is difficult to accurately estimate future prices of oil and gas, and any assumptions concerning future prices may prove to be incorrect.

Interest income for the quarter ended March 31, 2009 decreased approximately \$62,200 compared with the first quarter of 2008. Compared to the preceding quarter ended December 31, 2008, interest income decreased approximately \$50,200. Changes in interest income are the result of changes in interest rates and funds available for investment.

General and administrative expenses for the quarter ended March 31, 2009 increased by approximately \$63,500 compared to the same quarter of 2008 primarily due to increases in professional fees, printing expenses and unit holder information services fees of approximately \$12,400, \$27,700 and \$25,400, respectively. Offsetting the increases was a decrease in escrow agent/trustee fees of approximately \$3,600. Compared to the previous quarter ended December 31, 2008, general and administrative expenses increased approximately \$152,500. This increase was primarily due to the timing of annual payments in the first quarter such as the annual New York Stock Exchange listing fee

and expenses related to the printing and mailing of annual tax information of approximately \$38,000 and \$61,000, respectively; along with increases in the timing of invoices for auditing fees of approximately \$43,000. Escrow agent/trustee fees also increased approximately \$27,600. Offsetting these increases somewhat was a decrease in the timing of the receipt of fees for ad valorem tax rendition services of approximately \$19,000.

For the calendar year 2009 the Bank's Administration expenses are estimated to be \$962,500 which would result in fees payable to the Bank of approximately \$1,375,000. These fees include both a reimbursement for costs and a mar-

gin of profit. The Trust incurs substantial costs and expenses in addition to the Bank's fees which are estimated to be approximately \$1,075,000 for the calendar year 2009.

SABINE ROYALTY TRUST

By Bank of America, N. A., Trustee



By Ron E. Hooper
Senior Vice President

May 15, 2009

Information About the Trust

Sabine Royalty Trust (the "Trust"), formed effective December 31, 1982, is an express trust existing under the Sabine Corporation Royalty Trust Agreement. All units of beneficial interest (the "Units") in the Trust were distributed to Sabine Corporation's shareholders of record on December 23, 1982 on the basis of one Unit for each outstanding share of Sabine Corporation's common stock. Pacific Enterprise Oil Company (USA), as successor to Sabine Corporation, has assumed by operation of law all of Sabine Corporation's rights and obligations with respect to the Trust. The Units are traded on the New York Stock Exchange under the symbol "SBR". The Trust has a December 31 fiscal year end.

The Trust's assets consist of royalty and mineral interests, including landowner's royalties and overriding royalty interests, in producing and proved undeveloped oil and gas properties in Florida, Louisiana, Mississippi, New Mexico, Oklahoma and Texas (the "Royalties"). Revenues of the Trust are directly dependent upon the price of oil and gas as well as the quantities produced. The Trust does not participate in any exploration or development projects and does not have any working interest revenues or expenses.

The Trust makes monthly distributions of net income to Unit holders of record on the monthly record date (generally the 15th of each calendar month). Distributions are mailed to Unit holders on

or about the 29th of each month. Distributions by the Trust in 2009 have been as follows (stated in dollars per Unit):

<u>Month of Payment</u>	<u>Amount</u>	<u>Month of Payment</u>	<u>Amount</u>
January	\$.41550	April	\$.23787
February	\$.25441	May	\$.20948
March	\$.21205		

The Trust's monthly distributions include cash received by the Trustee, acting as Escrow Agent on the record date for such distribution, which represents cash attributable to the Royalties, and interest thereon, collected by the Trustee, acting as Escrow Agent, during the preceding calendar month.

Schedules of information on a per Unit basis for preparation of federal and state income tax returns will be provided in booklet form for calendar year 2009 in March 2010. Monthly schedules of income tax information for January through March 2009 are available now for those Unit holders who file fiscal year tax returns and need this information. Please request to be placed on a special mailing list if you need this interim tax information by writing to

Tax Mailing List
Sabine Royalty Trust
P.O. Box 830650
Dallas, Texas 75283-0650
1 (800) 365-6541

Our website is www.sbr-sabineroyalty.com.

Condensed Statements of Assets, Liabilities and Trust Corpus (Unaudited)

	March 31, 2009	December 31, 2008
Assets		
Cash and short-term investments	\$ 4,639,696	\$ 6,383,892
Royalty interests in oil and gas properties (less accumulated amortization of \$21,683,213 and \$21,660,941 at March 31, 2009 and December 31, 2008).....	711,972	734,244
TOTAL	<u>\$ 5,351,668</u>	<u>\$ 7,118,136</u>
Liabilities and Trust Corpus		
Trust expenses payable	\$ 211,209	\$ 143,197
Other payables	1,009,332	239,674
	1,220,541	382,871
Contingencies.....	-	-
Trust corpus -14,579,345 units of beneficial interest authorized and outstanding.....	4,131,127	6,735,265
TOTAL	<u>\$ 5,351,668</u>	<u>\$ 7,118,136</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31,	
	2009	2008
Trust corpus, beginning of period.....	\$ 6,735,265	\$ 5,822,655
Amortization of royalty interests.....	(22,272)	(25,733)
Distributable income.....	10,276,516	18,381,500
Distributions.....	(12,858,382)	(17,306,121)
Trust corpus, end of period.....	4,131,127	6,872,301
Distributions per unit (14,579,345 units)	<u>\$.88</u>	<u>\$ 1.19</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31,	
	2009	2008
Royalty Income	\$ 10,876,919	\$ 18,856,155
Interest income	19,155	81,376
Total.....	10,896,074	18,937,531
General and administrative expenses.....	(619,558)	(556,031)
Distributable income.....	<u>\$ 10,276,516</u>	<u>\$ 18,381,500</u>
Distributable income per unit (14,579,345 units)	<u>\$.70</u>	<u>\$ 1.26</u>