



Oklahoma

2010

Louisiana

2nd
Quarter Report

SABINE ROYALTY TRUST

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 June 30, 2010 was \$13,421,097, or \$0.92 per unit. Royalty income amounted to \$14,030,965 while interest income was \$1,034. General and administrative expenses totaled \$610,902 for the three months ended June 30, 2010.

Distributions during the period were \$.47982, \$.32220, and \$.23659 per Unit payable to Unit holders of record on April 15, May 17, and June 15, 2010, respectively.

Royalty income for the quarter ended June 30, 2010 increased approximately \$3,393,000 or 32% compared with the second quarter of 2009. This increase was caused by an increase in the production of natural gas as well as increases in both the price of oil and natural gas. These increases were offset somewhat by a decrease in the production of oil. Compared to the preceding quarter ended March 31, 2010, royalty income decreased approximately \$345,000, or 2%, due to decreases in the production of both oil and natural gas. These decreases were tempered somewhat by increases in both the price of oil and natural gas. Royalty income for the six months ended June 30, 2010 increased \$6,891,000 or 32% compared with the same time period in 2009. This increase was due mainly to an increase in natural gas production as well as increases in the prices of both oil and natural gas. The increases were offset somewhat by a decrease in the production of oil.

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

	Quarter Ended		
	June 30, 2010	June 30, 2009	March 31, 2009
Production			
Oil (Bbls)	96,717	118,258	109,903
Gas (Mcfs)	1,634,717	1,385,889	1,635,759
Average Price			
Oil (per Bbl)	\$ 74.45	\$ 41.36	\$ 70.76
Gas (per Mcf)	\$ 4.79	\$ 3.87	\$ 4.74
	Six-Months Ended		
	June 30, 2010	June 30, 2009	
Production			
Oil (Bbls)	206,620		222,429
Gas (Mcfs)	3,270,476		2,958,254
Average Price			
Oil (per Bbl)	\$ 72.49		\$ 40.31
Gas (per Mcf)	\$ 4.76		\$ 4.47

Gas revenues received for the three months ended June 30, 2010, related primarily to production for January 2010 through March 2010. The average price of gas as reported by the Henry Hub for the same time period was \$4.52 per Mcf. The average price of gas for the Henry Hub was \$4.20 per Mcf for January 2010 through June 2010. Oil revenues for the three months ended June 30, 2010 related primarily to production for February 2010 through April 2010. The average price of oil as reported by Nymex for that time period was \$80.78 per barrel. The average price of oil was \$78.55 per barrel for January 2010 through June 2010. As of July 9, 2010, the average price of gas for the Henry Hub was \$3.96 per Mcf and the average price of oil reported by Nymex was \$75.44 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 June 30, 2010 decreased approximately \$400 compared with the second quarter of 2009. Compared to the preceding quarter ended March 31, 2010, interest income increased approximately \$700. Interest income for the six months ended June 30, 2010 decreased approximately \$19,300. 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 June 30, 2010 decreased by approximately \$79,700 compared to the same quarter of 2009 primarily due to decreases in the fees associated with the change in transfer agent, legal fees, and escrow agent/trustee fees of approximately \$5,200, \$26,600, and \$25,600, respectively. There were also decreases relating to the timing of expenses for annual accounting support fees, auditing services, and unit holder information services of approximately \$8,300, \$10,000,

and \$25,000, respectively. These decreases were offset somewhat by an increase in the timing of printing expenditures of approximately \$20,000.

Compared to the previous quarter ended March 31, 2010, general and administrative expenses increased approximately \$43,200 due mainly to increases relating to the timing of annual payments for engineering services, printing expenses related to annual reporting, and tax reporting services of approximately \$86,900, \$48,100, and \$10,700, respectively. These increases were offset somewhat by decreases in the escrow agent/trustee fees, legal services, and expenses related to changing the transfer agent of approximately \$14,500, \$17,900, and \$7,500, respectively, along with decreases relating to the timing of expenses for professional services, auditing services, and the New York Stock Exchange listing fee of approximately \$7,500, \$18,500, and \$38,000, respectively.

General and administrative expenses for the six months

ended June 30, 2010 decreased approximately \$131,600 due mainly to decreases in the escrow agent/trustee fees, transfer agent fees, and legal fees of approximately \$28,600, \$16,100, and \$27,200, respectively, along with decreases relating to the timing of expenditures for professional services, auditing services, and unit holder information services of approximately \$9,900, \$44,500, and \$12,200, respectively.

SABINE ROYALTY TRUST
By Bank of America, N. A., Trustee



By Ron E. Hooper
Senior Vice President

August 16, 2010

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 2010 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.31518	May	\$.32220
February	\$.28526	June	\$.23659
March	\$.18204	July	\$.36179
April	\$.47982	August	\$.33031

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 2010 in March 2011. Monthly schedules of income tax information for January through June 2010 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)

	June 30, 2010	December 31, 2009
Assets		
Cash and short-term investments	\$ 5,586,216	\$ 4,873,961
Royalty interests in oil and gas properties (less accumulated amortization of \$21,790,921 and \$21,745,488 at June 30, 2010 and December 31, 2009).....	604,264	649,697
TOTAL	\$ 6,190,480	\$ 5,523,658
Liabilities and Trust Corpus		
Trust expenses payable	\$ 159,042	\$ 147,048
Other payables	201,354	180,093
	360,396	327,141
Contingencies	-	-
Trust corpus –14,579,345 units of beneficial interest authorized and outstanding	5,830,084	5,196,517
TOTAL	\$ 6,190,480	\$ 5,523,658

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,	
	2010	2009
Trust corpus, beginning of period.....	\$ 5,196,517	\$ 6,735,265
Amortization of royalty interests.....	(45,433)	(43,510)
Distributable income.....	27,229,301	20,225,626
Distributions	(26,550,301)	(22,044,957)
Trust corpus, end of period.....	5,830,084	4,872,424
Distributions per unit (14,579,345 units).....	\$ 1.82	\$ 1.51

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Royalty Income	\$ 14,030,965	\$ 10,638,257	\$ 28,406,558	\$ 21,515,176
Interest income	1,034	1,463	1,321	20,618
Total	14,031,999	10,639,720	28,407,879	21,535,794
General and administrative expenses	(610,902)	(690,610)	(1,178,578)	(1,310,168)
Distributable income.....	\$ 13,421,097	\$ 9,949,110	\$ 27,229,301	\$ 20,225,626
Distributable income per unit (14,579,345 units).....	\$.92	\$.68	\$ 1.87	\$ 1.39