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

Form 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission file number 000-08677

Tidelands Royalty Trust "B"

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation or organization)

75-6007863
(I.R.S. Employer
Identification No.)

U.S. Trust, Bank of America Private Wealth Management
P.O. Box 830650, Dallas, Texas
(Address of principal executive offices)

75283-0650
(Zip Code)

Registrant's telephone number, including area code **(800) 985-0794**

None

(Former name, former address and former fiscal year
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate number of units of beneficial interest outstanding as of the latest practicable date:

As of August 5, 2009, Tidelands Royalty Trust "B" had 1,386,375 units of beneficial interest outstanding.

TIDELANDS ROYALTY TRUST “B”

INDEX

Page
Number

PART I. FINANCIAL INFORMATION

Item 1. <u>Financial Statements (Unaudited)</u>	1
Consolidated Statements of Assets, Liabilities and Trust Corpus as of June 30, 2009 and December 31, 2008.....	1
Condensed Consolidated Statements of Distributable Income for the Three and Six Months Ended June 30, 2009 and 2008.....	2
Consolidated Statements of Changes in Trust Corpus for the Three and Six Months Ended June 30, 2009 and 2008.....	3
Notes to Condensed Consolidated Financial Statements.....	4
Item 2. <u>Trustee’s Discussion and Analysis of Financial Condition and Results of Operations</u>	6
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	11
Item 4T. <u>Controls and Procedures</u>	11

PART II. OTHER INFORMATION

Item 1A. <u>Risk Factors</u>	12
Item 6. <u>Exhibits</u>	12

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TIDELANDS ROYALTY TRUST "B" AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

As of June 30, 2009 and December 31, 2008

ASSETS

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Current assets:		
Cash and cash equivalents.....	\$ 1,673,403	\$ 2,468,92
Oil, gas and other mineral properties	2	2
Federal income tax refundable	9,734	1,433
Total assets.....	\$ 1,683,139	\$ 2,470,35

LIABILITIES AND TRUST CORPUS

Current liabilities:		
Income distributable to unitholders.....	762,305	1,236,980
Total current liabilities	\$ 762,305	\$ 1,236,980
Trust corpus – authorized 1,386,525 units of beneficial interest, issued 1,386,375 at nominal value.....	920,834	1,233,375
	\$ 1,683,139	\$ 2,470,355

See accompanying notes to condensed consolidated financial statements.

TIDELANDS ROYALTY TRUST "B" AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME
For the Three and Six Months Ended June 30, 2009 and 2008
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Income:				
Oil and gas royalties	\$634,411	\$987,340	\$1,806,487	\$2,028,833
Interest income	76	6,300	757	16,805
Total income	\$634,487	\$993,640	\$1,807,244	\$2,045,638
Expenses:				
General and administrative expenses	\$85,235	\$72,054	\$161,204	\$157,382
Distributable income before Federal income taxes	549,252	921,586	1,646,040	1,888,256
Federal income taxes of subsidiary	800	6,700	9,200	22,300
Distributable income	\$548,452	\$914,886	\$1,636,840	\$1,865,956
Distributable income per unit	\$ 0.39	\$ 0.66	\$ 1.18	\$ 1.35
Distributions per unit	\$ 0.55	\$ 0.63	\$ 1.41	\$ 1.32
Units outstanding	1,386,375	1,386,375	1,386,375	1,386,375

See accompanying notes to condensed consolidated financial statements.

TIDELANDS ROYALTY TRUST "B" AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS
For the Six Months Ended June 30, 2009 and 2008
(Unaudited)**

	Six Months Ended June 30,	
	2009	2008
Trust corpus, beginning of period	\$ 1,233,375	\$ 1,118,498
Distributable income	1,636,840	1,865,956
Distributions to unitholders	1,949,381	1,824,792
Trust corpus, end of period	\$ 920,834	\$ 1,159,662

**For the Three Months Ended June 30, 2009 and 2008
(Unaudited)**

	Three Months Ended June 30,	
	2009	2008
Trust corpus, beginning of period	\$ 1,135,063	\$ 1,118,029
Distributable income	548,452	914,886
Distributions to unitholders	762,681	873,253
Trust corpus, end of period	\$ 920,834	\$ 1,159,662

See accompanying notes to condensed consolidated financial statements.

TIDELANDS ROYALTY TRUST “B” AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009
(Unaudited)

Note 1. Accounting Policies

The financial statements include the financial statements of Tidelands Royalty Trust “B” (the “Trust”) and Tidelands Royalty “B” Corporation, its wholly-owned subsidiary (“Tidelands Corporation”, and collectively with the Trust, “Tidelands”). The financial statements are condensed and consolidated and should be read in conjunction with Tidelands’ Annual Report on Form 10-K for the fiscal year ended December 31, 2008. The financial statements included herein are unaudited, but in the opinion of the trustee of the Trust, they include all adjustments necessary for a fair presentation of the results of operations for the periods indicated. Operating results for the interim periods reported herein are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2009.

Note 2. Basis of Accounting

The financial statements of Tidelands are prepared on the modified cash basis method and are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Under the modified cash basis method:

- Royalty income is recognized in the month when received by Tidelands.
- Tidelands’ expenses (which include accounting, legal, and other professional fees, trustees’ fees and out-of-pocket expenses) are recorded on an accrual basis. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary.
- Distributions to unitholders are recognized when declared by the trustee of the Trust.

The financial statements of Tidelands differ from financial statements prepared in conformity with GAAP because of the following:

- Royalty income is recognized in the month received rather than in the month of production.
- Reserves may be established for contingencies that would not be recorded under GAAP.

This comprehensive basis of accounting corresponds to the accounting principles permitted for royalty trusts by the U.S. Securities and Exchange Commission (the “SEC”), as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

Note 3. Distributable Income

The Trust’s Indenture, as amended (the “Indenture”), provides that the trustee is to distribute all cash in the Trust, less an amount reserved for payment of accrued liabilities and estimated future expenses, to unitholders of record on the last business day of March, June, September and December of each year. Such payments are to be made within 15 days after the record date.

As stated under “Accounting Policies” above, the financial statements in this Quarterly Report on Form 10-Q are the condensed and consolidated account balances of the Trust and Tidelands Corporation. However, distributable income is paid from the account balances of the Trust. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by the Trust, (ii) 95% of the overriding royalties received by Tidelands Corporation from offshore Louisiana leases, which are retained by and delivered to the Trust on a quarterly basis, (iii) dividends paid to the Trust by Tidelands Corporation, less (iv) administrative expenses and taxes of the Trust. Distributions fluctuate from quarter to quarter due to changes in oil and natural gas prices and production quantities.

Note 4. Subsequent Event

In May 2009, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 165, *Subsequent Events* (“SFAS No. 165”). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 requires entities to disclose the date through which they have evaluated subsequent events and whether the date corresponds with the release of their financial statements.

The Trust declared a quarterly cash distribution to the holders of its units of beneficial interest of \$762,681 (\$0.550126 per unit), which it paid on July 14, 2009 to unitholders of record on June 30, 2009.

Subsequent events have been evaluated through August 6, 2009, the issue date of the condensed consolidated financial statements of Tidelands for the quarter ended June 30, 2009.

Item 2. Trustee's Discussion and Analysis of Financial Condition and Results of Operations

Organization

The Trust is a royalty trust that was created on June 1, 1954 under the laws of the State of Texas. U.S. Trust, Bank of America Private Wealth Management serves as corporate trustee (the "Trustee"). The Indenture provides that the term of Trust will expire on April 30, 2021, unless extended by the vote of the holders of a majority of the outstanding units of beneficial interest. The Trust is not permitted to engage in any business activity because it was organized for the sole purpose of providing an efficient, orderly and practical means for the administration and liquidation of rights to interests in certain oil, natural gas or other mineral leases obtained by Gulf Oil Corporation ("Gulf") in a designated area of the Gulf of Mexico. These rights are evidenced by a contract between the Trust's predecessors and Gulf dated April 30, 1951 (the "1951 Contract"), which is binding upon the assignees of Gulf. As a result of various transactions that have occurred since 1951, the Gulf interests that were subject to the 1951 Contract now are held by Chevron U.S.A., Inc. ("Chevron"), which is a subsidiary of Chevron Corporation, and its respective assignees. The Trust holds title to interests in properties subject to the 1951 Contract that are situated offshore of Texas.

The Trust's wholly-owned subsidiary, Tidelands Corporation, holds title to interests in properties subject to the 1951 Contract that are situated offshore of Louisiana because at the time the Trust was created, trusts could not hold these interests under Louisiana law. Tidelands Corporation is prohibited from engaging in a trade or business and does only those things necessary for the administration and liquidation of its properties.

Tidelands' rights are generally referred to as overriding royalty interests in the oil and natural gas industry. An overriding royalty interest is created by an assignment by the owner of a working interest in an oil or gas lease. The royalty rights associated with an overriding royalty interest terminate when the underlying lease terminates. All production and marketing functions are conducted by the working interest owners of the leases. Income from the overriding royalties is paid to Tidelands either (i) on the basis of the selling price of oil, natural gas and other minerals produced, saved or sold, or (ii) at the value at the wellhead as determined by industry standards, when the selling price does not reflect the value at the wellhead.

The Trustee assumes that some units of beneficial interest are held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners, and brokers holding an interest for a customer in street name). Therefore, the Trustee considers the Trust to be a widely held fixed investment trust ("WHFIT") for U.S. Federal income tax purposes. Accordingly, the Trust will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. The representative of the Trust that will provide the required information is U.S. Trust, Bank of America Private Wealth Management, and the contact information for the representative is as follows:

U.S. Trust, Bank of America Private Wealth Management
P.O. Box 830650
Dallas, Texas 75283-0650
Telephone number: (800) 985-0794

Each unitholder should consult his or her own tax advisor for compliance matters.

Liquidity and Capital Resources

Due to the limited purpose of the Trust as stated in the Trust's Indenture, there is no requirement for capital. The Trust's only obligation is to distribute to unitholders the distributable income actually collected. As an administrator of oil and natural gas royalty properties, the Trust collects royalties monthly, pays administration expenses and disburses all net royalties collected to its unitholders each quarter.

The Trust's Indenture (and Tidelands Corporation's charter and by-laws) expressly prohibits the operation of any kind of trade or business. The Trust's oil and natural gas properties are depleting assets and are not being replaced due to the prohibition against these investments. These restrictions, along with other factors, allow the Trust to be treated as a grantor trust. As a grantor trust, all income and deductions for state and U.S. Federal tax purposes generally flow through to each individual unitholder. In May 2006, the State of Texas passed legislation to implement a new franchise

or “margin” tax. The Trust does not believe that it is subject to the franchise tax because at least 90% of its income is from passive sources. Please see Tidelands’ Annual Report on Form 10-K for the year ended December 31, 2008 for further information. Tidelands Corporation is a taxable entity and pays U.S. Federal taxes on its income. However, Tidelands Corporation’s income specifically excludes 95% of oil and natural gas royalties collected by Tidelands Corporation, which are retained by and delivered to the Trust in respect of the Trust’s net profits interest.

The Leases

As of August 5, 2009, Tidelands had an overriding royalty interest in five oil and natural gas leases covering 22,948 gross acres in the Gulf of Mexico in the Galveston, Sabine Pass and West Cameron areas. Tidelands’ overriding royalty interest on four of the five leases is 4.1662%. On the fifth lease, the overriding royalty interest is 1.0416%. The overriding royalty interest on the fifth lease is lower because Chevron only acquired a 25% working interest in the lease. These leases and related overriding royalty interests are identified in the table below:

Area	Block	Lease Number	Acres	Royalty Interest	Operator(s)
Galveston.....	303	4565	5,760	4.1662%	W&T Offshore Inc.
Sabine Pass.....	13	3959	3,438	4.1662%	NOEX Energy, Inc.
West Cameron.....	165	758	5,000	4.1662%	Devon Energy Production Company LP
West Cameron.....	291	4397	5,000	4.1662%	Devon Energy Production Company LP
West Cameron.....	225	900	3,750	1.0416%	ENI US Operating Co., Inc.
Total.....			<u>22,948</u>		

Based on the latest public records reviewed by Tidelands, there are 19 wells that have had recent production on these five leases subject to Tidelands’ overriding royalty interest that are listed as active oil or natural gas wells on the records of the Minerals Management Service, a division of the U.S. government. The wells vary in age from less than one year to 31 years. Information on each of the 19 wells is presented in the following table:

Location	Well	Type	First Produced
West Cameron Block 165	A003	Gas	April 1978
West Cameron Block 165	A001A	Gas	September 2002
West Cameron Block 165	A006	Gas	August 2004
West Cameron Block 165	A007	Gas	July 2008
West Cameron Block 165	A008	Gas	December 2007
West Cameron Block 225	C001D	Gas	May 2003
West Cameron Block 225	007	Gas	June 2008
West Cameron Block 225	008	Gas	June 2008
Sabine Pass Block 13	A004	Oil	July 1981
Sabine Pass Block 13	A005	Gas	December 2008
Sabine Pass Block 13	A001	Oil	January 1986
Sabine Pass Block 13	B001A	Oil	May 1997
Sabine Pass Block 13	A006	Gas	February 2009
West Cameron Block 291	002	Gas	June 1987
West Cameron Block 291	003A	Gas	April 1998
West Cameron Block 291	008	Gas	November 2006
Galveston Area Block 303	A002	Gas	April 2001
Galveston Area Block 303	B001	Gas	November 2006
Galveston Area Block 303	007	Gas	August 2008

There was an increase of three active wells on June 30, 2009 from the number of active wells on June 30, 2008.

Critical Accounting Policies and Estimates

In accordance with SEC Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts, Tidelands uses the modified cash basis method of accounting. Under this accounting method, royalty income is recorded

when received, and distributions to unitholders are recorded when declared by the Trustee of the Trust. Expenses of Tidelands (which include accounting, legal, and other professional fees, trustees' fees and out-of-pocket expenses) are recorded on an accrual basis. Tidelands also reports distributable income instead of net income under the modified cash basis method of accounting. Cash reserves are permitted to be established by the Trustee for certain contingencies that would not be recorded under GAAP.

Tidelands did not have any changes in critical accounting policies or in significant accounting estimates during the three months ended June 30, 2009. Please see Tidelands' Annual Report on Form 10-K for the year ended December 31, 2008 for a detailed discussion of critical accounting policies.

General

Approximately 94.8% of Tidelands' royalty income was from natural gas sales during the six months ended June 30, 2009. Royalty income includes royalties of oil and natural gas received from producers.

Tidelands' royalty income is derived from the oil and natural gas production activities of unrelated parties. Tidelands' royalty income fluctuates from period to period based upon factors beyond Tidelands' control, including, without limitation, the number of productive wells drilled and maintained on leases subject to Tidelands' interest, the level of production over time from such wells and the prices at which the oil and natural gas from such wells are sold.

Important aspects of Tidelands' operations are conducted by third parties. Tidelands' royalty income is dependent on the operations of the working interest owners of the leases on which Tidelands has an overriding royalty interest. The oil and natural gas companies that lease tracts subject to Tidelands' interests are responsible for the production and sale of oil and natural gas and the calculation of royalty payments to Tidelands. The only obligation of the working interest owners to Tidelands is to make monthly overriding royalty payments of Tidelands' interest in the oil and natural gas sold. Tidelands' distributions are processed and paid by American Stock Transfer & Trust Company, LLC as the agent for Tidelands. The volume of oil and gas produced and its selling price are the primary factors in the calculation of overriding royalty payments. Production is affected by the declining capability of the producing wells, the number of new wells drilled, and the number of existing wells re-worked and placed back in production. Production from existing wells is anticipated to decrease in the future due to normal well depletion. Tidelands has no input with the operators regarding future drilling operations which could impact the oil and natural gas production on the leases on which Tidelands has an overriding royalty interest.

Summary of Operating Results

Distributable income for the six months ended June 30, 2009 decreased 12.3% to \$1.18 per unit from \$1.35 per unit for the comparable period in 2008. Distributions per unit amounted to \$1.41 for the six months ended June 30, 2009, which was an increase of 6.8% from \$1.32 in the comparable period in 2008. During the six months ended June 30, 2009, the difference between distributable income per unit and distributions per unit resulted from timing differences between the closing of the financial statements and the determination date of the distribution amount to unitholders.

For the six months ended June 30, 2009, oil production decreased 685 barrels and natural gas production increased 83,768 thousand cubic feet (mcf) from the levels realized in the comparable period in 2008. For the six months ended June 30, 2009, the average price realized for a barrel of oil decreased \$54.14 from the price realized in the comparable period in 2008, and the average price realized for an mcf of natural gas decreased \$2.70 per mcf from the price realized in the comparable period in 2008.

The following table presents the net production quantities of oil and natural gas and distributable income and distributions per unit for the last five quarters.

<u>Quarter</u>	<u>Net Production Quantities</u>		<u>Distributable</u>	<u>Distribution</u>
	<u>Oil (bbls)</u>	<u>Natural Gas (mcf)</u>	<u>Income per Unit</u>	<u>per Unit</u>
June 30, 2008	1,290	87,502	\$0.66	\$0.63
September 30, 2008	1,121	90,783	\$0.92	\$0.76
December 31, 2008	598	137,510	\$0.78	\$0.89
March 31, 2009	631	167,068	\$0.79	\$0.86
June 30, 2009	1,568	117,135	\$0.39	\$0.55

Results of Operations – Three Months Ended June 30, 2009 and 2008

Income from oil and natural gas royalties decreased 35.7% during the three months ended June 30, 2009 from the levels realized in the comparable quarter of 2008.

Distributable income decreased 40.1% to \$548,452 for the three-month period ended June 30, 2009 from \$914,886 realized in the comparable period in 2008. During the three months ended June 30, 2009, production of natural gas increased 33.9% over the comparable period in 2008 and production of oil increased 21.6% from the comparable period in 2008.

Income from oil royalties decreased 49.9% to \$66,840 for the three-month period ended June 30, 2009 from \$133,307 realized in the comparable period in 2008, primarily due to a 58.7% decrease in price realized. The volume of oil sold increased 278 barrels and the average price realized for oil decreased \$60.71 per barrel to \$42.63 for the three-month period ended June 30, 2009 from \$103.34 realized in the comparable period in 2008, a decrease of 58.7%.

Income from natural gas royalties decreased 33.5% to \$567,571 for the three-month period ended June 30, 2009 from \$854,033 realized in the corresponding period in 2008. The volume of natural gas sold increased 29,633 mcf and the average price of natural gas decreased \$4.91 per mcf to \$4.85 from \$9.76 realized in the comparable period in 2008, a decrease of 50.3%.

The following table presents the quantities of oil and natural gas sold and the average price realized from current operations for the three months ended June 30, 2009, and those realized in the comparable three months in 2008.

	<u>Three Months Ended June 30,</u>		<u>% Change</u>
	<u>2009</u>	<u>2008</u>	
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	
Oil			
Barrels sold	1,568	1,290	21.6%
Average price	\$ 42.63	\$ 103.34	(58.7)%
Natural gas			
Mcf sold	117,135	87,502	33.9%
Average price	\$ 4.85	\$ 9.76	(50.3)%

General and administrative expenses increased to \$85,235 in the three months ended June 30, 2009 from \$72,054 in the prior year period, primarily due to increased professional fees and expenses.

Results of Operations – Six Months Ended June 30, 2009 and 2008

Income from oil and natural gas royalties decreased 11.0% during the six months ended June 30, 2009 from the levels realized in the comparable quarter of 2008.

Distributable income decreased 12.3% to \$1,636,840 for the six-month period ended June 30, 2009 from \$1,865,956 realized in the comparable period in 2008. During the six months ended June 30, 2009, production of natural gas increased 41.8% over the comparable period in 2008, and production of oil decreased 23.8% from the comparable period in 2008 partially due to a disruption in production caused by Hurricane Ike.

Income from oil royalties decreased 66.4% to \$93,866 for the six-month period ended June 30, 2009 from \$279,252 realized in the comparable period in 2008, due to a decrease in price and volume produced. The volume of oil sold decreased 685 barrels and the average price realized for oil decreased \$54.14 per barrel to \$42.69 for the six-month period ended June 30, 2009 from \$96.83 realized in the comparable period in 2008, a decrease of 55.9%.

Income from natural gas royalties decreased 2.1% to \$1,712,621 for the six-month period ended June 30, 2009 from \$1,749,581 realized in the corresponding period in 2008. The volume of natural gas sold increased 83,768 mcf and the average price of natural gas decreased \$2.70 per mcf to \$6.03 from \$8.73 realized in the comparable period in 2008.

The following table presents the quantities of oil and natural gas sold and the average price realized from current operations for the six months ended June 30, 2009, and those realized in the comparable six months in 2008.

	Six Months Ended June 30,		% Change
	2009	2008	
	(Unaudited)	(Unaudited)	
Oil			
Barrels sold	2,199	2,884	(23.8)%
Average price	\$ 42.69	\$ 96.83	(55.9)%
Natural gas			
Mcf sold	284,203	200,435	41.8%
Average price	\$ 6.03	\$ 8.73	(30.9)%

General and administrative expenses increased to \$161,204 in the six months ended June 30, 2009 from \$157,382 in the prior year period, primarily due to increased professional fees and expenses.

Forward-Looking Statements

The statements discussed in this Quarterly Report on Form 10-Q regarding Tidelands' future financial performance and results, and other statements that are not historical facts, are forward-looking statements as defined in Section 27A of the Securities Act of 1933. This report uses the words "may," "expect," "anticipate," "estimate," "believe," "continue," "intend," "plan," "budget," or other similar words to identify forward-looking statements. You should read statements that contain these words carefully because they discuss future expectations, contain projections of Tidelands' financial condition, and/or state other "forward-looking" information. Actual results may differ from expected results because of: reductions in prices or demand for oil and natural gas, which might then lead to decreased production; reductions in production due to the depletion of existing wells or disruptions in service, which may be caused by storm damage to production facilities, blowouts or other production accidents, or geological changes such as cratering of productive formations; and the expiration or release of leases subject to Tidelands' interests. Additional risks are set forth in Tidelands' Annual Report on Form 10-K for the year ended December 31, 2008. Events may occur in the future that Tidelands is unable to accurately predict, or over which it has no control. If one or more of these uncertainties materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those forward-looking statements included in this Quarterly Report on Form 10-Q.

Website

Tidelands has an Internet website and has made available Tidelands' Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), at www.tirtz-tidelandsroyaltytrust.com. Each of these reports will be posted on this website as soon as reasonably practicable after such report is electronically filed with or furnished to the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Tidelands did not experience any significant changes in market risk during the period covered by this report. Tidelands' market risk is described in more detail in "Item 7A: Quantitative and Qualitative Disclosures About Market Risk" in Tidelands' Annual Report on Form 10-K for the year ended December 31, 2008.

Item 4T. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

U.S. Trust, Bank of America Private Wealth Management, as Trustee of the Trust, is responsible for establishing and maintaining Tidelands' disclosure controls and procedures. These controls and procedures are designed to ensure that material information relating to Tidelands is communicated to the Trustee. As of the end of the period covered by this report, the Trustee carried out an evaluation of the effectiveness of the design and operation of Tidelands' disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. Based upon that evaluation, the Trustee concluded that Tidelands' disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There has not been any change in Tidelands' internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, Tidelands' internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Tidelands' Annual Report on Form 10-K for the year ended December 31, 2008.

Item 6. Exhibits

The following exhibits are included herein:

- 31.1 Certification of the Corporate Trustee pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Corporate Trustee pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TIDELANDS ROYALTY TRUST "B"

U.S. Trust, Bank of America Private Wealth
Management, *Trustee*

August 7, 2009

By: /s/ Ron E. Hooper
Ron E. Hooper
Senior Vice President

Tidelands Royalty Trust "B"
c/o U.S. Trust, Bank of America
Private Wealth Management, Trustee
P.O. Box 830650
Dallas, Texas 75283-0650