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

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

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.)

c/o The Corporate Trustee:
U.S. Trust, Bank of America Private Wealth Management
P. O. Box 830650, Dallas, Texas 75283-0650
(Address of principal executive offices)
(Zip Code)

(800) 985-0794

(Registrant's telephone number, including area code)

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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 November 9, 2011, Tidelands Royalty Trust "B" had 1,386,375 units of beneficial interest outstanding.

TIDELANDS ROYALTY TRUST “B”

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TIDELANDS ROYALTY TRUST “B” AND SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND TRUST
CORPUS**

As of September 30, 2011 and December 31, 2010

ASSETS

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Current assets:		
Cash and cash equivalents.....	\$ 1,074,438	\$1,299,734
Oil, gas and other mineral properties	2	2
Federal income tax refundable	12,734	12,734
Total assets.....	<u>\$ 1,087,174</u>	<u>\$1,312,470</u>

LIABILITIES AND TRUST CORPUS

Current liabilities:		
Income distributable to unitholders.....	\$ 375,735	\$ 507,437
Total current liabilities.....	<u>\$ 375,735</u>	<u>\$ 507,437</u>
Trust corpus – authorized 1,386,525 units of beneficial interest, issued 1,386,375 at nominal value.....	<u>\$ 711,439</u>	<u>\$ 805,033</u>
	<u>\$ 1,087,174</u>	<u>\$ 1,312,470</u>

See accompanying notes to condensed consolidated financial statements.

TIDELANDS ROYALTY TRUST "B" AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Income:				
Oil and gas royalties	\$ 360,559	\$ 413,669	\$ 1,048,913	\$ 1,622,257
Interest income	—	—	—	—
Total income	\$ 360,559	\$ 413,669	\$ 1,048,913	\$ 1,622,257
Expenses:				
General and administrative	\$ 37,275	\$ 65,017	\$ 176,978	\$ 177,590
Distributable income before Federal income taxes	323,284	348,652	871,935	1,444,667
Federal income taxes of subsidiary	—	—	—	3,200
Distributable income	\$ 323,284	\$ 348,652	\$ 871,935	\$ 1,441,467
Distributable income per unit	\$ 0.23	\$ 0.25	\$ 0.63	\$ 1.04
Distributions per unit	\$ 0.27	\$ 0.27	\$ 0.70	\$ 1.16
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
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS
For the Nine Months Ended September 30, 2011 and 2010
(Unaudited)

	Nine Months Ended	
	September 30,	
	2011	2010
Trust corpus, beginning of period	\$ 805,033	\$ 937,904
Distributable income	871,935	1,441,467
Distributions to unitholders	(965,529)	(1,611,099)
Trust corpus, end of period	\$ 711,439	\$ 768,272

See accompanying notes to condensed consolidated financial statements.

TIDELANDS ROYALTY TRUST “B” AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011
(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 year ended December 31, 2010. 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 year ending December 31, 2011.

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 owned by Tidelands Corporation, 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 incurred by the Trust. Distributions fluctuate from quarter to quarter due to changes in oil and natural gas prices and production quantities.

Note 4. Subsequent Event

The Trust declared a quarterly cash distribution to the holders of its units of beneficial interest of \$0.27129 per unit, which it paid on October 14, 2011 to unitholders of record on September 30, 2011.

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 the 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 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 natural 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 that is 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 that are 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 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 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, 2010 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 November 9, 2011, 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	Gross Acres	Royalty Interest	Operator(s)
Galveston.....	303	4565	5,760	4.1662%	W&T Offshore Inc.
Sabine Pass.....	13	3959	3,438	4.1662%	Black Elk Energy Offshore Operations, LLC
West Cameron.....	165	758	5,000	4.1662%	Apache Corporation
West Cameron.....	291	4397	5,000	4.1662%	Apache Corporation
West Cameron.....	225	900	3,750	1.0416%	Breton Engineering LLC
Total.....			<u>22,948</u>		

Based on the latest public records reviewed by Tidelands, there are 16 wells that had production during the past 12 months on leases that are subject to Tidelands’ overriding royalty interest that are listed as active oil or natural gas wells on the records of the Bureau of Ocean Energy, Management, Regulation and Enforcement, a division of the U.S. government (the “BOEMRE”). The wells vary in age from one year to 33 years. Information on each of the 16 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	A008	Gas	December 2007
West Cameron Block 165	A007	Gas	April 2011
West Cameron Block 225	D001	Gas	June 2008
Sabine Pass Block 13	A001	Oil	January 1986
Sabine Pass Block 13	B001A	Oil	May 1997
Sabine Pass Block 13	A005	Gas	December 2008
Sabine Pass Block 13	A006	Gas	February 2009
Sabine Pass Block 13	A004	Oil	May 2009
West Cameron Block 291	002	Gas	June 1987
West Cameron Block 291	003	Gas	July 2008
Galveston Area Block 303	B001	Gas	March 2007
Galveston Area Block 303	A002	Gas	March 2010
Galveston Area Block 303	007	Gas	March 2010

There was a net decrease of one active well from September 30, 2010 to September 30, 2011.

Critical Accounting Policies and Estimates

In accordance with the U.S. Securities and Exchange Commission (the “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 (including 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 accounting principles generally accepted in the United States of America ("GAAP").

Tidelands did not have any changes in critical accounting policies or in significant accounting estimates during the three months and nine months ended September 30, 2011. Please see Tidelands' Annual Report on Form 10-K for the year ended December 31, 2010 for a detailed discussion of its critical accounting policies.

General

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 that are 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 natural 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 from the operators regarding future drilling or re-working operations that could impact the oil and natural gas production on the leases on which Tidelands has an overriding royalty interest.

Summary of Operating Results

During the nine months ended September 30, 2011, Tidelands realized approximately 62% of its royalty income from the sale of oil and approximately 38% of its royalty income from the sale of natural gas. During the nine months ended September 30, 2010, Tidelands realized approximately 73% of its royalty income from the sale of natural gas and approximately 27% of its royalty income from the sale of oil. Royalty income includes royalties from oil and natural gas received from producers.

During the nine months ended September 30, 2010, Tidelands received a significant percentage of its royalty income from the West Cameron Block 165 Field. During the nine months ended September 30, 2011, revenues from this field decreased 70% from those realized during the nine months ended September 30, 2010. Tidelands believes the decrease in revenue was primarily due to the decline in production from all natural gas wells in this field and the net loss of production of one well in this field.

Distributable income per unit for the nine months ended September 30, 2011 decreased to \$0.63 from \$1.04 for the comparable period in 2010. Distributions per unit amounted to \$0.70 for the nine months ended September 30, 2011, down from \$1.16 for the comparable period in 2010. During the nine months ended September 30, 2011, 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 nine months ended September 30, 2011, oil production increased 772 barrels (bbls) and natural gas production decreased 119,526 thousand cubic feet (mcf) from the levels realized in the comparable period in 2010. For the nine months ended September 30, 2011, the average price realized for a barrel of oil increased \$22.99 from the price

realized in the comparable period in 2010, and the average price realized for an mcf of natural gas decreased \$0.96 from the price realized in the comparable period in 2010.

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

<u>Quarter</u>	<u>Net Production Quantities</u>		<u>Distributable</u>	<u>Distributions</u>
	<u>Oil (bbls)</u>	<u>Natural Gas (mcf)</u>	<u>Income per Unit</u>	<u>per Unit</u>
June 30, 2010	1,715	63,393	\$0.33	\$0.44
September 30, 2010.....	2,040	48,654	\$0.25	\$0.27
December 31, 2010	3,019	67,102	\$0.39	\$0.37
March 31, 2011	2,966	33,414	\$0.25	\$0.23
June 30, 2011	1,386	25,085	\$0.14	\$0.20
September 30, 2011.....	2,051	23,616	\$0.23	\$0.27

Results of Operations – Three Months Ended September 30, 2011 Compared to the Three Months Ended September 30, 2010

Income from oil and natural gas royalties decreased \$53,110 to \$360,559 during the three months ended September 30, 2011 from \$413,669 realized in the comparable quarter of 2010. The decrease was primarily due to a decrease in natural gas production from the West Cameron Block 165 Field.

Distributable income decreased to \$323,284 for the three months ended September 30, 2011 from \$348,652 realized in the comparable period in 2010.

Income from oil royalties increased to \$237,518 for the three months ended September 30, 2011 from \$160,152 realized in the comparable period in 2010. The volume of oil sold in the three months ended September 30, 2011 increased by 11 bbls, while the average price realized for a barrel of oil increased \$37.30 to \$115.81 for the three months ended September 30, 2011 from \$78.51 realized in the comparable period in 2010.

Income from natural gas royalties decreased to \$123,041 for the three months ended September 30, 2011 from \$253,517 realized in the corresponding period in 2010. The volume of natural gas sold in the three months ended September 30, 2011 decreased by 25,038 mcf and the average price of natural gas remained unchanged from the comparable period in 2010.

The following table presents the quantities of oil and natural gas sold and the average price realized for the three months ended September 30, 2011 and those realized in the comparable three months in 2010.

	<u>Three Months Ended September 30,</u>		<u>% Change</u>
	<u>2011</u>	<u>2010</u>	
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	
Oil			
Bbls sold	2,051	2,040	1%
Average price	\$ 115.81	\$ 78.51	48%
Natural gas			

Mcf sold	23,616	48,654	(51%)
Average price	\$ 5.21	\$ 5.21	—

General and administrative expenses decreased to \$37,275 in the three months ended September 30, 2011 from \$65,017 in the comparable period in the prior year primarily due to decreased professional fees and expenses.

Results of Operations – Nine Months Ended September 30, 2011 Compared to the Nine Months Ended September 30, 2010

Income from oil and natural gas royalties decreased \$573,344 to \$1,048,913 during the nine months ended September 30, 2011 from \$1,622,257 realized in the comparable period of 2010. The decrease was primarily due to a decrease in natural gas production from the West Cameron Block 165 Field.

Distributable income decreased to \$871,935 for the nine months ended September 30, 2011 from \$1,441,467 realized in the comparable period in 2010.

Income from oil royalties increased to \$645,914 for the nine months ended September 30, 2011 from \$438,575 realized in the comparable period in 2010. The volume of oil sold increased by 772 bbls, while the average price realized for a barrel of oil increased \$22.99 to \$100.88 for the nine months ended September 30, 2011 from \$77.89 realized in the comparable period in 2010.

Income from natural gas royalties decreased to \$402,999 for the nine months ended September 30, 2011 from \$1,183,682 realized in the corresponding period in 2010. The volume of natural gas sold decreased by 119,526 mcf and the average price of natural gas decreased \$0.96 per mcf to \$4.91 from \$5.87 realized in the comparable period in 2010.

The following table presents the quantities of oil and natural gas sold and the average price realized for the nine months ended September 30, 2011 and those realized in the comparable nine months in 2010.

	<u>Nine Months Ended September 30,</u>		<u>% Change</u>
	<u>2011</u>	<u>2010</u>	
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	
Oil			
Bbls sold	6,403	5,631	14%
Average price	\$ 100.88	\$ 77.89	30%
Natural gas			
Mcf sold	82,095	201,621	(59%)
Average price	\$ 4.91	\$ 5.87	(16%)

General and administrative expenses decreased to \$176,978 in the nine months ended September 30, 2011 from \$177,590 in the comparable period in the prior year primarily due to decreased 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, as amended. This report uses the words "anticipate," "believe," "budget," "continue," "estimate," "expect," "intend," "may," "plan," 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; changes in regulations; 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, 2010. 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 material changes in market risk during the period covered by this Quarterly Report on Form 10-Q. 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, 2010.

Item 4. 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. Tidelands' disclosure controls and procedures include controls and other procedures that are designed to ensure that information required to be disclosed by Tidelands in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Tidelands in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Trustee as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q 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 from the risk factors previously disclosed under the heading “Item 1A. Risk Factors” in Tideland’s Annual Report filed on Form 10-K for the year ended December 31, 2010.

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*

November 10, 2011

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