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U.S. DISTRICT COURT
N.D. OF ALABAMA

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ALABAMA SOUTHERN DIVISION

DOMINION RESOURCES BLACK WARRIOR TRUST, by and through its TRUSTEE, SOUTHWEST BANK, Appellant, V. WALTER ENERGY, INC. et al., Appellees.	)	Case Number 2:15-cv-1531-LSC

APPELLANT DOMINION RESOURCES BLACK WARRIOR TRUST'S RESPONSE TO MOTION TO DISMISS APPEAL

TO THE HONORABLE UNITED STATES DISTRICT COURT JUDGE:

Dominion Resources Black Warrior Trust ("Dominion" or the "Appellant") by and through its Trustee, Southwest Bank, hereby files this, its response ("Response") in opposition to the *Motion to Dismiss the Appeal* ("Motion") [Dkt. No. 5][1] filed by the Debtors[2] and respectfully states as follows:

I. PRELIMINARY STATEMENT

1. On September 23, 2015, the Court entered an order [Dkt. No. 7] instructing the parties to address in the statements of jurisdiction in their briefs the basis of this Court's

[1] All references herein to documents filed in the Bankruptcy Case, as such term is defined *infra*, shall begin with the prefix "Bankr. Dkt. No." (e.g., Bankr. Dkt. No. 1). All references herein to documents filed in this Case shall not begin with a prefix (e.g., Dkt. No. 1).

[2] Capitalized terms not otherwise defined herein shall have the meaning(s) ascribed to such terms in the Motion.

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jurisdiction to hear this appeal, including whether the appeal is from a final judgment. Dominion fully intends to comply with those instructions and address this Court's jurisdiction in its brief.

2. Dominion files this Response, out of an abundance of caution, to preserve Dominion's right to respond to the Debtors' Motion pursuant to Fed. R. Bankr. P. 8013(a)(3).

II.
RELEVANT BACKGROUND

3. Dominion is a Delaware business trust formed pursuant to a trust agreement dated May 31, 1994 (the "Trust Agreement").[3] Southwest Bank is Dominion's Trustee. Dominion's beneficial interests trade on the New York Stock Exchange under the symbol "DOM".

4. The Debtors filed their petitions under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code" or "Code") on July 15, 2015 (the "Petition Date") in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"), thereby commencing the jointly-administrated bankruptcy cases styled *In re Walter Energy, Inc.* [Case No. 15-02741] (the "Bankruptcy Case").

A. The Property Rights At Issue

5. This appeal concerns a conveyance to Dominion of overriding royalty interests (collectively, the "ORRI") in and to an undivided sixty-five percent (65%) interest in gas produced from certain oil and gas properties located in Tuscaloosa County, Alabama (collectively, the "Black Warrior Properties" or the "Properties"). The ORRI is Dominion's sole asset. The ORRI was conveyed to Dominion by a predecessor of appellee Walter Black Warrior

[3] The Trust Agreement is attached hereto as Exhibit A. The Trust Agreement was designated as Item No. 68 in Dominion's *Designation of Record and Statement of Issues on Appeal* [Bankr. Dkt. No. 730] (the "Designation of Record").

Basin LLC ("Walter Black") pursuant to that certain Overriding Royalty Conveyance, dated June 1, 1994 (as amended, the "Conveyance").[4]

6. Dominion's ORRI is a non-expense bearing share of the gross gas produced from the Properties that entitles Dominion to a proportionate share of gas production proceeds (cash proceeds from the sale of gas), which are distributed pursuant to a specific schedule outlined in the Conveyance.[5] For each month of gas production, Walter Black sells the gas produced to Alabama Gas Company ("Alagasco"), which in turn pays Walter Black the cash proceeds from its purchase of the gas (including Dominion's proportionate share) on or about the 25th of the month immediately following the production month.

7. From 1994 to 2015, Dominion received uninterrupted distributions on account of its ORRI. But, shortly after the Petition Date, the Debtors sent a letter wherein the Debtors appeared to take the position that the obligation to distribute Dominion's Production Proceeds is a "pre-petition obligation" and they are not permitted to distribute Dominion's share of production proceeds that are due to be distributed on August 14, 2015.[6] Consistent with this position, the most recent scheduled distribution of Production Proceeds—due to be made by Walter Black to Dominion on August 14, 2015—was not distributed. The distribution would have been $983,828.29 (the "August Royalty"), which is Dominion's Production Proceeds for the production months of April, May and June 2015.[7]

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[4] A copy of the Conveyance is attached hereto as Exhibit B. The Conveyance has been designated as Designation of Record Item No. 66.

[5] Conveyance at 1, 13-14 Article V; Conveyance at 8-9 §3.01 ("Payment") and at 3 (definition of "Computation Period").

[6] *See* Letter, dated July 20, 2015 from G. Hensley (Senior Counsel of Walter Energy) to Southwest Bank, which has been designated as Designation of Record Item No. 72.

[7] The August Royalty Statement has been designated as Designation of Record Item No. 75. Dominion receives royalty statements from Walter Black in the ordinary course of business.

B. Relevant Procedural History

i. The Bankruptcy Court's Cash Management Order

8. On the Petition Date – in a series of "first day motions" – the Debtors filed their Motion for an Order (A) (I) Approving Continued Use of the Debtors' Existing Cash Management System … and (B) Granting Related Relief [Bankr. Dkt. No. 38] (the "Cash Management Motion"). Through the Cash Management Motion, the Debtors sought approval of their continued use of a "zero balance" Cash Management System whereby the Debtors sweep certain cash, including proceeds from their sales of gas to one of the Debtors' master concentration accounts.[8] Under the Debtors' Cash Management System, production proceeds that are attributable to Dominion's ORRI (the "Production Proceeds") are initially deposited by Alagasco into a bank account of Walter Black ending with the numbers 8671 at JPMorganChase, N.A. (the "Deposit Account").[9] The Production Proceeds are then "swept" into an account of Walter Energy, Inc., the Debtors' parent company, ending with the numbers 8630 also at JPMorganChase, N.A. (the "Concentration Account").[10] In response to Dominion's request for information on where such proceeds are transferred after arrival in the Concentration Account, the Debtors have taken the position that such funds are "commingled" and thus "the debtor has no way to trace the proceeds beyond" the Concentration Account.[11]

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[8] *See* Cash Management Motion at 4-6.

[9] This information was revealed by bank account statements that were produced by the Debtors in connection with Dominion's Motion to Reconsider (as defined below). Designation of Record Item No. 83.

[10] *See id.*

[11] *See, e.g.,* email correspondence from P. Darby (counsel for Debtors) to J. Wilson et al. (counsel for Dominion) that is attached hereto as Exhibit C.

9. The Cash Management Motion was granted by the Bankruptcy Court, without notice to Dominion, on the same day it was filed – July 15, 2015, the Petition Date – by the cash management order [Bankr. Dkt. No. 60] (the "Cash Management Order").[12]

10. On July 29, 2015, Dominion filed its *Emergency Motion to Reconsider, on a Limited Basis, the Cash Management Order* [Bankr. Dkt. No. 239] (the "Motion to Reconsider") arguing that the Production Proceeds are Dominion's property – not property of the Debtors' bankruptcy estates – and seeking to amend the Bankruptcy Court's Cash Management Order to deny the Debtors' request to commingle.[13]

11. The Bankruptcy Court held an initial hearing on Dominion's Motion to Reconsider on August 3, 2015 (the "August 3rd Hearing") and, at the conclusion of such hearing, denied Dominion's Motion to Reconsider on an interim, emergency basis, but reset the Motion to Reconsider to be heard on August 18, 2015.

12. The Bankruptcy Court held the reset hearing on Dominion's Motion to Reconsider on August 18, 2015 (the "August 18th Hearing" and collectively with the August 3rd Hearing, the "Hearings").[14] Notably, at the August 18th Hearing, counsel for the Debtors admitted that Dominion's Production Proceeds could be retained in the Deposit Account to avoid commingling the same with the Debtors' cash:

> … we have proposed that and it's just the debtor speaking, I don't speak for any other parties but when future payments come in, we could leave them in 8671. We've offered to do that. … ***I am***

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[12] A copy of the Cash Management Order is attached hereto as Exhibit D. (Designation of Record Item No. 13). Prior to the hearing on Dominion's Motion to Reconsider, the Court entered an amendment to the Cash Management Order at [Bankr. Dkt. No. 332] based on a motion to amend filed by Comerica Bank [Bankr. Dkt. No. 250]. Accordingly, the Cash Management Order as referenced herein includes the Court's amendment.

[13] *See* Motion to Reconsider [Bankr. Dkt. No. 239]. (Designation of Record Item No. 19).

[14] A copy of the August 18th Hearing Transcript is attached hereto at Exhibit E. (Designation of Record Item No. 45).

> ***telling the Court it would be possible if so ordered. I admit to the Court if we were ordered to keep the money in 8671 and not move it, we can do that.***[15]

Nevertheless, at the conclusion of the August 18th Hearing, the Court announced that it would deny any relief. Notably, the Bankruptcy Court announced its intention that its ruling denying Dominion's Motion to Reconsider resolved any issues associated with the Cash Management Order:

> I think essentially I have granted [Dominion's Motion to Reconsider] in part in that I have reconsidered or rethought or looked at again the debtor's motion for cash management. ***And I think that's been done in that it was set for a final hearing today, I have allowed testimony, evidence and argument with respect to that motion. So in my view, the movant got part of what it wanted which was I did relook at, revisit and reconsider whether or not that motion was appropriate.*** … So to the extent that this motion is filed, I have reconsidered the motion to alter or amend but to the extent the motion asks me to alter or amend the order granting the debtor's motion on cash management, that request is denied ***and there will be no changes to the cash management order.***[16]

13. On August 24, 2015, the Bankruptcy Court entered its order denying the Motion to Reconsider [Bankr. Dkt. No. 542] (the "Order Denying Reconsideration") whereby the Bankruptcy Court reconsidered the Cash Management Motion, but denied any relief to Dominion.[17] The Order Denying Reconsideration states that the Cash Management Order "remains in full force and effect exactly as entered."[18]

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[15] August 18th Hearing Tr. at 125:10-13 and 126:19-21 (representation by P. Darby, Debtors' counsel, to the Bankruptcy Court; emphasis added).

[16] August 18th Hearing Tr. at 128:13-129:11 (emphasis added).

[17] A copy of the Order Denying Reconsideration is attached hereto as Exhibit F. (Designation of Record Item No. 46).

[18] Order Denying Reconsideration at 3 ¶ 4.

14. On September 3, 2015, Dominion timely filed its notice of appeal with respect to the Bankruptcy Court's Cash Management Order and Order Denying Reconsideration [Bankr. Dkt. No. 641] thereby commencing this appeal.

ii. The Final Cash Collateral Order

15. In addition to the Cash Management Motion, the Debtors also filed, on the Petition Date, their motion for use of cash collateral (the "Cash Collateral Motion").[19] The Cash Collateral Motion sought entry of a final order authorizing, *inter alia*, the Debtors' use of certain "cash collateral"—as such term is defined by Bankruptcy Code § 363(a)[20]—subject to terms that the Debtors negotiated with certain of the Debtors' prepetition lenders (the "Steering Committee").

16. By the Debtors' Cash Collateral Motion, the Debtors sought the Court's approval of a stipulation by the Debtors that "any and all of the Debtors' cash, cash equivalents ... constitute Cash Collateral and Prepetition Collateral" of the Prepetition Lenders.[21] Further, the Motion required that the Debtors' cash management arrangements – under which Dominion's Production Proceeds are commingled with the Prepetition Lenders' cash collateral – must be

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[19] Motion for Entry of Interim and Final Orders Under 11 U.S.C. §§ 105, 361, 362, 363, 507 and 552, Bankruptcy Rules 2002, 4001, 6003, 6004 and 9014 (A) (I) Authorizing Postpetition Use of Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, and (III) Scheduling a Final Hearing, and (B) Granting Related Relief [Bankr. Dkt. No. 42] (Designation of Record Item No. 7).

[20] Code § 363(a) provides in relevant part that "'cash collateral' means cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the [Debtors' bankruptcy] estate[s] ***and an entity other than the estate have an interest*** and includes the proceeds, products, offspring, rents, or profits of property ... whether existing before or after the commencement of a case under this title." (emphasis added).

[21] Cash Collateral Motion at 19; *see also* Final Cash Collateral Order (as defined *infra*) at 10 ¶ 5(f) ("The Debtors stipulate that any and all of the Debtors' cash, cash equivalents, negotiable instruments, investment property, securities, and any amounts generated from the use, sale, lease or other disposition of the Prepetition Collateral, in each case wherever located, constitute Cash Collateral and Prepetition Collateral of the Prepetition Secured Parties.").

maintained.[22] Accordingly, under the Cash Management Motion and Cash Collateral Motion, the Debtors sought to treat Dominion's Production Proceeds as cash collateral of their Prepetition Lenders and to utilize the Production Proceeds to pay day-to-day operational expenses of the Debtors.[23]

17. The Cash Collateral Motion was contested by multiple parties, including Dominion.[24] After hearings on the Cash Collateral Motion that took place on September 2, 3 and 11, 2015, the Bankruptcy Court entered a "Final Cash Collateral Order"[25] on September 14, 2015. On September 18, 2015, the Steering Committee filed an emergency motion seeking, among other things, to substantively amend the Final Cash Collateral Order [Bankr. Dkt. No. 746] (the "Steering Committee Motion").[26] The Bankruptcy Court held a hearing on the Steering Committee Motion on September 24, 2015 and has taken the matter under advisement.[27]

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[22] Cash Collateral Motion at 18 ("Other Covenants"); *see also* Final Cash Collateral Order (as defined *infra*) at 32 ¶ 11(j)(1).

[23] The Debtors also sought authority to grant additional liens and superpriority administrative expense claims in favor of the Prepetition Lenders to protect against diminution in value of the Prepetition Lenders' collateral. Cash Collateral motion at 15-16; *see also* Final Cash Collateral Order (as defined *infra*) at 15-18 ¶ 10(a) and at 21-22 ¶10(b).

[24] *See* Dominion Resources Black Warrior Trust's Objection to the Debtors' Motion for Entry of a Final Order Authorizing Use of Cash Collateral [Bankr. Dkt. No. 408] (Designation of Record Item No. 35); Dominion Resources Black Warrior Trust's Supplement to its Objection to the Debtors' Motion for Entry of a Final Order Authorizing Use of Cash Collateral [Bankr. Dkt. No. 551] (Designation of Record Item No. 47) (collectively, Dominion's "Cash Collateral Objection").

[25] Final Order (A) Authorizing Postpetition Use of Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties and (C) Granting Related Relief [Bankr. Dkt. No. 723] (Designation of Record Item No. 62).

[26] Dominion filed a limited objection to the Steering Committee Motion to preserve its Cash Collateral Objection as it relates to the Steering Committee Motion. *See* Bankr. Dkt. No. 776.

[27] As such, the deadline for appealing the Bankruptcy Court's Final Cash Collateral Order is pending.

III.
OBJECTION

A. The Cash Management Order is a Final Order.

18. 28 U.S.C. § 158(a)(1) grants this Court jurisdiction to hear appeals from "final judgments, order, and decrees" entered by the Bankruptcy Court.

19. In its strictest sense, finality means an adjudication of all rights "leaving nothing for the court to do but execute judgment."[28] Even applying this definition, the Cash Management Order was a final order because it granted the Debtors authority on a final basis to take certain actions including the commingling of Dominion's Production Proceeds with the Debtors' cash.[29] As noted by the Bankruptcy Court at the August 18th Hearing, the court refused to revisit further the Cash Management Order.[30] As stated by the Bankruptcy Court, "there will be no changes to the cash management order."[31] Moreover, the manner in which Dominion's Production Proceeds are treated demonstrates the finality granted by the Court's orders—as the Debtors have admitted, once the Production Proceeds are swept into the Concentration Account they become hopelessly commingled and (according to the Debtors) impossible to trace.[32] By the same token, the finality of the Cash Management Order is underscored by the manner in which the Debtors have coupled the Cash Management Order and

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[28] *In re Martin Bros. Toolmakers, Inc.*, 796 F.2d 1435, 1437 (11th Cir. 1986) (quoting *Catlin v. United States*, 324 U.S. 229 (1945)).

[29] *See id.*; *see also In re CDC Corp.*, 610 F. App'x 918, 920 (11th Cir. 2015) (holding that bankruptcy court's order that plaintiff's suit was barred by release provision in confirmed plan was a final order); *In re Saco Local Dev. Corp.*, 711 F.2d 441, 445-46 (1st Cir. 1983) (holding that an order allowing a claim or priority effectively settles the amount due the creditor, the order is "final" even if the claim or priority may be reduced by other claims or priorities).

[30] August 18th Hearing Tr. at 128:7-129:11 (cited in paragraph 12 *supra*) ("...there will be no changes to the cash management order."); *see also* Order Denying Reconsideration at 3 ¶ 4.

[31] August 18th Hearing Tr. at 129:11.

[32] *See* Exhibit C, email correspondence from P. Darby to J. Wilson, which is discussed in paragraph 6, *supra*.

the Final Cash Collateral Order[33] and the manner in which the combined orders treat Dominion's Production Proceeds as cash collateral of their Prepetition Lenders.[34] In effect, Dominion is being forced to finance the Debtors' bankruptcy cases without receiving any form of adequate protection in contravention to Dominion's Fifth Amendment property rights[35] and the Bankruptcy Code.[36]

20. Separately, in the Eleventh Circuit the statutory requirement of finality is a "***flexible*** concept" that is "grounded in the practicalities of the situation."[37] Even more so in

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[33] *See* Final Cash Collateral Order at 32 ¶ 11(j)(1) (requiring the Debtors' to maintain the Cash Management System in order to utilize cash collateral); Cash Collateral Motion at 18 (seeking such requirement).

[34] Final Cash Collateral Order (as defined *infra*) at 10 ¶ 5(f) (stipulating the Debtors' "cash" is the cash collateral of the lenders); Final Cash Collateral Order at 15-18 ¶ 10(a) and at 21-22 ¶10(b) (granting liens and superpriority expense claims). As previously mentioned, Dominion's deadline for appealing the Bankruptcy Court's Final Cash Collateral Order is pending and, as of the filing of this Response, the Bankruptcy Court has not yet ruled on the Steering Committee Motion.

[35] *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555, 589 (1935) (holding that Congress's bankruptcy power is subject to the Fifth Amendment); *see also In re George Ruggiere Chrysler-Plymouth, Inc.*, 727 F.2d 1017, 1019 (11th Cir. 1984) (citing *Wright v. Union Central Life Ins. Co.*, 311 U.S. 273, (1940)) (recognizing that improper use of cash collateral can constitute a Fifth Amendment taking without just compensation).

[36] *See* Code § 363(a) (defining "cash collateral" in relevant part as "cash … in which the estate and an entity other than the estate have an interest" including the proceeds therefrom); Code § 363(c)(2) (a debtor-in-possession "may not use, sell, or lease cash collateral … unless … each entity that has an interest in such cash collateral consents" or unless the court authorizes such use "in accordance with the provisions of this section."); and Code § 363(e) ("Notwithstanding any other provision of this section, at any time, on request of an entity that has an interest in property used, sold, or leased, or proposed to be used, sold, or leased, by the trustee, the court, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest.").

[37] *In re Martin Bros. Toolmakers, Inc.*, 796 F.2d 1435, 1437 (11th Cir. 1986) (emphasis added); *see also Davis v. Shepard*, No. 5:11-MC-3483-KOB, 2014 WL 2768808, at *4 (N.D. Ala. June 18, 2014) (relying on *Martin Bros. Toolmakers, Inc.*, 796 F.2d 1435) (Bowdre, C.J.) ("The concept of finality is more flexible in the bankruptcy context because delayed review of any particular claim, especially claims involving key assets of the debtor's estate, would render any distribution or plan purely contingent until completion of appeals after conclusion of the case, which would frustrate the bankruptcy process." (emphasis added)). Notably the Motion relies on a single case, *In re Charter Co.*, 778 F.2d 617 (11th Cir. 1985), to seek to deny Dominion access to this Court. But the Motion incorrectly states that the Eleventh Circuit announced its opinion in *In re Charter Co.* in 1996 when, in fact, the *Charter Co.* Court announced its opinion on December 2, 1985. As explained infra, the Debtors misread *In re Charter Co.* and their reliance thereon is misplaced. Notwithstanding the forgoing, any application of *Charter Co.* must take into account the Eleventh Circuit's adoption of a "flexible" finality requirement (especially in bankruptcy appeals) as announced in the Eleventh Circuit's *Martin Bros. Toolmakers* opinion, which was rendered approximately eight months after *In re Charter Co.*

bankruptcy, where—as the Eleventh Circuit has explained—finality must take into account the manner in which relief from a Bankruptcy Court is sought:

> ***This accommodative approach is vital in the context of bankruptcy.*** Viewed realistically, a bankruptcy case is simply an aggregation of controversies, many of which would constitute individual lawsuits had a bankruptcy petition never been filed. While the goal of the bankruptcy process is to bring all present and potential contestants together and decide all the claims at the same time, a truly simultaneous resolution is impossible. Each claim represents a variable which must be quantified before a dividend is fixed or a workable reorganization plan adopted. Delayed review of any particular claim, especially claims involving key assets of the debtor's estate, would render any distribution or plan purely contingent until completion of appeals after conclusion of the case. Such an approach would be especially devastating in reorganizations, which proceed most smoothly when at least some variables become fixed and operate as the basis for further negotiation.[38]

As such, courts have generally rejected a strict adherence to the concept of finality in bankruptcy appeals.[39] As the Supreme Court has recently noted "[t]he rules are different in bankruptcy."[40] Indeed, as courts have adopted a number of doctrines to "refine" the concept of finality to allow appellate jurisdiction "to handle the practicalities of complex litigation", the Eleventh Circuit has held that these doctrines should be "freely" applied in bankruptcy appeals.[41]

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[38] *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 (emphasis added); *see also In re Hillsborough Holdings Corp.*, 116 F.3d 1391, 1393 (11th Cir. 1997); *In re Donovan,* 532 F.3d 1134, 1136 (11th Cir. 2008) ("Finality is given a more flexible interpretation in the bankruptcy context … because bankruptcy is an aggregation of controversies and suits."); *In re CDC Corp.*, 610 F. App'x at 920 (same).

[39] *See Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437; *Jove Eng'g, Inc. v. I.R.S.*, 92 F.3d 1539, 1547 (11th Cir. 1996) ("Courts consistently consider finality in a more pragmatic and less technical way in bankruptcy cases than in other situations." (internal marks omitted)); *Bullard v. Blue Hills Bank*, 135 S.Ct. 1686, 1691-92 (2015) (Roberts, C.J.); *Isaacson v. Manty*, 721 F.3d 533, 539 (8th Cir. 2013) (holding that, under "more flexible" bankruptcy standard, appellate court had authority to review bankruptcy order imposing sanctions); *In re Lehman Bros. Holdings Inc.*, 697 F.3d 74, 76-77 (2d Cir. 2012) (holding that bankruptcy court's order denying motion to intervene was a final appealable because since denial of the opportunity to be heard as intervenors in the adversary proceeding would conclude the matter for creditors for all practical purposes; "… in the bankruptcy context, the standard for finality is more flexible than in other civil litigation.").

[40] *Bullard*, 135 S.Ct. at 1691-92 (citing *Howard Delivery Service, Inc. v. Zurich American Ins. Co.*, 547 U.S. 651, 657, n. 3 (2006)) ("Accordingly, Congress has long provided that orders in bankruptcy cases may be immediately appealed if they finally dispose of discrete disputes within the larger case." (internal quotation marks omitted)).

21. First, even if the Court determines that the Cash Management Order is not strictly "final," the collateral order doctrine allows this Court to hear this appeal to the extent that it would resolve issues independently and easily separable from other claims in the Bankruptcy Case "if delay would prejudice important interests of the parties and if practical rather than technical factors also favor immediate review."[42] The issues raised on appeal are independent from any other parties' rights as this appeal would be resolved by this Court's determination of isolated, discrete legal issues between Walter Black and Dominion; *to wit*, determining the extent to which the Production Proceeds belong to Dominion rather than the Debtors.[43] Moreover, the prejudicial nature of the Cash Management Order comes to fruition in the authorized commingling of the Production Proceeds with the Debtors' cash. Further delay in this Court's consideration of the issues in this appeal would weaken Dominion's ability to assert its rights with respect to the ORRI.

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[41] *See Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 ("... finality of bankruptcy orders cannot be limited to the last order concluding the bankruptcy case as a whole. This circuit and other reviewing bankruptcy decisions have freely applied the collateral order doctrine and the *Forgay-Conrad* rule to escape such results."); *see also In re Walker*, 515 F.3d 1204, 1210 (11th Cir. 2008) (citing *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437) ("The purpose of th[e finality] requirement is to avoid the waste of judicial resources and the delay inherent in piecemeal litigation. This Court has held, however, that appellate jurisdiction must be flexible enough to handle the practicalities of complex litigation.").

[42] *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 (citing *Cohen v. Beneficial Industrial Loan*, 337 U.S. 541, 69 (1949)); *see also In re Parklane/Atlanta Joint Venture*, 927 F.2d 532, 536 (11th Cir. 1991) (holding that District Court's order withdrawing the reference was reviewable because, *inter alia*, rights that were conferred on appellant would be effectively "lost" without review by appellate court).

[43] To the extent that the Production Proceeds belong to Dominion, the Bankruptcy Court's authorization of the Debtors' actions—as contained within the Cash Management Order—exceeds the Court's authority and constitutes an unconstitutional taking of property in violation of the Fifth Amendment as the Bankruptcy Court's authority stems from Congress's bankruptcy power. U.S. Const. art. I, § 8, cl. 5. And the U.S. Supreme Court has held that Congress's bankruptcy power remains subject to the constraints of the Fifth Amendment. *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555, 589 (1935); *see also In re George Ruggiere Chrysler-Plymouth, Inc.*, 727 F.2d 1017, 1019 (11th Cir. 1984) (citing *Wright v. Union Central Life Ins. Co.*, 311 U.S. 273, (1940)) (recognizing that improper use of cash collateral can constitute a Fifth Amendment taking without just compensation). Notably, the Bankruptcy Court's legal conclusions "may be examined freely" by this Court under de novo review. *In re Brumlik*, 132 B.R. 495, 496 (M.D. Ga. 1991); *see also In re Coady*, 588 F.3d 1312, 1315 (11th Cir. 2009) (holding that legal issues are reviewed de novo on appeal).

22. Additionally, the *Forgay-Conrad* rule allows this Court to review an order from the bankruptcy court to the extent that it authorizes "immediate delivery of physical property and subjects the losing party to irreparable harm."[44] Because (as the Debtors have posited) the Production Proceeds become lost after they are commingled in the Concentration Account,[45] the Cash Management Order—by authorizing such commingling—satisfies the delivery requirement for appellate consideration under the *Forgay-Conrad* rule.[46] Moreover, as explained in the testimony of Ron E. Hooper at the August 18th Hearing, the beneficial owners of Dominion suffer to the extent that the Production Proceeds are commingled and used to pay expenses of the Debtors as Dominion's beneficial holder will not receive the property they are entitled to receive under the terms of the Dominion trust and the Conveyance.[47] Dominion cannot operate for a prolonged period without receiving its scheduled distributions as the terms of Dominion's trust agreement state that Dominion will be required to terminate if the ratio of cash received by Dominion attributable to the ORRI in any quarterly period to administrative costs of Dominion for such quarterly period is less than 1.2 to 1.0 for two consecutive quarterly periods.[48] If Dominion (as a trust) terminates, it will cause irreparable harm to the beneficiaries because the Trustee will be required to sell the ORRI. And, as a direct result of the Cash Management Order

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[44] *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 (quoting *Forgay v. Conrad*, 47 U.S. 201 (1847)).

[45] *See* paragraph i, *supra*.

[46] *Cf., Davis v. Shepard*, Case No. 5:11-MC-3483-KOB, 2014 WL 2768808, at *4 (N.D. Ala. June 18, 2014) (Bowdre, C.J.) (holding that bankruptcy court order granting a trustee's motion for turnover of property is a final, appealable order).

[47] *See* August 18th Hearing Tr. at 45:8-21; 47:21-58:9 (testimony of R Hooper regarding the manner in which Dominion receives distributions of its Production Proceeds); Trust Agreement at 38 § 9.02.

[48] August 18th Hearing Tr. at 57:16-58:9 and 60:14-61:2 (testimony of R. Hooper regarding termination clause in Trust Agreement).

and the Debtors' actions, the market value of the ORRI is materially impaired.[49] Once Dominion terminates, it cannot be put back together or otherwise reconstituted.

23. In addition, the Eleventh Circuit has held that this Court may review an order of "even … marginal finality" if the question presented is "fundamental" to further conduct of the Bankruptcy Case.[50] The Supreme Court has long held, "[t]he bankruptcy power, like the other great substantive powers of Congress, is subject to the Fifth Amendment."[51] The Bankruptcy Court has exceeded its authority in entering the Cash Management Order by permitting the Debtors to take and otherwise use Dominion's property without compensation or protection. Proper recognition of third-party property rights is crucial in the further conduct of the Bankruptcy Case. Thus, a proper determination of Dominion's interest in the Production Proceeds must be considered fundamental to the further conduct of the Bankruptcy Case.

24. Finally, the Eleventh Circuit has held that these "doctrinal exceptions" to a strict adherence to finality rest on a single theory – that the "scope" of appellate jurisdiction must be defined by balancing "the costs and inconvenience of piecemeal review on the one hand and the danger of denying justice on the other."[52] To this point, the Debtors have already admitted that there would be virtually no cost of forgoing the segregation of Dominion's Production Proceeds,

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[49] Further, Dominion's beneficial interests are traded on the NYSE under the symbol "DOM". But pursuant to the rules of the NYSE, Dominion's beneficial interests could be delisted by the NYSE to the extent that the price of DOM falls below $1.00 and stays below $1.00 over a consecutive 30 trading-day period. *See* New York Stock Exchange Listed Company Manual § 802.01C (effective September 2, 2009), *available at* http://nysemanual.nyse.com/LCM/Sections/.

[50] *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 (citing *Gillespie v. United States Steel Corp.*, 379 U.S. 148, 157 (1964)); *see also Lehman Bros. Holdings Inc.*, 697 F.3d at 76-77.

[51] *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555, 589 (1935).

[52] *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 (quoting *Gillespie*, 379 U.S. at 157).

pending a decision on Dominion's rights.[53] As such, any balancing between the cumulative risk of loss by Dominion of its rights to the ORRI (as the Debtors' commingling of the Production Proceeds with the Debtors' cash continues) against any potential inconvenience or cost must weigh in favor of this Court's consideration of this appeal at this juncture.

B. The Case of *In re Charter Co.* is Clearly Distinguishable and the Motion's Reliance on the Case is Misplaced.

25. The Debtors' reliance on *Charter Co.* is misplaced. First, the cash management order in *Charter Co.*, by its own terms, was not a final order.[54] Second (and as mentioned above),[55] the Eleventh Circuit's decision in *Charter Co.* predates its decision in *Martin Bros. Toolmakers, Inc.*[56] Thus, a correct application of the appellate court's opinion in *Charter Co.* must take into account the court's adoption of a flexible concept of finality in the context of bankruptcy appeals.[57] Moreover, since finality is "grounded in the practicalities of the situation[,]"[58] there is no broad-based proposition that cash management orders issued by bankruptcy courts are never reviewable by a District Court. Rather, the practicalities of any particular cash management order must be assessed to determine, to what extent, each particular order is a final order.[59]

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[53] August 18th Hearing Tr. at 125:10-13 and 126:19-21 (statement by P. Darby to the Bankruptcy Court), discussed supra at ¶ 12.

[54] *Charter Co.*, 778 F.2d at 621, 630; *see also* paragraph 26, *infra*.

[55] *See* note 37, *supra*.

[56] *Compare In re Martin Bros. Toolmakers, Inc.*, 796 F.2d 1435 (11th Cir. 1986) *to In re Charter Co.*, 778 F.2d 617 (11th Cir. 1985).

[57] *Martin Bros. Toolmakers, Inc.*, 796 F.2d at 1437 (holding that a flexible finality approach is "vital" in the context of bankruptcy).

[58] *Id.*

[59] *See id.*

26. In *Charter Co.*, the Eleventh Circuit held that a bankruptcy court ruling that was expressly left "open to reexamination, evidencing the interlocutory nature of the order[]" was not reviewable as a final order.[60] Indeed, the bankruptcy court in *Charter Co.* "expressly" left the contested issues "open" for "revisitation."[61] In addition, the bankruptcy court imposed "strict record keeping" so that the disputed cash could be traced, in an effort to preserve the status quo while the contested issues were pending.[62]

27. In stark contrast, the Bankruptcy Court here treated its hearing on Dominion's Motion to Reconsider as a final ruling that would not be subject to revisitation.[63] And, the parties' rights and the status quo are not being maintained through the Bankruptcy Court's order. The Production Proceeds are being commingled and improperly utilized in the Debtors' operations with no mechanism in place to preserve Dominion's rights.[64] Further, Dominion's right to assert an administrative claim (discussed further below) has been subordinated to the "adequate protection" rights granted to the Prepetition Lenders.[65]

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[60] *See Charter Co.*, 778 F.2d at 621 ("A review of the proceedings in this case makes it apparent that the controversy over the cash management transfers was not finally resolved before the bankruptcy court. … the bankruptcy court advised the parties that its ruling regarding the operation of the cash management system would be open to reexamination, evidencing the interlocutory nature of the order.").

[61] *Id.* at 630.

[62] *Id.*

[63] *Compare* August 18th Hearing Tr. at 128:13-129:11 (Court's oral ruling, discussed supra at note 16; "…there will be no changes to the cash management order.") *to Charter Co.*, 778 F.2d at 621 and 630.

[64] *See* paragraph i, *supra.*

[65] *See* Final Order (A) Authorizing Postpetition Use of Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties and (C) Granting Related Relief [Bankr. Dkt. No. 723] at 15-18 ¶ 10(a) and 21-22 ¶ 10(b) (Designation of Record Item No. 62) (granting adequate protection liens over the Debtors' "cash" and granting superpriority claims to certain lenders).

C. Alternatively, Sufficient Grounds Exist For Granting Dominion Leave to Appeal.

28. As the Debtors admit in their Motion, the Court is permitted to construe the Notice of Appeal as a motion for leave.[66] Leave to appeal an interlocutory order in bankruptcy should be granted to the extent that the order involves a controlling question of law, there is a substantial ground for difference of opinion, or an immediate appeal would materially advance the ultimate termination of the litigation.[67]

29. The controlling question(s) of law, here, is whether Dominion's ORRI is a real property interest under applicable Alabama law and whether such interest entitles Dominion to the proceeds that are attributable thereto. To the extent that such property belongs to Dominion, it cannot constitute property of the estate.[68] As Dominion would show the Court in its brief, Alabama law clearly holds that the ORRI is a real interest in property and thus neither it nor the Production Proceeds belong to the Debtors; even so, the Bankruptcy Court, at the August 18th Hearing, expressed the opinion that the treatment of the ORRI and the Production Proceeds is subject to differing opinions: "You're asking me to interpret state law and the cases in Alabama are a little bit here and there …"[69] As such, this Court should find that Dominion's appeal concerns a controlling question of law that is subject to a substantial ground for difference of opinion.

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[66] Fed. R. Bankr. P. 8004(d). Upon information and belief, the Debtors' Motion mistakenly refers to "Bankruptcy Rule 8003(d)" when the Debtors' intended to refer to Fed. R. Bankr. P. 8004(d). *See* Motion at 3. Bankruptcy Rule 8004(d) was amended in 2014 to incorporate the provision that is applicable here from former Bankruptcy Rule 8003 into current Bankruptcy Rule 8004(d). *See* Fed. R. Bankr. P. 8004 Advisory Committee Notes, 2014 Amendments.

[67] *See Gebhardt v. Hardigan*, 512 B.R. 385, 388 (S.D. Ga. 2014).

[68] *See Butner v United States*, 440 U.S. 48, 54-55 (1979); *Patterson v. Shumate*, 504 U.S. 753, 758 (1992).

[69] August 18th Hearing Tr. at 133:6-7; *see also* Misha Ylette Mullins, *Alabama Oil and Gas Law: Ownership or Nonownership After NCNB?*, 48 Ala. L. Rev. 1065 (1997) (arguing that the Alabama Supreme Court's recent decision in *NCNB Texas Nat. Bank, N.A. v. West*, 631 So. 2d 212, 223 (Ala. 1993), has caused confusion regarding the nature of oil, gas and mineral property rights in Alabama).

30. Resolution of these issues would also facilitate the progress of the Bankruptcy Case. The Debtors' commingling and use of Dominion's property not only implicates the Bankruptcy Court's Cash Management Order and Final Cash Collateral Order,[70] but entitles Dominion to an administrative expense claim for the post-petition conversion of its property, which claim is entitled to priority under Bankruptcy Code § 503(b)(1).[71] As a result, this issue needs to be correctly resolved for purposes of the Cash Management Order, the Final Cash Collateral Order, and Dominion's administrative expense claim. Also, pursuant to Bankruptcy Code § 1129(a)(9), Dominion's administrative expense claim would have to be satisfied in order for the Debtors to confirm a Chapter 11 reorganization plan.[72]

31. Moreover, the Debtors—by refusing to deliver the Production Proceeds to Dominion—are operating the bankruptcy estate in contravention of Alabama state law, which is forbidden by 28 U.S.C. § 959(b).[73] The Alabama Legislature has, by statute, mandated the distribution of production proceeds to the royalty and working interest owners entitled thereto, as

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[70] Final Cash Collateral Order at 15-18 ¶ 10(a) and 21-22 ¶ 10(b) (granting adequate protection liens over the Debtors' "cash"). The combined effect of the Cash Management Order and Final Cash Collateral Order is to allow the Debtors to commingle Dominion's Production Proceeds—thereby diminishing Dominion's ability to recover such funds—and grant to the Debtors' senior lenders liens that effectively "prime" Dominion's ORRI.

[71] *See Reading Co. v. Brown*, 391 U.S. 471, 476 (1968); *In re N.P. Min. Co., Inc.*, 963 F.2d 1449, 1456 (11th Cir. 1992).

[72] Bankruptcy Code § 1129(a)(9) states, in relevant part, that "[t]he court shall confirm a plan only if all of the following requirements are met … Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that[,] with respect to [allowed administrative priority claims]… on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim[.]" Even if this Court were to hold that ORRI was a form of real property lease (which Dominion would deny), the Debtors are obligated under Bankruptcy Code § 365(d)(3) to timely perform its obligations thereunder. The Debtors failure to do so also gives rise to an administrative priority claim.

[73] 28 U.S.C. § 959(b) provides, in relevant part, that "…a trustee, receiver or manager appointed in any cause pending in any court of the United States, ***including a debtor in possession***, shall manage and operate the property in his possession as such trustee, receiver or manager ***according to the requirements of the valid laws of the State in which such property is situated, in the same manner that the owner or possessor thereof would be bound to do if in possession thereof.***" (emphasis added)).

determined by Alabama real property law.[74] Consideration by this Court of the appeal would, thus, materially advance the bankruptcy case by determining what the Debtors must do in order to operate in compliance with Alabama state law.

IV.
CONCLUSION

WHEREFORE, Appellant respectfully requests that the Court DENY the Motion to Dismiss and grant such other relief as this Court deems just and proper.

Dated: September 24, 2015.

Respectfully Submitted,

BENTON & CENTENO, LLP

By: */s/ Lee R. Benton*

Lee R. Benton (Bar No. AS-8421-E63L)
Jamie A. Wilson (Bar No. ASB 8149-E58T)
2019 Third Avenue North
Birmingham, Alabama 35203
Telephone: (205) 278-8000
Facsimile: (205) 278-3492
Email: lbenton@bcattys.com;
jwilson@bcattys.com

-and-

Tye C. Hancock (Admitted Pro Hac Vice)
Robert L. Paddock (Admitted Pro Hac Vice)
Joseph E. Bain (Admitted Pro Hac Vice)
THOMPSON & KNIGHT LLP
333 Clay Street, Suite 3300
Houston, Texas 77002

[74] Ala. Code § 9-17-33 ("The proceeds derived from the sale of oil or gas production from any oil or gas well shall be paid to persons legally entitled thereto, commencing no later than six months after the date of the first sale, and thereafter no later than 60 days after the end of the calendar month within which subsequent production is sold.").

Telephone: (713) 654-8111
Facsimile: (713) 654-1871
Email: tye.hancock@tklaw.com;
robert.paddock@tklaw.com;
joseph.bain@tklaw.com

ATTORNEYS FOR THE DOMINION RESOURCES BLACK WARRIOR TRUST

CERTIFICATE OF SERVICE

I hereby certify that on the 24th day of September, 2015, I electronically filed the APPELLANT DOMINION RESOURCES BLACK WARRIOR TRUST'S RESPONSE TO MOTION TO DISMISS APPEAL with the Clerk of the Court using the CM-ECF system, and served a copy of the above and foregoing, the parties listed below.

VIA US MAIL AND CERTIFIED MAIL RETURN RECEIPT REQUESTED:
Walter Black Warrior Basin, LLC
C/O CT Corporation System, Registered Agent
2 North Jackson St. Ste. 605
Montgomery, Alabama 36104

VIA ELECTRONIC MAIL:

To Counsel for the Appellees and Debtors:
Patrick Darby (pdarby@babc.com)
Jay Bender (jbender@babc.com)
Cathleen Moore (ccmoore@babc.com)
James Bailey (jbailey@babc.com)
Stephen J. Shimshak (sshimshak@paulweiss.com)
Kelley A. Cornish (kcornish@paulweiss.com)
Claudia R. Tobler (ctobler@paulweiss.com)
Ann K. Young (ayoung@paulweiss.com)
Michael S. Rudnick (mrudnick@paulweiss.com)

To Counsel for the Steering Committee:
Michael Leo Hall (mhall@burr.com)
D. Christopher Carson (ccarson@burr.com)
Hanna Lahr (hlahr@burr.com)
Ira S. Dizengoff (idizengoff@akingump.com)
Marty L. Brimmage, Jr. (mbrimmage@akingump.com)
Kristie G. Manoukian (kmanoukian@akingump.com)
James Savin (jsavin@akingump.com)

To Counsel for the Official Committee of Unsecured Creditors:
Bill D. Bensinger (bdbensinger@csattorneys.com)
Daniel D. Sparks (ddsparks@csattorneys.com)
Brett H. Miller (brettmiller@mofo.com)
Lorenzo Marinuzzi (lmarinuzzi@mofo.com)
Jennifer Marines (jmarines@mofo.com)
Samantha Martin (smartin@mofo.com)

/s/ Lee R. Benton

Lee R. Benton

FILED
2015 Sep-24 PM 01:53
U.S. DISTRICT COURT
N.D. OF ALABAMA

TRUST AGREEMENT

OF

DOMINION RESOURCES BLACK WARRIOR TRUST

Among

DOMINION BLACK WARRIOR BASIN, INC.,

DOMINION RESOURCES, INC.,

MELLON BANK (DE) NATIONAL ASSOCIATION

and

NATIONSBANK OF TEXAS, N.A.

Dated: May 31, 1994

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TRUST AGREEMENT

OF

DOMINION RESOURCES BLACK WARRIOR TRUST

This Trust Agreement of Dominion Resources Black Warrior Trust (the "Trust") is entered into effective as of the 31st day of May, 1994, by and among DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation with its principal office in Richmond, Virginia (together with its successors and permitted assigns, the "Company"), as trustor, DOMINION RESOURCES, INC., a Virginia corporation with its principal office in Richmond, Virginia (together with its successors and permitted assigns, "Dominion Resources"), not as trustor but as sponsor and to evidence its agreements contained in this Agreement, MELLON BANK (DE) NATIONAL ASSOCIATION, a banking association organized under the laws of the United States of America with its principal office in the State of Delaware (together with its successors and permitted assigns, "Mellon Bank"), and NATIONSBANK OF TEXAS, N.A., a banking association organized under the laws of the United States of America with its principal office in Dallas, Texas (together with its successors and permitted assigns, the "Bank"), as trustees.

WHEREAS, the Company is engaged in the business of developing and producing oil and gas and owns mineral interests in properties that contain proved reserves and are currently producing natural gas;

WHEREAS, the Company has determined to convey to the Trust the Royalty Interests (hereinafter defined) pursuant to the Conveyance (hereinafter defined) in consideration for the issuance by the Trust to the Company of 7,850,000 Units (hereinafter defined), representing the ownership of undivided beneficial interests in the assets of the Trust; and

WHEREAS, the Company, a wholly-owned subsidiary of Dominion Energy, Inc., a Virginia corporation ("Dominion Energy"), will dividend the Units to Dominion Energy, which in turn will dividend the Units to its parent, Dominion Resources, which will thereafter sell up to all of the Units pursuant to a registered public offering;

NOW, THEREFORE, in furtherance of forming the Trust, the Company has delivered to the Bank, on behalf of the Trust, One Thousand Dollars ($1,000.00) upon execution of this Agreement, of which the trustee hereby accepts delivery and agrees to hold in trust, and the Bank agrees to have and to hold, in trust, all such other properties that may hereafter be received hereunder, for the purposes, and in accordance with the respective duties, terms and conditions, hereinafter provided.

ARTICLE I

Definitions

As used in this Agreement, the following terms have the meanings indicated:

"Administrative Costs" means all costs of administering and maintaining the Trust, including, without limitation, the following: (a) costs borne by or on behalf of the Trustee and the Delaware Trustee in administering and maintaining the Trust; (b) compensation paid to the Trustee and the Delaware Trustee for services rendered pursuant to this Agreement; and (c) amounts paid or reimbursed to Dominion Resources or any of its Affiliates pursuant to the Administrative Services Agreement and this Agreement.

"Administrative Services Agreement" shall have the meaning assigned to such term in Section 3.06 of this Agreement.

"Advisor" shall have the meaning assigned to such term in Section 9.03(b) of this Agreement.

"Affiliate" of a Person means another Person directly or indirectly controlled by, controlling or under common control with such Person. As used in this Agreement, "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall have the meaning assigned to such term in Section 3.06 of this Agreement.

"Agreement" means this instrument, as originally executed, or, if amended or supplemented, as so amended or supplemented.

"Average Closing Price" shall have the meaning assigned to such term in Section 9.04(a) of this Agreement.

"Bank" means NationsBank of Texas, N.A., a banking association organized under the laws of the United States of America, and its successors and permitted assigns.

"Beneficial Interest" means the aggregate beneficial interest of all Unitholders in the Trust Estate, including, without limitation, the right to receive distributions of proceeds from the conversion of the Royalty Interests into cash, and the right to receive distributions of cash resulting from such conversion of the Royalty Interests, which beneficial interest is expressed in Units, but such beneficial interest does not include any direct or indirect ownership interest, legal or equitable, in or to the Royalty Interests or any part thereof, or in or to any other asset of the Trust Estate to the extent that such an ownership interest in such asset would cause the

interest of a Unitholder to be treated (other than for federal income tax purposes) as other than an intangible personal property interest.

"Best Efforts" means a Person's best efforts in accordance with reasonable commercial practice and without the incurrence of unreasonable expense.

"Business Act" means the Delaware Business Trust Act, Title 12, Chapter 38 of the Delaware Code, Sections 3801 *et seq.*, as amended from time to time during the term of this Agreement.

"Business Day" means any day other than a Saturday, Sunday, a holiday determined by the NYSE as "affecting 'ex' dates" or any other day on which national banking institutions in Dallas, Texas are closed as authorized or required by law.

"Certificate" means a certificate issued by the Trustee pursuant to Article IV of this Agreement evidencing ownership of one or more Units.

"Claimant" shall have the meaning assigned to such term in Article XIII of this Agreement.

"Closing" means the closing of the initial public offering of Units contemplated by the Securities Act Registration Statement.

"Commission" means the Securities and Exchange Commission.

"Company" means Dominion Black Warrior Basin, Inc., an Alabama corporation and a wholly-owned subsidiary of Dominion Energy, and its successors and permitted assigns.

"Company Interests Owner" shall have the meaning set forth in the Conveyance.

"Company Offer" shall have the meaning assigned to such term in Section 9.03(e) of this Agreement.

"Composite Return" shall have the meaning assigned to such term in Section 5.03 of this Agreement.

"Conveyance" means the overriding royalty conveyance, effective as of June 1, 1994, from the Company to the Trust, pursuant to which the Royalty Interests are conveyed of record to the Trust.

"Delaware Trustee" means the Entity serving as a trustee (other than the Trustee) under this Agreement having its principal place of business in Delaware, in its fiduciary capacity. Further, any benefit, indemnity, release or protection granted to the Delaware Trustee in this

Agreement shall extend to and shall be fully applicable and effective with regard to any Entity serving as the Delaware Trustee, including, without limitation, Mellon Bank.

"DER Agreement" shall have the meaning assigned to such term in Section 5.03 of this Agreement.

"Determination Date" shall have the meaning assigned to such term in Section 9.04(a) of this Agreement.

"Dominion Energy" means Dominion Energy, Inc., a Virginia corporation and a wholly-owned subsidiary of Dominion Resources, and its successors and permitted assigns.

"Dominion Resources" means Dominion Resources, Inc., a Virginia corporation, and its successors and permitted assigns.

"Entity" means a corporation, partnership, limited liability company, trust, estate or other organization.

"Environmental Laws" means all applicable federal, state and local laws, regulations, ordinances, rules, orders, permits and governmental restrictions relating to the environment, the effect of the environment on human health or safety, pollutants, contaminants, hazardous substances, or hazardous waste, in effect on the date of the Trust Agreement, and all binding judicial and administrative interpretations thereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Act Registration Statement" means the registration statement pursuant to which the Units shall be registered under Section 12 of the Exchange Act.

"Expenses" shall have the meaning assigned to such term in Section 6.02(a) of this Agreement.

"Gas Purchase Agreement" means the Gas Purchase Agreement between the Company and Sonat Marketing Company, a Delaware corporation, dated as of May 3, 1994, as same may be amended from time to time.

"Gross Proceeds" shall have the meaning set forth in the Conveyance.

"Highest Acceptable Offer" shall have the meaning assigned to such term in Section 9.03(e) of this Agreement.

"Indemnified Party" and "Indemnified Parties" shall have the meanings assigned to such terms in Section 6.02(d) of this Agreement.

"Indemnifying Party" shall have the meaning assigned to such term in Section 6.02(d) of this Agreement.

"Independent Reserve Engineers" means Ryder Scott Company Petroleum Engineers, independent petroleum engineers, and any successor petroleum engineering consultants employed to provide information and reports with respect to the Underlying Properties.

"Ineligible Holder" shall have the meaning assigned to such term in Section 3.12(a) of this Agreement.

"Initial Quarterly Period Reserve" shall have the meaning assigned to such term in the definition of "Quarterly Distribution Amount" in this Article I.

"JAMS" shall have the meaning assigned to such term in Article XIII of this Agreement.

"Local Counsel Opinion" means an opinion from legal counsel to the Company as to certain matters under Alabama law substantially in the form and of the substance of Schedule 3 attached to this Agreement.

"Mellon Bank" means Mellon Bank (DE) National Association, a banking association organized under the laws of the United States of America with its principal office in the State of Delaware, and its successors and permitted assigns.

"NASD" means the National Association of Securities Dealers, Inc.

"NASDAQ-NMS" means the National Association of Securities Dealers Automated Quotation System National Market System.

"Notice" shall have the meaning assigned to such term in Section 3.12(a) of this Agreement.

"NYSE" means the New York Stock Exchange, Inc.

"Option Period Termination Date" shall have the meaning assigned to such term in Section 9.03(c) of this Agreement.

"Payment Obligations" shall have the meaning assigned to such term in Section 10.01 of this Agreement.

"Person" means a natural person or an Entity.

"Quarterly Distribution Amount" means for each Quarterly Period an amount determined by the Trustee pursuant to Section 5.02 of this Agreement to be equal to the excess, if any, of (a) the cash received by the Trust attributable to the sale of production from the Royalty Interests

during such Quarterly Period, *provided* that such cash is received by the Trust on or before the last Business Day before the forty-fifth (45th) day following the end of such Quarterly Period, *plus* the amount of interest expected by the Trustee to be earned on such cash proceeds during the period between the date of receipt by the Trust of such cash proceeds and the date of payment to the Unitholders of such Quarterly Distribution Amount, *plus* all other cash received by the Trust during such Quarterly Period (to the extent not distributed or held for future distribution as a Special Distribution Amount or included in the previous Quarterly Distribution Amount), *plus* any decrease during such Quarterly Period in any cash reserve theretofore established by the Trustee for the payment of liabilities of the Trust, *over* (b) the liabilities of the Trust paid during such Quarterly Period and not taken into account in determining a prior Quarterly Distribution Amount, *plus* the amount of any cash used during such Quarterly Period by the Trustee to establish or increase a cash reserve established for the payment of any liabilities of the Trust (other than the Initial Quarterly Period Reserve (as defined below)); *provided, however*, that for the initial Quarterly Period, "Quarterly Distribution Amount" shall mean an amount determined by the Trustee pursuant to Section 5.02 of this Agreement to be equal to the excess, if any, of (a) the cash received by the Trust attributable to the sale of production from the Royalty Interests during such initial Quarterly Period, *provided* that such cash is received by the Trust on or before the last Business Day before the forty-fifth (45th) day following the end of the initial Quarterly Period, *plus* the amount of interest expected by the Trustee to be earned on such cash proceeds during the period between the date of receipt by the Trust of such cash proceeds and the date of payment to the Unitholders of such Quarterly Distribution Amount, *plus* all other cash received by the Trust during such Quarterly Period (to the extent not distributed or held for future distribution as a Special Distribution Amount), *over* (b) the liabilities of the Trust which are incurred pursuant to Section 3.13(b) of this Agreement in connection with legal fees incurred by the Trustee, the Delaware Trustee and the Trust in connection with the formation of the Trust and the issuance of the Certificates evidencing the Units, the acceptance fees of the Trustee and the Delaware Trustee reimbursed to Dominion Resources and the recording costs reimbursed to Dominion Resources, *plus* the amount of any cash used by the Trustee, during the period between the date of receipt by the Trust and the date of announcement by the Trustee of the amount of the initial Quarterly Distribution Amount (the "Initial Quarterly Period Reserve"), to establish a cash reserve for the payment of any liabilities of the Trust. Notwithstanding the foregoing, the Quarterly Distribution Amount for any Quarterly Period shall not include any amount which would have been required to be reported to any securities exchange or quotation system on which the Units are listed in connection with the establishment of an "ex" date in order to be distributed to Unitholders who were such on the Quarterly Record Date for such Quarterly Period but was not so reported unless the securities exchange or quotation system agrees to such amount being a part of that Quarterly Period's Quarterly Distribution Amount or the Trustee receives an opinion of counsel, in a form reasonably satisfactory to the Trustee, stating that none of the Trust, the Trustee, the Delaware Trustee or any owner of Units will be adversely affected by such inclusion. An amount which is not included in the Quarterly Distribution Amount for a Quarterly Period pursuant to the preceding sentence or because such amount is received by the Trust after the last Business Day before the forty-fifth (45th) day following the end of such Quarterly Period shall be included in the Quarterly Distribution Amount for the next Quarterly Period (unless it is reserved pursuant

to Section 3.07 of this Agreement). Amounts comprising a Special Distribution Amount distributed separately from the Quarterly Distribution Amount shall be excluded in computing a Quarterly Distribution Amount.

"Quarterly Period" means (i) initially, the period commencing on June 1, 1994 and ending on June 30, 1994 and (ii) thereafter, each of the calendar three-month periods ending on the last day of March, June, September and December of each year.

"Quarterly Record Date" means, for each Quarterly Period, the close of business on the sixtieth (60th) day following the end of such Quarterly Period (or if not a Business Day, on the next Business Day thereafter) unless the Trustee determines that another date is required to comply with applicable law or the rules of any securities exchange or quotation system on which the Units may be listed or admitted for trading, in which event "Quarterly Record Date" means such other date.

"Record Date Unitholders" shall have the meaning assigned to such term in Section 8.02 of this Agreement.

"Remaining Royalty Interests" shall have the meaning assigned to such term in Section 9.03(b) of this Agreement.

"Respondent" shall have the meaning assigned to such term in Article XIII of this Agreement.

"Royalty Interests" shall have the meaning assigned to such term in the Conveyance.

"Rules" shall have the meaning assigned to such term in Article XIII of this Agreement.

"Sales Proceeds Amount" means any cash paid to the Trust in consideration for the Royalty Interests pursuant to Section 3.02 or 9.03 of this Agreement.

"Section 29 tax credits" means the credits against federal income tax provided pursuant to Section 29 of the Internal Revenue Code of 1986, as amended.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Act Registration Statement" means the Registration Statement on Form S-3 (Registration No. 33-53513) as it has been or as it may be amended or supplemented from time to time, filed by Dominion Resources with the Commission under the Securities Act to register the offering and sale of the Units.

"Special Distribution Amount" means any cash paid to the Trust as a Sales Proceeds Amount or otherwise (but excluding amounts paid to the Trust constituting the proceeds from the sale of production attributable to the Royalty Interests) when the amount thereof aggregates

in excess of $10,000,000, *plus* the amount of interest expected by the Trustee to be earned on such cash proceeds during the period between the date of receipt by the Trust of such cash proceeds and the date of payment to the Unitholders of such Special Distribution Amount, *less* any amount thereof used by the Trustee pursuant to Section 3.07 of this Agreement to pay liabilities of the Trust or to establish or increase a cash reserve therefor. In computing the amount of a "Special Distribution Amount," all undistributed amounts received as a Sales Proceeds Amount or otherwise (but excluding amounts paid to the Trust constituting the proceeds from the sale of production attributable to the Royalty Interests) shall be aggregated and shall constitute a Special Distribution Amount on the date that amounts in excess of an aggregate of $10,000,000 are held, and the "Special Distribution Amount" shall include all undistributed amounts received through the close of business on such date.

"Special Distribution Record Date" means the close of business on the fifteenth (15th) day following the date that the Special Distribution Amount is received or (with respect to the amount thereof representing interest) deemed to have been received by the Trust (or if not a Business Day, on the next Business Day thereafter), unless such Special Distribution Record Date is ten (10) days or less prior to a Quarterly Record Date, in which case the Special Distribution Record Date shall be such Quarterly Record Date, unless the Trustee determines that another date is required to comply with applicable law or the rules of any securities exchange or quotation system on which the Units may be listed or admitted for trading, in which event "Special Distribution Record Date" means such other date.

"Special Provisions" shall have the meaning assigned to such term in Article XIII of this Agreement.

"Termination Date" means the date on which the Trust is terminated in accordance with Section 9.02 of this Agreement.

"Termination Present Value" shall have the meaning assigned to such term in Section 9.02(c) of this Agreement and the determination thereof shall be made by a firm of independent petroleum engineers mutually selected by the Trustee and the Company, *provided, however*, that if the Trustee and the Company cannot agree on a firm then such firm shall be the same firm used in the prior years, which for 1993 shall be Ryder Scott Company Petroleum Engineers.

"Transferee" means, as to any Unitholder or former Unitholder, any Person succeeding to the record ownership of the Certificate evidencing the interest of such Unitholder or former Unitholder in one or more Units, whether as purchaser, donee, legatee or otherwise.

"Trust" (a) means the trust created by and administered under the terms of this Agreement, (b) when used in reference to a payment, means a payment chargeable against the Trust Estate, (c) when used in reference to any type of actual or asserted liability, means an actual or asserted liability that may be satisfied out of the Trust Estate, (d) when used in reference to receipts, means receipts that augment the Trust Estate and (e) when used in

reference to income and deductions, means receipts and payments described in clauses (b) and (d) above that constitute income and deductions for accounting or tax purposes as applicable.

"Trust Estate" means the assets held by the Trust under this Agreement, including both income and corpus.

"Trustee" means the Entity serving as a trustee (other than the Delaware Trustee) under this Agreement in its fiduciary capacity. Further, any benefit, indemnity, release or protection granted to the Trustee in this Agreement shall extend to and shall be fully applicable and effective with regard to any Entity serving as Trustee, including, without limitation, the Bank. The term "principal office" of the Trustee shall mean the principal office of the Trustee in Dallas, Texas (or such other principal office as may be designated by a successor trustee), at which any particular time its corporate trust business may be administered.

"Trustee Conveyance" means a conveyance executed by the Trustee and the Delaware Trustee on behalf of the Trust pursuant to Section 9.03(i) of this Agreement covering that portion of the Royalty Interests to be conveyed pursuant to said Section and in such form as the Trustee is advised by counsel is sufficient to release or transfer the right, title and interest of the Trust therein and to provide for payment to the Trust of all revenues attributable thereto through the effective date of such Trustee Conveyance.

"Underlying Properties" means the proved developed natural gas properties located in the Black Warrior Basin, Tuscaloosa County, Alabama, insofar as such properties include the Pottsville formation, and in which the Company owns an interest.

"Underwriting Agreement" shall have the meaning assigned to such term in Section 2.03 of this Agreement.

"Unit" or "Units" means one or more certificated, undivided *pro rata* fractional interests in the Beneficial Interest, determined as hereinafter provided.

"Unitholder" means the owner of one or more Units as reflected on the records of the Trustee pursuant to Article IV of this Agreement.

ARTICLE II

Name and Purpose of the Trust; Declaration of Trust

2.01. *Name.* The Trust is a fixed investment trust and shall constitute a Delaware business trust in accordance with the Business Act. The Trust shall be known as "Dominion Resources Black Warrior Trust", and the Trustee may transact the Trust's affairs in that name. The organization and operation of the Trust shall be in accordance with this Agreement, which shall constitute the governing instrument of the Trust within the meaning of Section 3801(f) of the Business Act. The Delaware Trustee shall cause a Certificate of Trust, duly executed by the

Trustee and the Delaware Trustee in accordance with Section 3811 of the Business Act, to be filed on behalf of the Trust in the office of the Secretary of State of Delaware in accordance with Section 3810 of the Business Act. In the event that either the Delaware Trustee or the Trustee becomes aware that any statement contained or matter described in the Certificate of Trust has changed, making it false in any material respect, it will notify the other trustee in writing, and the Delaware Trustee shall promptly file or cause to be filed in the office of the Secretary of State of Delaware an amendment of same, duly executed in accordance with Section 3811 of the Business Act, in order to effect such change thereto as the Delaware Trustee determines in its sole discretion with the advice of counsel to be necessary or appropriate, such filing to be in accordance with Section 3810(b) of the Business Act. Upon termination of the Trust pursuant to Section 9.02 or 9.04 of this Agreement and upon receipt from the Trustee of a certification as to the complete distribution of all of the Trust Estate, the Delaware Trustee shall file or cause to be filed a certificate of cancellation, duly executed by the Delaware Trustee and the Trustee in accordance with Section 3811 of the Business Act.

2.02. *Purposes.* The purposes of the Trust are:

(a) to protect, conserve and maintain, for the benefit of the Unitholders, the Trust Estate;

(b) to receive and hold the Royalty Interests and other assets of the Trust Estate;

(c) to convert the Royalty Interests to cash either by (1) retaining the Royalty Interests and collecting the proceeds from the sale of production payable with respect to the Royalty Interests until production has ceased or the Royalty Interests have terminated or (2) selling or otherwise disposing of all or any portion of the Royalty Interests in accordance with and subject to the terms of this Agreement;

(d) to pay, or provide for the payment of, any liabilities incurred in carrying out the purposes of the Trust, and thereafter to distribute the remaining amounts of cash received by the Trust to the Unitholders on a *pro rata* basis determined by the number of Units held by each Unitholder;

(e) to receive and distribute any Special Distribution Amount; and

(f) subject to Section 3.03 of this Agreement, to engage in such other activities as are necessary or convenient for the attainment of any of the foregoing or are incident thereto and which may be engaged in or carried on by a business trust under the Business Act.

2.03. *Transfer of Trust Property to the Trust; Closing Matters.* Upon the execution of this Agreement, the Company has paid to the Trustee, in trust, and the Trustee has accepted, for the uses and purposes provided in this Agreement, the sum of One Thousand Dollars

($1,000.00). At (and subject to the occurrence of) the Closing, the Company shall, pursuant to the Conveyance, grant, bargain, sell, convey and assign the Royalty Interests to the Trust (and the Trustee and the Delaware Trustee shall accept the Conveyance on behalf of the Trust) for the uses and purposes provided in this Agreement in consideration for 7,850,000 Units to be issued by the Trust to the Company, which Units shall be distributed as a dividend to Dominion Energy, which in turn will distribute the Units as a dividend to Dominion Resources and shall collectively represent the entire Beneficial Interest in accordance with Section 4.01 of this Agreement. The Units to be issued by the Trust to the Company in accordance with the preceding sentence shall be evidenced by one or more Certificates (which may be temporary Certificates) issued pursuant to Section 4.03 of this Agreement in such denominations and otherwise in accordance with written instructions furnished to the Trustee. Upon receipt of written transfer instructions from Dominion Resources, the Trustee shall prepare Certificates (which may be temporary Certificates) in proper form duly executed, countersigned and authenticated in accordance with Section 4.03 of this Agreement in such names and in such denominations as Dominion Resources may request in writing not less than two (2) full Business Days before the Closing. For the purpose of expediting the checking and packaging of the Certificates so prepared by the Trustee pursuant to the preceding sentence, the Trustee shall make such Certificates available for inspection by the representatives of the underwriters named in the Securities Act Registration Statement. The Trustee shall deliver such Certificates to such location and at such time as is stated in the written transfer instructions from Dominion Resources and shall release such Certificates (a) upon the receipt from Dominion Resources of one or more Certificates, duly endorsed for transfer, that evidences a number of Units equal to or not less than the number of Units evidenced by the Certificates to be so released and (b) in accordance with the instructions of Dominion Resources. At the Closing, the Trustee and the Delaware Trustee shall receive the following documents dated as of the date of the Closing: (i) Local Counsel Opinion addressed to the Trust, the Trustee and the Delaware Trustee substantially in the form attached hereto as Schedule 3, (ii) opinions of Baker & Botts, L.L.P., Hunton & Williams, McGuire, Woods, Battle & Boothe and Potter, Anderson & Carroon addressed to the Trustee and the Delaware Trustee substantially in the forms of the respective opinions to be delivered by such counsel at the Closing pursuant to the underwriting agreement referred to in the Securities Act Registration Statement (the "Underwriting Agreement"), (iii) a certificate of Dominion Resources signed by its President, a Senior Vice President or Treasurer certifying that the representations and warranties of Dominion Resources contained in the Underwriting Agreement are true and correct as of the date of the Closing and (iv) such other documents or certificates as the Trustee or the Delaware Trustee may reasonably request; *provided*, that the opinions referred to in clause (ii) and the representations and warranties referred to in clause (iii) are not substantially different in effect, with respect to the interests of the Trustee and the Delaware Trustee, from the opinions described and the representations and warranties set forth in the form of Underwriting Agreement filed as Exhibit 1.1 to the Securities Act Registration Statement, as amended.

2.04. *Creation of the Trust.* Each of the Delaware Trustee and the Trustee declares that it will hold the Trust Estate in trust for the benefit of the Unitholders, for the purposes and in accordance with the respective duties, terms and conditions set forth in this Agreement. It

is the intention of the Company and Dominion Resources to create a grantor trust of which the Unitholders are treated, for federal income tax purposes, as the owners of trust income and corpus. As set forth above and amplified in this Agreement, the Trust is intended to be a passive entity limited to the receipt of revenues attributable to the Royalty Interests and the distribution of such revenues, after payment of or provision for Trust expenses and liabilities. It is not the intention of the Company, Dominion Resources or any other party to this Agreement to create, and nothing in this Agreement shall be construed as creating, for tax purposes, a partnership, joint venture, joint stock company or similar business association, between or among Unitholders, present or future, or between or among Unitholders, or any of them, the Delaware Trustee, the Trustee, the Company and/or Dominion Resources.

2.05. *Principal Office of the Trust and the Delaware Trustee.* Unless and until changed by the Trustee, the address of the principal office of the Trust is 901 Main Street, 12th Floor, Dallas, Texas 75283-0308. Unless and until changed by the Delaware Trustee, the principal place of business of the Delaware Trustee is 10th and Market Streets, Wilmington, Delaware 19801. The Trust may maintain offices at such other place or places within or without the State of Delaware as the Trustee deems advisable.

ARTICLE III

Administration of the Trust and Powers of the Trustee and the Delaware Trustee

3.01. *General Authority.*

(a) The Trustee accepts the trust hereby created and agrees to perform its duties hereunder with respect to same upon the terms of this Agreement. Subject to the limitations set forth in this Agreement, the Trustee, acting alone without the approval or consent of or notice to the Delaware Trustee or any Unitholder, is authorized to take such action as in its judgment is necessary, desirable or advisable to best achieve the purposes of the Trust, including the authority to enter into the Conveyance and to agree to modifications of the terms of the Conveyance or to settle disputes with respect thereto, so long as (i) such modifications or settlements do not alter the nature of the Royalty Interests as a right to receive a share of production or the proceeds from the sale of production from the Underlying Properties in accordance with the Conveyance which, with respect to the Trust, are free of any operating rights, expenses or obligations and (ii) such modifications or settlements do not result in treatment of the Trust for federal income tax purposes as an association taxable as a corporation. Subject to Section 5.02 of this Agreement, the Trustee and the Delaware Trustee shall not dispose of any part of the Trust Estate except as provided in Section 3.02, 3.07, 9.03 or 9.04 of this Agreement. The Trustee and the Delaware Trustee shall not agree to any amendment or waiver of any provision of, give any consent or release with respect to, or agree to the termination of the Conveyance without the approval of the Unitholders pursuant to Article VIII and Section 11.03 of this Agreement.

(b) The Delaware Trustee accepts the trust hereby created and agrees to perform its duties hereunder with respect to same upon the terms of this Agreement. The Delaware Trustee is authorized to take only such actions, and shall be required to perform only such duties and obligations, with respect to the Trust as are specifically set forth in this Agreement, and no implied duties, obligations or powers shall be read into this Agreement with respect to the Delaware Trustee. Except as expressly provided in this Agreement, the Delaware Trustee shall not take part in the management of the Trust in any manner.

(c) Notwithstanding any other provision of this Agreement, unless specifically authorized in writing by the Trustee and consented to by the Delaware Trustee, the Delaware Trustee shall not participate in any decisions or possess any authority with respect to the administration of the Trust, the investment of the Trust's property or the payment of distributions of income or principal to the Unitholders. The Delaware Trustee shall have the power and authority to, and, as directed by the Trustee or counsel to the Trust, shall execute, deliver, acknowledge and file all necessary documents and to maintain all necessary records of the Trust as required by the Business Act, and the Delaware Trustee shall provide prompt written notice to the Trustee of its performance of any of the foregoing acts.

(d) It is the intention of the parties to this Agreement that the powers of both the Trustee and the Delaware Trustee shall be ministerial in nature, and that neither the Trustee nor the Delaware Trustee shall possess or enjoy any authority or power that would enable them, acting singly or jointly, to vary the investment of Unitholders, as that power has been construed by federal income tax authorities.

3.02. *Limited Power of Disposition.* The Trustee shall not sell or otherwise dispose of all or any part of the Trust Estate, including, without limitation, all or any portion of the Royalty Interests, or any interest therein, except that the Trustee is directed to sell and convey the Royalty Interests as provided in this Section 3.02 and in Sections 3.07, 9.03 and 9.04 of this Agreement and no Unitholder approval shall be required for any sale or conveyance in accordance with any of such provisions.

(a) The Trustee is directed to use Best Efforts to sell or transfer, in accordance with and subject to Section 9.03 or 9.04 of this Agreement, as the case may be, all remaining assets of the Trust Estate upon termination of the Trust.

(b) Anything in this Agreement to the contrary notwithstanding, the Trustee shall not agree to any distribution of the Royalty Interests or any other asset of the Trust that would cause the interest of a Unitholder to be treated as other than an intangible personal property interest. Unless required to sell pursuant to this Section 3.02, or to sell or transfer pursuant to Section 3.07, 9.03 or 9.04 of this Agreement, or to distribute pursuant to Section 5.02 of this Agreement, the Trustee is authorized to retain any part

of the Trust Estate in the form in which such property was transferred to the Trust, without regard to any requirements to diversify investments or other requirements.

3.03. *No Power to Engage in Business or Make Investments.* Neither the Trustee nor the Delaware Trustee shall cause the Trust to acquire or receive any asset other than the initial $1,000 cash deposit and the Royalty Interests and cash proceeds therefrom, except as permitted in Section 3.04 of this Agreement, and other amounts paid to the Trust as set forth in this Agreement or in Section 6.08 of the Conveyance, or engage in any business or investment activity of any kind whatsoever, except for the activities permitted in this Agreement. Neither the Trustee nor the Delaware Trustee shall have any power, responsibility or authority to operate the Underlying Properties or to market any production therefrom.

3.04. *Interest on Cash Reserves.* Cash being held by the Trustee on behalf of the Trust as a reserve for, or in anticipation of, the distribution of a Quarterly Distribution Amount or for the payment of any liabilities of the Trust, other than current routine Administrative Costs, or for the distribution of a Special Distribution Amount, shall be placed by the Trustee with one or more banks or financial institutions (which, to the extent to which authorized pursuant to the Business Act and other applicable laws, may be or may include any bank serving as the Trustee or the Delaware Trustee) and invested in (i) accounts payable on demand without penalty, (ii) obligations issued by (or unconditionally guaranteed by) the United States of America or any agency or instrumentality thereof (*provided* such agency or instrumentality obligations are guaranteed by the full faith and credit of the United States of America), (iii) repurchase agreements secured by obligations qualifying under clause (ii) above or (iv) certificates of deposit of any bank or banks having combined capital, surplus and undivided profits in excess of $100,000,000 which, in the case of clauses (ii), (iii) and (iv) above, matures prior to the date on which such Quarterly Distribution Amount or Special Distribution Amount is to be distributed or any such liability is to be paid. Any government obligation, repurchase agreement or certificate of deposit held by the Trustee shall be held until maturity. The interest rate on reserves placed with any bank or financial institution serving as the Trustee or the Delaware Trustee shall be the interest rate that such bank or financial institution pays in the normal course of business on amounts placed with it, taking into account the amount involved, the period held and other relevant factors.

3.05. *Power to Settle Claims; Response.* Subject to Article XIII of this Agreement, the Trustee is authorized to prosecute or defend, and to settle by arbitration or otherwise, any claim of or against the Trustee, the Trust or the Trust Estate, to waive or release rights of any kind and to pay or satisfy any debt, tax or claim upon any evidence by it deemed sufficient, without the joinder or consent of any Unitholder. Each of the Trustee and the Delaware Trustee agree to respond definitively to, and within a commercially reasonable time period following its receipt of, any written request by Dominion Resources or the Company relating to the Trust or this Agreement and complying with the last sentence of this Section 3.05, and the failure of the Trustee or the Delaware Trustee so to respond definitively and timely shall conclusively estop the Trustee or the Delaware Trustee, as the case may be, from thereafter claiming a right inconsistent with the stated intent as set forth in the notice or to the detriment of Dominion

Resources, the Company or their Affiliates with respect to such requested matters. Any request made by Dominion Resources or the Company intended to be governed by the provisions of this Section 3.05 shall specifically reference this Section.

3.06. *Power to Contract for Services; Transfer Agent and Registrar.* In the administration of the Trust, the Trustee is empowered to employ oil and gas consultants (which may include the Independent Reserve Engineers), accountants, attorneys (who may but need not be counsel to the Company, Dominion Resources or any of their Affiliates) and other professional and expert Persons, to employ or contract for clerical and other administrative assistance (including assistance from the Company, Dominion Resources or any of their Affiliates), to delegate to agents (including the Company, Dominion Resources or any of their Affiliates), employees, officers, directors, custodians or nominees (individually, an "Agent" and collectively, "Agents") any matter, whether ministerial or discretionary, and to act through such Agents and to make payment of all fees for services or expenses in any manner thus incurred out of the Trust Estate. Without limiting the generality of the foregoing, the Trustee is specifically empowered to engage one or more securities brokers, investment banking firms or agents or other experts experienced in the sale of oil and gas properties to assist in the sale or transfer of the Royalty Interests pursuant to Sections 3.02(a) and 9.03 of this Agreement, and, from time to time in its discretion, to appoint as a transfer agent and/or registrar for the Units any Entity qualified so to serve as transfer agent and/or registrar delegating to such Entity the rights, powers and duties incident thereto, whether ministerial or discretionary, and to remove such appointee and appoint another or itself to perform such functions; *provided* that in so appointing, delegating and removing, the Trustee shall be guided by the goals of obtaining proper performance of such functions and reasonably minimizing the costs incident thereto. The Trustee shall, on behalf of the Trust, retain Mellon Securities Trust Company as the initial transfer agent and registrar for the Units. Also, without limiting the generality of the foregoing, the Trustee is specifically directed to enter into an Administrative Services Agreement in the form attached hereto as Schedule 2 with Dominion Resources for the provision, throughout the term of the Trust, of accounting, bookkeeping and other administrative services necessary to provide information to the Trust relating to the Royalty Interests and the Underlying Properties and to determine amounts to be paid to the Trust with respect to the Royalty Interests, and providing for payment of a fee to Dominion Resources for such services as therein set forth.

3.07. *Payment of Liabilities of the Trust.* (a) Except as otherwise provided in this Agreement, the Trustee may and shall use all money received by the Trust for the payment or reimbursement of all liabilities of the Trust, including, but without limiting the generality of the foregoing, all expenses, taxes, liabilities incurred of all kinds, compensation and reimbursement to the Trustee and the Delaware Trustee for their respective services hereunder, as provided for in Article VII of this Agreement, and compensation to such parties as may be employed as provided for in Section 3.06 of this Agreement. With respect to any liability that is contingent or uncertain in amount or that otherwise is not currently due and payable, the Trustee may, but is not obligated to, establish a cash reserve for the payment of such liability. The Trustee shall not pay any liability of the Trust with funds set aside pursuant to Section 5.02 of this Agreement for the payment of a Quarterly Distribution Amount or a Special Distribution Amount. If at any

time the cash on hand and to be received by the Trust and available to pay liabilities is not, or will not be, in the judgment of the Trustee, sufficient to pay liabilities of the Trust as they become due, the Trustee is authorized to borrow the funds required to pay such liabilities. In such event, no further distributions shall be made to Unitholders (except in respect of a previously determined Quarterly Distribution Amount or Special Distribution Amount) until the indebtedness created by such borrowings has been paid in full. Such funds may be borrowed from any Person, including, without limitation, the Bank while serving as Trustee or any other Entity serving as a fiduciary hereunder, on a secured or unsecured basis; *provided, however*, that neither the Bank nor any other Entity shall be required to make any such loan. To secure payment of such indebtedness (including any indebtedness to the Bank or any other Entity serving as a fiduciary hereunder), the Trustee is authorized to (i) mortgage, pledge, grant security interests in or otherwise encumber the Trust Estate, or any portion thereof, including the Royalty Interests, (ii) carve out and convey production payments, (iii) include any and all terms, powers, remedies, covenants and provisions deemed necessary or advisable in the Trustee's discretion, including, without limitation, confession of judgment and the power of sale with or without judicial proceedings and (iv) provide for the exercise of those and other remedies available to a secured lender in the event of a default on such loan. If such funds are loaned to the Trust by the Bank or any other such Entity while the Bank or such other Entity is serving as a fiduciary hereunder, the terms of such indebtedness and security interest shall be similar to the terms which the Bank or such other Entity would grant to a similarly situated commercial customer with whom it did not have, directly or indirectly, a fiduciary relationship, and the Bank or such other Entity shall be entitled to enforce its rights with respect to any such indebtedness and security interests as if it were not, directly or indirectly, and had never been, directly or indirectly, Trustee or a fiduciary hereunder.

(b) In the event that the Trust becomes obligated to pay any amount of franchise tax to the State of Alabama, Dominion Resources will reimburse promptly the Trust for the full amount of such payment, together with any reasonable costs or expenses incurred by the Trust in connection with a good faith effort to contest or settle any claim by the State of Alabama for such taxes. The Trustee shall notify immediately Dominion Resources in the event that the State of Alabama imposes, or indicates its intention to impose, any such franchise tax on the Trust and shall cooperate with Dominion Resources, if requested, to oppose any such claim for franchise taxes.

3.08. *Income and Principal.* The Trustee shall not be required to keep separate accounts or records for income and principal. However, if the Trustee does keep such separate accounts or records, then the Trustee is authorized to treat all or any part of the receipts from the Royalty Interests as income or principal, without having to maintain any reserve therefor, and in general to determine all questions as between income and principal and to credit or charge to income or principal or to apportion between them any receipt or gain and any charge, disbursement or loss as is deemed advisable under the circumstances of each case.

3.09. *Terms of Contracts.* In exercising the rights and powers granted in this Agreement, the Trustee is authorized to make the term of any transaction, contract or other instrument extend beyond a date on which the Trust terminates.

3.10. *Transactions With Entity Serving as the Trustee or the Delaware Trustee.* To the extent such conduct may be authorized under applicable law and except as otherwise provided in this Agreement, each of the Trustee and the Delaware Trustee is authorized in exercising its powers under this Agreement to make contracts and have dealings with itself, directly and indirectly, in any other fiduciary or individual capacity.

3.11. *No Security Required.* No Entity serving as a trustee hereunder shall be required to furnish any bond or security of any kind.

3.12. *Divestiture of Units.* If at any time (i) the Trust, the Trustee or the Delaware Trustee 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 or asserting the invalidity of or otherwise challenging the Royalty Interests or any portion thereof or (ii) the Trustee is notified by the Company in writing of any such proceeding to which the Company or any Affiliate of the Company is made a party relating to the Underlying Properties, in either case because of the nationality, citizenship or any other status of any one or more Unitholders, the following procedures shall be applicable:

(a) The Trustee shall promptly give written notice ("Notice") to each Unitholder whose nationality, citizenship or other status is an issue in the proceeding ("Ineligible Holder") as to the existence of such controversy. The Notice shall contain a reasonable summary of such controversy, shall include and shall constitute a demand to each Ineligible Holder that such Ineligible Holder dispose of its Units to a Person who would not be an Ineligible Holder within thirty (30) days after the date of the Notice and shall advise such Ineligible Holder of the consequences set forth in paragraphs (b) and (c) of this Section 3.12 if such Ineligible Holder fails to dispose of his Units.

(b) If any Ineligible Holder fails so to dispose of his Units within thirty (30) days after the date of the Notice, cash distributions in respect of such Units held by the Ineligible Holder for Quarterly Record Dates and Special Distribution Record Dates following the expiration of such thirty (30) day period shall be suspended to such Ineligible Holder and paid into a non-interest bearing escrow account (which account shall not be deemed part of the Trust Estate) maintained by the Trustee in respect of such Units for so long as the Ineligible Holder continues to own such Units. Upon the disposition of such Units by the Ineligible Holder to a Person who is not an Ineligible Holder in the manner set forth in paragraph (a) above or upon cancellation of the Certificates evidencing such Units pursuant to paragraph (c) below, all cash distributions then held in escrow in respect of such Units shall be distributed to such Ineligible Holder and such Ineligible Holder shall only remain entitled to any cash distributions arising

from its ownership of such Units on any prior Quarterly Record Date and any prior Special Distribution Record Date.

(c) If any Ineligible Holder fails so to dispose of his Units prior to the ninetieth (90th) day after the expiration of the thirty (30) day period specified in paragraph (b) of this Section 3.12, the Trustee shall (to the extent not prohibited by applicable law) cancel all outstanding Certificates issued in the name of such Ineligible Holder, reflect on the transfer records maintained by the transfer agent on behalf of the Trust the transfer of the Units evidenced by such canceled Certificates to the Trustee, and issue a Certificate in the name of the Trustee evidencing such Units. Upon such issuance, the Trustee shall use Best Efforts to promptly sell, to the extent permitted by law, such Units on a securities exchange, quotation system or other securities market where such Units are listed or otherwise traded. In the event the Units are not at such time actively traded on a securities exchange, a quotation system or other securities market, the Trustee shall use Best Efforts to effect a private sale in any manner permitted by law. The Ineligible Holder shall be given notice of any such cancellation and subsequent transfer at his address as shown on the records of the Trustee in accordance with Section 12.08 of this Agreement accompanied by a request that such Ineligible Holder surrender to the Trustee the canceled Certificates. Upon receipt by the Trustee of the canceled Certificates, the Trustee shall pay the proceeds of any such sale (net of sales expenses) to the Ineligible Holder. In the event the canceled Certificates are not surrendered, the tender of such net sales proceeds is refused by the Ineligible Holder or such Ineligible Holder cannot be located after reasonable efforts to do so, the tendered sum shall be held by the Trustee in a non-interest bearing escrow account (which account shall not be deemed part of the Trust Estate) for the benefit of such Ineligible Holder until proper claim for same has been made by such Ineligible Holder, subject to a maximum retention period of two (2) years or such shorter period as shall be permitted by applicable laws concerning unclaimed property, at which time the balance in such account shall be paid to the Trust. Any Certificate previously evidencing Units transferred to the Trustee pursuant to this Section 3.12 shall cease to represent any Units.

3.13. *Filing of Registration Statement and Certain Reports; Listing of Units; Certain Fees and Expenses.*

(a) In connection with the initial public offering of Units, the Trustee shall, upon the request of Dominion Resources and on behalf of the Trust, cooperate with Dominion Resources and otherwise use Best Efforts to cause:

(i) the Exchange Act Registration Statement to be prepared, signed and filed and to become effective; and

(ii) the Units to be listed for trading on the NYSE or another national securities exchange, as Dominion Resources shall select, or, if listing on a national

securities exchange is not feasible or is undesirable as determined by Dominion Resources, to cause the Units to be admitted for quotation on NASDAQ-NMS.

Dominion Resources shall be obligated and entitled, at its own expense except as otherwise provided in this Agreement, to take or cause to be taken all steps customary or appropriate to the accomplishment of the objectives set forth in this Section 3.13 including, without limitation, engaging counsel for itself and approving special counsel for the Trust, engaging accountants for the Trust, contracting for all printing and engraving services, making all filings and applications necessary to the foregoing and paying all filing and application fees associated therewith. The Trustee shall execute, by and on behalf of the Trust, any documents incidental or related to the foregoing objectives. In this regard, Dominion Resources shall advise the Trustee of any actions (consistent with the purposes of the Trust) that the Trustee should take in connection with the foregoing objectives.

(b) Except as otherwise precluded by the provisions in Article VI of this Agreement, the fees, charges, expenses, disbursements and other costs incurred by the Trustee or the Delaware Trustee in connection with the discharge of its duties pursuant to this Agreement, including, without limitation, trustee fees, engineering, audit, accounting and legal fees, printing and mailing costs, amounts reimbursed or paid to the Company or Dominion Resources pursuant to Section 3.06 of this Agreement or the Administrative Services Agreement, and the fees and expenses of legal counsel for the Trustee, the Delaware Trustee and the Trust (including, without limitation, legal fees and expenses incurred by the Trustee and the Delaware Trustee in connection with the formation of the Trust and issuance of Certificates evidencing the Units), shall be paid out of the Trust Estate as an Administrative Cost of the Trust; *provided, however,* that the organizational expenses of the Trust and all costs incurred in connection with the recordation of the Conveyance shall be paid by Dominion Resources, except that the cost of legal counsel for the Trustee, the Delaware Trustee and the Trust (including, without limitation, legal fees incurred by the Trustee and the Delaware Trustee in connection with the formation of the Trust and issuance of the Certificates evidencing the Units) shall be paid out of the Trust Estate and the recording costs paid by Dominion Resources and the acceptance fees of the Trustee and the Delaware Trustee paid by Dominion Resources upon execution of this Agreement shall be reimbursed to Dominion Resources out of the first cash amounts received by the Trust as Trust Estate.

(c) After the registration of the Units pursuant to the Exchange Act or the listing of the Units on the NYSE or another national securities exchange or the admission for quotation of the Units on NASDAQ-NMS, the Trustee, on behalf of the Trust, shall cause the Trust to comply with all of the rules, orders and regulations of the Commission, such exchange or the NASD related to such registration, listing or quotation, as the case may be, and take all such other reasonable actions necessary for the Units to remain so registered, listed or admitted for quotation until the Trust is terminated.

(d) The Trustee is empowered and authorized, if the over-allotment option granted to the underwriters in the Underwriting Agreement is not exercised in full on the date of the initial closing of the Units under the Underwriting Agreement, to cause the Trust to enter into any agreement or agreements with Dominion Resources that set forth the terms and conditions upon which the Trust, the Trustee and the Delaware Trustee, as and to the extent legally required under the Securities Act, would participate in an attempt by Dominion Resources to sell any remaining Units owned by it. Such terms and conditions may include, without limitation, the participation by the Trustee and the Delaware Trustee in the execution and filing on behalf of the Trust of a registration statement under the Securities Act covering all or any portion of the remaining Units that may be offered for sale by Dominion Resources.

3.14. *Reserve Reports.* The Trustee shall cause a reserve report to be prepared for the Trust as of December 31 of each year, commencing December 31, 1994, in accordance with criteria established by the Commission showing estimated proved natural gas reserves attributable to the Royalty Interests as of December 31 of such year and other reserve information required to comply with Sections 5.03 and 5.04 of this Agreement. The reserve reports required by the preceding sentence shall be prepared by a firm of independent petroleum engineers mutually selected by the Trustee and, so long as Dominion Resources' obligations under Article X of this Agreement are in effect, the Company. Such reserve reports shall also show the estimated future net revenues and the net present value (discounted at ten percent (10%)) of the estimated future net revenues (calculated in accordance with criteria established for such calculations by the Commission) from proved reserves attributable to the Royalty Interests and the amount of the estimated net present value (discounted at ten percent (10%)) of the remaining Section 29 tax credits attributable to the Royalty Interests. The costs of the reserve reports will be paid by the Trust and will constitute an Administrative Cost of the Trust.

In assisting the Trustee and its Agents in the preparation of the reserve reports required by this Section 3.14, Dominion Resources and the Company shall be required to furnish all current and existing reserve, production and geophysical data in their possession relating to the Royalty Interests reasonably requested by or on behalf of the independent petroleum engineers selected pursuant to this Section 3.14 as necessary to prepare such reserve reports; *provided*, that they shall not be required nor requested to disclose or produce any information, documents or other materials which (a) were generated for analysis or discussion purposes or contain interpretative data or (b) are subject to the attorney-client or attorney-work product privileges, or any other privileges to which they may be entitled pursuant to applicable law.

3.15. *Limited Power of Amendment.* Notwithstanding any other provision of this Agreement, it is the intention of the parties hereto that none of the powers of the Trustee or the Delaware Trustee set forth in this Article III shall be construed as enabling the conduct of a business. In the event, that on the basis of the purposes set forth in Article II or on the basis of any other provision of this Agreement, a business purpose is found or deemed to exist by any local, state or federal taxation authority or any other authority on which finding any taxation authority might rely, the Trustee is authorized to amend or delete and, subject to receipt of an

opinion of counsel reasonably satisfactory to the Trustee, the Trustee, the Delaware Trustee, Dominion Resources and the Company shall amend or delete any provision of this Agreement or take such other action as may be necessary to eliminate such business purpose, and such action shall not require the approval of the Unitholders. The limited power of the Trustee set forth in this Section 3.15 shall supplement the terms of Section 11.02 of this Agreement.

ARTICLE IV

Trust Units and Beneficial Interest in Certificates

4.01. *Creation and Distribution.* Ownership of the entire Beneficial Interest shall be divided into 7,850,000 Units. The ownership of the Units shall be evidenced by Certificates in substantially the form set forth in Schedule 4 attached to this Agreement. The Certificates may contain such changes of form, but not substance, as the Trustee, from time to time, deems necessary or desirable.

4.02. *Rights of the Unitholders; Limitation on Personal Liability of the Unitholders.* Each Unit shall represent an undivided *pro rata* ownership of the Beneficial Interest and shall entitle its holder to participate *pro rata* in the rights and benefits of Unitholders under this Agreement. A Unitholder (whether by assignment or otherwise) shall take and hold each Unit subject to all the terms and provisions of this Agreement and the Conveyance, which shall be binding upon and inure to the benefit of the successors, assigns, legatees, heirs and personal representatives of such Unitholder. By an assignment or a transfer of one or more Units, the assignor thereby shall, with respect to such assigned or transferred Unit or Units, part with, except as provided in Section 4.04 of this Agreement in the case of a transfer after a Quarterly Record Date or Special Distribution Record Date, and prior to the corresponding payment date, (i) all of its Beneficial Interest attributable to such Unit or Units and (ii) all interests, rights and benefits of a Unitholder under the Trust and this Agreement that are attributable to such Unit or Units as against all other Unitholders, the Trust and the Trustee, including, without limiting the generality of the foregoing, any and all rights to any Quarterly Distribution Amounts, or any portion thereof, attributable to any Units so assigned or transferred, for any Quarterly Period or Quarterly Periods subsequent to the Quarterly Period that relates to the last Quarterly Record Date on which the assignor owned such Units, and any and all rights to any Special Distribution Amount, or any portion thereof, distributed subsequently to the distribution of the Special Distribution Amount which relates to the last Special Distribution Record Date on which the assignor owned such Units. The Certificates and the Units and the rights, benefits and interests evidenced thereby (including, without limiting the foregoing, the entire Beneficial Interest) are and, for all purposes, shall be construed (except for tax purposes) to be, in all respects intangible personal property, and the Units shall be bequeathed, assigned, disposed of and distributed as intangible personal property. No Unitholder as such shall have any title, legal or equitable, in or to any real property interest or tangible personal property interest that may be considered a part of the Trust Estate, including, without limiting the foregoing, the Royalty Interests or any part thereof, or in or to any asset of the Trust Estate to the extent that an interest in such asset would cause the interest of a Unitholder to be treated as other than an intangible personal

property interest, but the sole interest of each Unitholder shall be his ownership in the Beneficial Interest. No Unitholder shall have the right to call for or demand or secure any partition or distribution of the Royalty Interests or any other asset of the Trust Estate or any accounting during the continuance of the Trust or during the period of liquidation and winding up under Sections 9.03 and 9.04 of this Agreement. Pursuant to Section 3803(a) of the Business Act, the Unitholders shall be entitled, to the fullest extent permitted by law, to the same limitation on personal liability as is extended under the Delaware General Corporation Law to stockholders of private corporations for profit.

4.03. *Execution of Certificates.*

(a) All Certificates shall be signed by a duly authorized officer of the Trustee. Certificates may be signed on behalf of the Trustee by such person as at the actual date of the signing of such Certificates is the proper officer of the Trustee, although at the nominal date of such Certificates any such person was not such officer of the Trustee. Any such signature may be the manual or facsimile signature (to the extent permitted by law or the rules or regulations of any securities exchange or quotation system on which the Units are listed or admitted for trading) of such officers and may be affixed, imprinted or otherwise reproduced on the Certificate.

(b) Pending the preparation of definitive Certificates, the Trustee shall execute, and the transfer agent and registrar for the Units appointed in accordance with Section 3.06 of this Agreement shall countersign and register, temporary Certificates, as directed in a certificate of an officer of Dominion Resources. Temporary Certificates may contain such references to any provisions of this Agreement as may be appropriate. Every temporary Certificate shall be executed by the Trustee and signed and registered upon the same conditions and in substantially the same manner, and with like effects as the definitive Certificates.

(c) As promptly as practicable, the Trustee shall execute and furnish definitive Certificates and thereupon temporary Certificates shall be surrendered in exchange therefor without charge to the Unitholders at the principal office of the transfer agent at which Certificates may be presented for transfer pursuant to Section 4.04 of this Agreement, and the Trustee (or the transfer agent and registrar if an Entity other than the Trustee is serving in such capacities) shall sign and register in exchange for such temporary Certificates a like aggregate amount of definitive Certificates. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Agreement as definitive Certificates.

4.04. *Registration and Transfer of Units; Lost and Destroyed Certificates.* The Units shall be transferable as against the Trustee as provided in this Agreement, and then only on the records of the Trustee maintained for such purpose and, except as provided in Section 3.12 of this Agreement, upon the surrender of Certificates, if any, and compliance with such reasonable requirements as the Trustee may prescribe. No service charge shall be made to the transferor

or Transferee for any registration of transfer of a Unit, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. Until any such registration of transfer is completed, the Trustee may treat the owner of any Unit as shown on its ownership ledger as the owner of the Unit for all purposes and shall not be charged with notice of any claim or demand respecting such Unit or the interest represented thereby by any other party. Any such registration of transfer of a Unit shall, as to the Trustee, transfer to the Transferee as of the close of business on the date of registration of transfer all of the undivided right, title and interest of the transferor in and to the Beneficial Interest, *provided* that (a) registration of a transfer of a Unit after any Quarterly Record Date shall not transfer to the Transferee the right of any transferor to any sum payable to such transferor as the holder of record of the Unit on said day and (b) registration of a transfer of a Unit after a Special Distribution Record Date shall not transfer to the Transferee the right of any transferor to the Special Distribution Amount payable to such transferor as the holder of record of the Unit on said day. As to matters affecting the title, ownership, warranty or transfer of Units, Article 8 of the Uniform Commercial Code, the Uniform Act for Simplification of Fiduciary Security Transfers and other statutes and rules with respect to the transfer of securities, each as is adopted and then in force in the State of Delaware, shall govern and apply. The death of any Unitholder shall not entitle the Transferee of such Unitholder to an accounting or valuation for any purpose, but such Transferee shall succeed to all rights of the deceased Unitholder under this Agreement upon proper proof of title, satisfactory to the Trustee.

If any Certificate should become lost, stolen, destroyed or mutilated, the Trustee, in its discretion and upon proof satisfactory to the Trustee, together with a surety bond sufficient in the opinion of the Trustee to indemnify the Trustee, the Delaware Trustee and the Trust against all loss or expenses in the premises, and, in the case of a mutilated Certificate, surrender of the mutilated Certificate, may issue a new Certificate to the holder of such lost, stolen, destroyed or mutilated Certificate as shown by the records of the Trustee, upon payment of a reasonable charge of the Trustee and any reasonable expenses incurred by it in connection therewith.

4.05. *Protection of the Delaware Trustee and the Trustee.* Each of the Delaware Trustee and the Trustee, and each Entity serving in any such fiduciary capacity, shall be protected in relying or reasonably acting upon any notice, certificate, assignment, opinion or advice of counsel, report of certified public accountant, petroleum engineer, oil and gas consultant (including the Independent Reserve Engineers) or auditor or other expert, credential or any other document or instrument. Each of the Delaware Trustee and the Trustee, and each Entity serving in any such fiduciary capacity, is specifically authorized to rely upon the application of Article 8 of the Uniform Commercial Code, the application of the Uniform Act for Simplification of Fiduciary Security Transfers and the application of other statutes and rules with respect to the transfer of securities, each as is adopted and then in force in the State of Delaware, as to all matters affecting title, ownership, warranty or transfer of the Certificates and Units, without any personal liability for such reliance, and the indemnity granted under Section 6.02 of this Agreement shall specifically extend to any matters arising as a result thereof. Further, and without limiting the foregoing, each of the Delaware Trustee, the Trustee and each Entity serving in either such capacity, is specifically authorized and directed to rely upon the

validity of the Conveyance and the title held by the Trust in the Royalty Interests pursuant thereto, and is further specifically authorized and directed to rely upon an opinion of counsel in the state in which the Underlying Properties are located, without any liability in any capacity for such reliance.

4.06. *Determination of Ownership.* In the event of any disagreement between Persons claiming to be Transferees of any Unit, and in addition to other rights which it may have under applicable law, the Trustee shall be entitled at its option to refuse to recognize any such claim so long as such disagreement shall continue. In so refusing, the Trustee, and any Entity serving in such capacity, may elect to make no disposition of the interest represented by the Unit involved, or any part thereof, or of any sum or sums of money accrued or accruing thereunder, and, in so doing, the Trustee shall not be or become liable to any Person for the failure or refusal of the Trustee to comply with such conflicting claims, and shall be entitled to continue to refrain and refuse so to act, until:

(a) the rights of the adverse claimants have been adjudicated by arbitration (pursuant to Article XIII of this Agreement in the case of the Trust, the Trustee, the Delaware Trustee and Dominion Resources or its Affiliates) or a final non-appealable judgment of a court (in the case of the Trust, the Trustee, the Delaware Trustee and Persons other than Dominion Resources and its Affiliates) assuming and having jurisdiction of the parties and the interest and money involved; or

(b) all differences have been resolved by valid agreement between said parties and the Trustee shall have been notified thereof in writing signed by all of the interested parties.

Nothing in this Section 4.06 shall diminish the rights and protections of the Trustee and the Delaware Trustee under this Agreement, including, without limitation, rights and protections granted under Section 4.05 of this Agreement.

ARTICLE V

Accounting and Distribution; Reports

5.01. *Fiscal Year and Accounting Method.* The Trustee shall adopt for the Trust the calendar year as its fiscal year and shall maintain its books on an appropriate basis to comply with Sections 5.03 and 5.04 of this Agreement, except to the extent that such books must be maintained on any other basis pursuant to applicable law.

5.02. *Quarterly and Special Distributions.*

(a) On or before the last Business Day before the forty-fifth (45th) day following the end of each Quarterly Period, the Company shall, pursuant to the Conveyance, pay to the Trust the cash from the Royalty Interests attributable to the sale

of production during such Quarterly Period. At least ten (10) days, or such longer period of time as may be required by the rules of any securities exchange or quotation system on which the Units are listed or admitted to trading, prior to each Quarterly Record Date and otherwise in accordance with all applicable rules and regulations of the Commission and any such securities exchange or quotation system, the Trustee shall make an announcement of its determination of the Quarterly Distribution Amount for the relevant Quarterly Period. Any excess of interest actually earned on the cash proceeds paid to the Trust over the interest expected to be earned thereon, as provided in the definition of Quarterly Distribution Amount, shall be included in the next Quarterly Distribution Amount. Any deficit in interest actually earned compared to interest expected to be earned, as provided in the definition of Quarterly Distribution Amount, shall be made up from appropriate cash reserves of the Trust established for that purpose, and the amount of any reduction in such reserve shall be treated as an Administrative Cost of the Trust for the Quarterly Period in which the deficit is realized. On or prior to the seventieth (70th) day after the end of each Quarterly Period during the term of the Trust, the Trustee shall, subject to Section 3.12 of this Agreement, distribute *pro rata* the Quarterly Distribution Amount with respect to such Quarterly Period to Unitholders of record on the Quarterly Record Date for such Quarterly Period.

(b) The Trustee shall determine the amount of any Special Distribution Amount and on the Special Distribution Record Date for such Special Distribution Amount shall establish a cash reserve equal to such amount. At least ten (10) days, or such longer period of time as may be required by the rules of any securities exchange or quotation system on which the Units are listed or admitted to trading, prior to each Special Distribution Record Date and otherwise in accordance with all applicable rules and regulations of the Commission and any such securities exchange or quotation system, the Trustee shall make an announcement of its determination of the Special Distribution Amount. Any excess of interest actually earned on such Special Distribution Amount over the interest expected to be earned thereon, as provided in the definition of Special Distribution Amount, shall be included in the next computed Quarterly Distribution Amount or Special Distribution Amount. Any Special Distribution Amount shall, subject to Section 3.12 of this Agreement, be distributed by the Trustee *pro rata* to Unitholders of record on the Special Distribution Record Date, on or prior to the fifteenth (15th) day following the Special Distribution Record Date. Distribution of a Special Distribution Amount having the same record date as a Quarterly Distribution Amount shall be in conjunction with the distribution of the Quarterly Distribution Amount.

5.03. *Income Tax Reporting*. For federal or state income tax purposes, the Trustee shall file for the Trust such returns and statements as the Trustee is advised are required to comply with applicable provisions of (i) the Internal Revenue Code of 1986, as amended, or any successor statute or statutes and the regulations thereunder and (ii) any applicable state laws or regulations thereunder, in either case to permit each Unitholder to make all calculations reasonably necessary for tax purposes. The Trustee is authorized and directed to treat all

income, credits and deductions of the Trust for each Quarterly Period as having been realized on the Quarterly Record Date for such Quarterly Period unless otherwise advised by counsel.

The Trustee may, but shall not be obligated to, enter into an agreement (the "DER Agreement") on behalf of the Trust with the Alabama Department of Revenue permitting the Trust to file a "composite income tax return" (a "Composite Return") in the State of Alabama on behalf of all Unitholders who are not residents of Alabama; *provided*, that the DER Agreement is revocable at any time by either the Trust or the Alabama Department of Revenue. For the purposes of each Composite Return, the Trustee shall be entitled to use the mailing address of the Unitholders of record for the purposes of determining which Unitholders are residents of Alabama, and to use other conventions as may be permitted under the terms of the DER Agreement. Notwithstanding the foregoing, the Trustee shall revoke the DER Agreement and not file a Composite Return for any year in which the Composite Return reflects net taxable income.

5.04. *Reports to the Unitholders and Others.*

(a) Within seventy-five (75) days following the end of each of the first three Quarterly Periods of each calendar year, the Trustee shall mail to each Person who was a Unitholder of record (i) on the Quarterly Record Date for each such Quarterly Period and (ii) on each Special Distribution Record Date occurring during each such Quarterly Period, if any, a report which shall show in reasonable detail the assets and liabilities and receipts and disbursements of the Trust and the revenues and direct operating expenses of the Company's interest in the Underlying Properties for such Quarterly Period. Within one hundred twenty (120) days following the end of each fiscal year or such shorter period of time as may be required by the rules of any securities exchange or quotation system on which the Units are listed or admitted for trading, the Trustee shall mail to each Person who was a Unitholder of record on a date to be selected by the Trustee an annual report, containing financial statements audited by a nationally recognized firm of independent public accountants selected by the Trustee, and such annual reserve information regarding the Royalty Interests, as may be required by any regulatory authority having jurisdiction.

(b) Promptly after receipt of the requisite information and no later than the fifteenth (15th) day of March in each calendar year, the Trustee shall prepare and mail to Unitholders of record (i) on each of the Quarterly Record Dates occurring during the prior calendar year and (ii) on each Special Distribution Record Date occurring during the prior calendar year, if any, such report or reports as may be necessary to permit each Unitholder to make all calculations reasonably necessary for federal and state tax purposes for the preceding calendar year or any Quarterly Period thereof.

(c) The Trustee is authorized to make and shall take all reasonable actions necessary to make all Exchange Act filings on behalf of the Trust with the Commission. It is the intention of Dominion Resources that the Units be listed on the NYSE and, in

this regard, Dominion Resources shall advise the Trustee of any actions (consistent with the purposes of the Trust) that the Trustee should take in connection with the effectuation of such listing. If listing is accomplished, the Trustee shall take all reasonable actions necessary to maintain such listing, including compliance with the rules of such securities exchange and the filing of any reports required by such securities exchange. Dominion Resources shall prepare and file all filings and reports required under the Securities Act or state securities or Blue Sky laws.

(d) The Trustee is authorized to make and, subject to receipt of an opinion of counsel reasonably satisfactory to the Trustee, the Trustee shall take all reasonable actions to prepare and mail to Unitholders, any reports, press releases or statements, financial or otherwise, that Dominion Resources notifies the Trustee in writing are required to be provided by the Trust to Unitholders by law or governmental regulation or the requirements of any securities exchange or quotation system on which the Units are listed or admitted to trading.

(e) Notwithstanding any time limit imposed by paragraph (a) or (b) of this Section 5.04, if, due to the unavailability prior to the expiration of any such time limit of information necessary, or a delay in receipt by the Trustee of information necessary, for preparation of a report or reports required by such paragraphs, the Trustee shall be unable to prepare and mail such report or reports within such time limit, the Trustee shall prepare and mail such report or reports as soon thereafter as practicable.

5.05. *Information to be Supplied by Dominion Resources, the Company and the Trustee.* Subject to the second paragraph of Section 3.14 of this Agreement, Dominion Resources and the Company shall provide, or cause to be provided, to the Trustee on a timely basis (a) the information provided for under the Administrative Services Agreement (attached to this Agreement as Schedule 2) to be entered into at the Closing and (b) such other information as is not known to the Trustee or is otherwise more easily available to the Company or Dominion Resources than to the Trustee concerning the Royalty Interests (including information with respect to the properties burdened by the Royalty Interests) and related matters as shall be necessary to permit the Trustee to comply with respect to the Trust with the reporting obligations of the Trust pursuant to the Exchange Act, the requirements of any securities exchange or quotation system on which the Units are listed or admitted for trading and this Agreement. Dominion Resources and the Company shall permit the Trustee during normal business hours to review the books and records pertaining to the assets and liabilities and receipts and disbursements and revenues and direct operating expenses of the Company's interest in the Underlying Properties. Notwithstanding any other provision to the contrary in this Agreement, the Administrative Services Agreement or the Conveyance, Dominion Resources, the Company and their Affiliates shall not be required nor requested to disclose, produce or prepare any information, documents or other materials which (i) were generated for analysis or discussion purposes or contain interpretative data or (ii) are subject to the attorney-client or attorney-work product privileges, or any other privileges to which they may be entitled pursuant to applicable law. The Trustee shall provide to the Company and Dominion Resources, within fifteen (15)

days after the end of each Quarterly Period, a written itemized report showing each Administrative Cost of the Trust paid during such Quarterly Period (including, but not limited to, each out-of-pocket expenditure, all trustee compensation and the administrative services fee paid to Dominion Resources).

ARTICLE VI

Liability of the Delaware Trustee and the Trustee, Indemnification and Method of Succession

6.01. *Liability of the Delaware Trustee and the Trustee.* Notwithstanding any other provision of this Agreement, each of the Delaware Trustee and the Trustee, in carrying out its powers and performing its duties, may act directly or in its discretion, at the expense of the Trust, through Agents or attorneys pursuant to agreements entered into with any of them. Each Entity serving as Delaware Trustee or Trustee shall be personally or individually liable only for (a) fraud or acts or omissions in bad faith or which constitute gross negligence as adjudicated by arbitration or a final non-appealable judgment of a court of competent jurisdiction and (b) taxes, fees and other charges on, based on or measured by any fees, commissions or compensation received in connection with any of the transactions contemplated by this Agreement, and shall not otherwise be individually or personally liable for any act or omission of any Agent unless such Entity has acted in bad faith or with gross negligence in the selection and retention of such Agent. No Entity serving as the Trustee or the Delaware Trustee shall be individually liable by reason of any act or omission of any other Entity serving as the Trustee or the Delaware Trustee. The indemnification provided to the Trustee and the Delaware Trustee under Section 6.02 of this Agreement is subject to the terms of this Section 6.01.

6.02. *Indemnification of the Trustee and the Delaware Trustee.*

(a) Subject to Sections 6.02(c) and 6.02(e) of this Agreement, each Entity serving as the Delaware Trustee or the Trustee, as well as each of their respective Agents (including the Company, Dominion Resources and any of their Affiliates when acting as Agents), shall be indemnified and held harmless by, and receive reimbursement from, the Trust Estate and Dominion Resources, jointly and severally, against and from any and all liabilities, obligations, actions, suits, costs, expenses, claims, damages, losses, penalties, taxes, fees and other charges (collectively, "Expenses", excluding, however, any taxes, fees and other charges payable by the Trustee and the Delaware Trustee on, based on or measured by any fees, commissions or compensation received by the Trustee and the Delaware Trustee for their services under this Agreement) incurred by it, individually, in the administration of the Trust and the Trust Estate or any part or parts thereof, or in the doing of any act done or performed, or in any omission occurring on account of its being the Trustee or the Delaware Trustee, except such Expenses for which it is liable under Section 6.01 of this Agreement (IT BEING UNDERSTOOD THAT EACH ENTITY SERVING AS THE DELAWARE TRUSTEE OR THE TRUSTEE SHALL BE INDEMNIFIED AND HELD HARMLESS BY, AND RECEIVE

REIMBURSEMENT FROM, THE TRUST ESTATE AND DOMINION RESOURCES, AS THE CASE MAY BE, AGAINST SUCH ENTITY'S OWN NEGLIGENCE WHICH DOES NOT CONSTITUTE GROSS NEGLIGENCE). Each Entity serving as the Delaware Trustee or the Trustee shall have a lien upon the Trust Estate for payment of such indemnification and reimbursement (including, without limitation, repayment of any funds borrowed from any Entity serving as fiduciary hereunder) as well as for compensation to be paid to such Entity, in each case entitling such Entity to priority as to payment thereof over payment to any other Person under this Agreement. Neither the Delaware Trustee nor the Trustee nor any Entity serving in either of such capacities nor any Agent thereof, shall be entitled to any reimbursement or indemnification from any Unitholder for any Expenses incurred by the Delaware Trustee or the Trustee or any such Entity or Agent thereof, except as provided in the second paragraph of Section 4.04 of this Agreement, whether or not the Trust Estate is exhausted without full reimbursement or indemnification of the Trustee, the Delaware Trustee or any such Entity or Agent thereof. All legal or other expenses reasonably incurred by the Trustee or the Delaware Trustee in connection with the investigation or defense of any Expenses as to which such Entity or any Agent thereof is entitled to indemnity under this Section 6.02(a) shall be paid out of the Trust Estate or, subject to Section 6.02(e) of this Agreement, by Dominion Resources.

(b) Dominion Resources shall indemnify and hold harmless each Entity serving as the Delaware Trustee and the Trustee and any Agents thereof, individually and as trustee, as the case may be, against any Expenses to which such Entity or Agent thereof may become subject, under or with respect to the Securities Act, the Exchange Act, any other federal or state securities law or otherwise, insofar as such Expenses arise out of, are based upon or are connected with an untrue statement or alleged untrue statement of a material fact contained in, or an omission or alleged omission of a material fact from, (i) the Securities Act Registration Statement, any preliminary prospectus, the final prospectus or any amendment or supplement thereto, or (ii) any other filing, report or other action taken with respect to the Securities Act, the Exchange Act or any other federal or state securities law, the listing of the Units on the NYSE or another national securities exchange or the quotation of the Units on NASDAQ-NMS; *provided, however,* that Dominion Resources shall not be liable to and shall not indemnify the Entities serving as the Trustee or the Delaware Trustee, individually or as trustees, as the case may be, in any such case under the preceding clause (i) of this Section 6.02(b) to the extent that any such Expense arises out of, is based upon or is connected with information prepared or furnished by the Trustee or the Delaware Trustee, as the case may be, expressly for use in the Securities Act Registration Statement, any preliminary prospectus, the final prospectus or any amendment or supplement thereto; and *provided further,* that Dominion Resources shall not be liable to the Entities serving as the Trustee or the Delaware Trustee, individually or as trustees, as the case may be, in any such case under the preceding clause (ii) of this Section 6.02(b) to the extent that any such Expense arises out of, is based upon or is connected with information prepared or furnished (A) by the Trustee and the Trustee is found liable

pursuant to the provisions of Section 6.01 of this Agreement or (B) by the Delaware Trustee and the Delaware Trustee is found liable pursuant to the provisions of Section 6.01 of this Agreement. Subject to Sections 6.02(d) and (e) of this Agreement, Dominion Resources shall reimburse the Entities serving as the Trustee and the Delaware Trustee for any legal or other expenses reasonably incurred by such Entities in connection with the investigation or defense of any Expenses with respect to which such Trustee or any Agent thereof is entitled to indemnity by Dominion Resources under this Agreement.

(c) The Company shall indemnify and hold harmless the Trust from and against any Expenses to which the Trust may become subject arising out of or in connection with any liability under Environmental Laws that arise out of or relate to activities occurring on or under, or in connection with, or conditions existing on or under, the Underlying Properties prior to the date of Closing. The Company shall also indemnify and hold harmless each Entity serving as the Delaware Trustee or the Trustee, and any Agents thereof, individually and as trustee, as the case may be, from and against any Expenses to which such Entity or Agent thereof may become subject in connection with any liability under Environmental Laws (now or hereafter in effect) that arise out of or relate to activities occurring on or under, or in connection with, or conditions existing on or under, the Underlying Properties at any time. The indemnity provided under this Section 6.02(c) shall be a personal right in favor of the Trust, the Delaware Trustee and the Trustee (rather than a covenant running with the land) and shall not be assignable or transferable to any Person (other than a successor trustee).

(d) If any action or proceeding shall be brought or asserted against the Trust, the Trustee or the Delaware Trustee or any Agent thereof (each referred to as an "Indemnified Party" and, collectively, the "Indemnified Parties") in respect of which indemnity may be sought from Dominion Resources or the Company (the "Indemnifying Party") pursuant to Sections 6.02(b) and 6.02(c) of this Agreement, respectively, of which the Indemnified Party shall have received notice, the Indemnified Party shall promptly notify the Indemnifying Party in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all costs and expenses; *provided, however,* that the failure so to notify the Indemnifying Party of the commencement of any such action or proceeding shall not relieve the Indemnifying Party from any liability that it may have to any Indemnified Party under this Section 6.02 unless the Indemnifying Party is prejudiced or damaged by the failure to receive prompt notice. The Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (i) the Indemnifying Party has agreed to pay such fees and expenses; (ii) the Indemnifying Party shall have failed to assume the defense of such action or proceeding and employ counsel reasonably satisfactory (including the qualifications of such counsel) to the Indemnified Party on any such action or proceeding or (iii) the named parties to any such action or proceeding include both the Indemnified

Party and the Indemnifying Party and the Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to such Indemnified Party that are different from or in addition to those available to the Indemnifying Party or any other Indemnified Party (in which case, if the Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such action or proceeding on behalf of the Indemnified Party and the Indemnified Party may employ such counsel for the defense of such action or proceeding as is reasonably satisfactory to the Indemnifying Party; it being understood, however, that, except in the case of the addition of counsel caused by the existence or development of a conflict rendering unified representation impermissible or unadvisable, the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys for the Indemnified Parties at any time). The Indemnifying Party shall not be liable for any settlement of any such action or proceeding effected without the written consent of the Indemnifying Party, but, if settled with such written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Indemnifying Party agrees (to the extent stated above) to indemnify and hold harmless the Indemnified Party from and against any Expenses by reason of such settlement or judgment.

(e) Any Expenses for which an Indemnified Party (including, without limitation, each Entity serving as the Trustee or the Delaware Trustee) may be entitled to indemnification pursuant to Section 6.02(a) or 6.02(c) of this Agreement shall be first satisfied out of the Trust Estate prior to any indemnification from Dominion Resources or the Company, as the case may be, except for Expenses incurred by an Indemnified Party arising out of or in connection with any Environmental Laws that arise out of or relate to activities occurring on or under, or in connection with, or conditions existing on or under the Underlying Properties prior to the date of Closing (which Expenses are to be borne by the Company or, pursuant to Section 10.01 of this Agreement, Dominion Resources and not the Trust), *provided* that Dominion Resources or the Company shall be required to provide such indemnification at any time and from time to time that cash in the Trust Estate or cash reasonably anticipated to be available is inadequate to satisfy and discharge such claims, damages or liabilities.

(f) The parties expressly acknowledge and agree that in no event shall the Trust, Dominion Resources or the Company be relieved of any obligation under this Agreement for indemnification to (i) the Delaware Trustee as a result of any action or failure to act by the Trustee and (ii) the Trustee as a result of any action or failure to act by the Delaware Trustee.

(g) The obligations of the Trust, Dominion Resources and the Company under this Section 6.02 shall survive the resignation or removal of the Trustee or the Delaware Trustee and the termination of the Trust and this Agreement.

6.03. *Resignation of the Delaware Trustee or the Trustee.* Any Entity serving as the Delaware Trustee or the Trustee may resign, as such, with or without cause, at any time by written notice to Dominion Resources, the Company, any other entity serving as the Delaware Trustee or the Trustee and to each of the then Unitholders of record in accordance with Section 12.08 of this Agreement. Such notice shall specify a date when such resignation shall take effect, which shall be a Business Day not less than sixty (60) days after the date such notice is delivered; *provided, however,* that in no event shall any resignation of the Trustee be effective until a successor Trustee has accepted its appointment as Trustee pursuant to the terms of this Agreement, *provided further* that in no event shall any resignation of the Delaware Trustee be effective until a successor Delaware Trustee has accepted its appointment as Delaware Trustee pursuant to the terms of this Agreement. If the Trustee has given notice of resignation in accordance with this Section 6.03 and a successor has not accepted its appointment as successor Trustee during the 210-day period following the receipt by Dominion Resources of such notice of resignation, the annual fee payable in accordance with Section 7.01 of this Agreement to such resigning Trustee in accordance with Schedule 1 attached hereto shall be increased as of the end of such 210-day period by ten (10) percent and shall be further increased by ten (10) percent for each month or portion thereof thereafter to a maximum of five (5) times the fee payable at the time the notice of resignation was received by Dominion Resources until a successor has accepted its appointment as successor Trustee.

6.04. *Removal of the Delaware Trustee or the Trustee.* Each Entity serving as the Delaware Trustee or the Trustee may be removed as trustee hereunder, with or without cause, by the vote of Unitholders of record owning a majority of the then outstanding Units at a meeting held in accordance with the requirements of Article VIII of this Agreement, *provided* that any removal of the Delaware Trustee shall be effective only at such time as a successor Delaware Trustee, fulfilling the requirements of Section 3807(a) of the Business Act, has been appointed and has accepted such appointment, and *provided further* that any removal of the Trustee shall be effective only at such times as a successor Trustee has been appointed and has accepted such appointment. The Unitholders present or represented at any such meeting where a trustee is removed may elect in accordance with the requirements of Article VIII of this Agreement, a successor trustee at such meeting, who may accept such appointment effective as of the close of such meeting.

6.05. *Appointment of Successor Delaware Trustee or Successor Trustee.* In the event of the resignation or removal of the Entity serving as the Delaware Trustee or the Trustee or if any such Entity has given notice of its intention to resign to the Delaware Trustee or the Trustee, the Unitholders represented at a meeting held in accordance with the requirements of Article VIII of this Agreement may appoint a successor trustee. Nominees for appointment may be made by (i) Dominion Resources, (ii) the resigned, resigning or removed trustee or (iii) any Unitholder or Unitholders owning of record at least ten percent (10%) of the then outstanding

Units. Any successor to the Trustee shall be a bank or trust company having combined capital, surplus and undivided profits of at least $100,000,000. Any successor to the Delaware Trustee shall be a bank or trust company having its principal place of business in the State of Delaware and having combined capital, surplus and undivided profits of at least $20,000,000. In the event that a new trustee has not been approved within sixty (60) days after a notice of resignation, a vote of Unitholders removing a trustee or other occurrence of a vacancy, a successor trustee may be appointed by any State or Federal District Court having jurisdiction in New Castle County, Delaware, upon the application of any Unitholder, Dominion Resources or the Entity tendering its resignation as trustee filed with such court, and in the event any such application is filed, such court may appoint a temporary trustee at any time after such application is filed, which shall, pending the final appointment of a trustee, have such powers and duties as the court appointing such temporary trustee shall provide in its order of appointment, consistent with the provisions of this Agreement. Any such temporary trustee need not meet the minimum standards of capital, surplus and undivided profits otherwise required of a successor trustee under this Section 6.05. Nothing in this Agreement shall prevent the same Entity from serving as both the Delaware Trustee and the Trustee if it meets the qualifications thereof.

Immediately upon the appointment of any successor trustee, all rights, titles, duties, powers and authority of the succeeded trustee hereunder (except to the succeeded trustee's rights to amounts payable under Article VII of this Agreement accruing through the appointment of such successor trustee) shall be vested in and undertaken by the successor trustee, which shall be entitled to receive from the predecessor trustee all of the Trust Estate held by it hereunder and all records and files of the predecessor trustee necessary in connection therewith. Any resigning or removed trustee shall account to its successor for its administration of the Trust. All successor trustees shall be fully protected in relying upon such accounting and no successor trustee shall be obligated to examine or seek alteration of any account of any preceding trustee, nor shall any successor trustee be personally liable for failing to do so or for any act or omission of any preceding trustee. The preceding sentence shall not prevent any successor trustee or anyone else from taking any action otherwise permissible in connection with any such account.

6.06. *Laws of Other Jurisdictions.* If, notwithstanding the other provisions of this Agreement (including, without limitation, Section 12.06 of this Agreement), the laws of jurisdictions other than the State of Delaware (each being referred to below as "such jurisdiction") apply to the administration of properties under this Agreement, the following provisions shall apply. If it is necessary or advisable for a trustee to serve in such jurisdiction and if the Trustee is disqualified from serving in such jurisdiction or for any reason fails or ceases to serve there, the ancillary trustee in such jurisdiction shall be such Entity, which need not meet the requirements set forth in the third sentence of Section 6.05 of this Agreement, as shall be designated in writing by Dominion Resources and the Trustee. To the extent permitted under the laws of such jurisdiction, Dominion Resources and the Trustee may remove the trustee in such jurisdiction, without cause and without necessity of court proceeding, and may or may not appoint a successor trustee in such jurisdiction from time to time. The trustee serving in such jurisdiction shall, to the extent not prohibited under the laws of such jurisdiction, appoint the Trustee to handle the details of administration in such jurisdiction. The trustee in such

jurisdiction shall have all rights, powers, discretions, responsibilities and duties as are delegated in writing by the Trustee, subject to such limitations and directions as shall be specified by the Trustee in the instrument evidencing such appointment. Any trustee in such jurisdiction shall be responsible to the Trustee for all assets with respect to which such trustee is empowered to act. To the extent the provisions of this Agreement and Delaware law cannot be made applicable to the administration in such jurisdiction, the rights, powers, duties and liabilities of the trustee in such jurisdiction shall be the same (or as near the same as permitted under the laws of such jurisdiction if applicable) as if governed by Delaware law, and, in all events, the administration in such jurisdiction shall be as free and independent of court control and supervision as permitted under the laws of such jurisdiction. The fees and expenses of any ancillary trustee shall constitute an Administrative Cost of the Trust payable from the Trust Estate. Whenever the term "Trustee" is applied in this Agreement to the administration in such jurisdiction, it shall refer only to the trustee then serving in such jurisdiction. Without limiting the generality of Sections 6.01, 6.02 and 6.03 of this Agreement, neither the Bank, Mellon Bank nor any other Entity serving as the Trustee or the Delaware Trustee shall ever have any personal liability for taking or failing to take any action authorized or contemplated by this Section 6.06, or for any action or lack thereof by any ancillary trustee (as that term is used in this Agreement).

6.07. *Reliance on Experts.* The Trustee and the Delaware Trustee may, but shall not be required to, consult with counsel (who may but need not be counsel to the Company or Dominion Resources), accountants, geologists, engineers and other parties deemed by the Trustee or the Delaware Trustee to be qualified as experts on the matters submitted to them, and, subject to Section 6.01 but notwithstanding any other provision of this Agreement, the opinion of any such party on any matter submitted to it by the Trustee or the Delaware Trustee shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee or the Delaware Trustee under this Agreement in good faith in reliance upon and in accordance with the opinion or advice of any such party. Each of the Trustee and the Delaware Trustee is authorized to make payments of all reasonable fees for services or expenses thus incurred out of the Trust Estate. Neither the Delaware Trustee nor the Trustee shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and what it purports to be and reasonably believed by it to be signed by the proper party or parties. The Delaware Trustee and the Trustee may accept a certified copy of a resolution of the board of directors or other governing body of any corporate party as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the manner or ascertainment of which is not specifically prescribed in this Agreement, the Delaware Trustee and the Trustee may for all purposes hereof rely on a certificate, signed by the chairman of the board of directors, chief executive officer, president, vice president, the treasurer or any assistant treasurer, or the secretary or any assistant secretary of the relevant party, as to such fact or matter, and such certificate shall constitute full protection and authorization to the Delaware Trustee and the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

6.08. *Force Majeure.* No party to this Agreement (or its Affiliates) shall incur any liability to any other party to this Agreement or to any holder of a Unit if, by reason of any current or future law or regulation thereunder of the federal government or any other governmental authority, or by reason of any act of God, war or other circumstance beyond its control, such party is prevented or forbidden from doing or performing any act or thing required by the terms of this Agreement to be done or performed; nor shall any party to this Agreement incur any liability to any other party to this Agreement or to any holder of a Unit by reason of any nonperformance or delay caused as aforesaid in the performance of any act or thing required by the terms of this Agreement to be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Agreement caused as aforesaid.

6.09. *Failure of Action by Dominion Resources or the Company.* In the event that Dominion Resources or the Company shall fail or be unable to take any action as required under any provision of this Agreement, the Trustee is empowered to take such action or any other action that is dependent on such action without regard to Dominion Resources or the Company's failure or inability to act.

ARTICLE VII

Compensation of the Trustee and the Delaware Trustee

7.01. *Compensation of the Trustee and the Delaware Trustee.* The Entity serving as the Trustee hereunder shall receive compensation for its services as the Trustee hereunder and for the services of the Delaware Trustee as the Delaware Trustee hereunder as set forth in Schedule 1 attached to this Agreement. The Entity serving as the Delaware Trustee hereunder shall receive compensation for its services as the Delaware Trustee hereunder from the Trustee. Entities serving as the Trustee or the Delaware Trustee under this Agreement shall be reimbursed for all actual expenditures made in connection with administration of the Trust, including those made on account of any unusual duties in connection with matters pertaining to the Trust and the reasonable compensation and expenses of their counsel, accountants or other skilled Persons and of all other Persons not regularly in their employ. Any unusual or extraordinary services rendered by the Entity serving as the Trustee or by the Entity serving as the Delaware Trustee in connection with the administration of the Trust shall be treated as Trust administrative services for purposes of computing the respective administrative fee to be paid to each Entity serving as trustee under this Agreement.

7.02. *Source of Funds.* Except as provided in paragraphs (b), (c) and (e) of Section 6.02 of this Agreement, all compensation, reimbursements and other charges owing to any Entity as a result of its service as trustee under this Agreement shall constitute indebtedness under this Agreement and shall be payable by the Trust out of the Trust Estate, and such Entity shall have a lien on the Trust Estate for payment of such compensation, reimbursements and other charges, entitling such Entity under this Agreement to priority as to payment thereof over payment to any other Person.

7.03. *Ownership of Units by Dominion Resources, the Company, the Trustee and the Delaware Trustee.* Each of the Trustee and the Delaware Trustee, in its individual or other capacity, may become the owner or pledgee of Units with the same rights it would have if it were not a trustee under this Agreement. The Company, Dominion Resources and each of their Affiliates may become the owners of Units with the same rights and entitled to the same benefits as any other Unitholder.

ARTICLE VIII

Meetings of the Unitholders

8.01. *Purpose of Meetings.* A meeting of the Unitholders may be called at any time and from time to time pursuant to the provisions of this Article VIII to transact any matter that the Unitholders may be authorized to transact.

8.02. *Call and Notice of Meetings.* Any meeting of the Unitholders may be called by the Trustee or by Unitholders owning of record not less than ten percent (10%) in number of the then outstanding Units. The Trustee shall call a meeting of Unitholders to consider amendments, waivers, consents and other changes to the Conveyance, if requested in writing by the Company or Dominion Resources. In addition, the Delaware Trustee may call such a meeting but only for the purpose of appointing a successor to it upon its resignation. All meetings of the Unitholders shall be held at such time and at such place in Dallas, Texas, as the notice of any such meeting may designate. Except as may be otherwise required by applicable law or by any securities exchange or quotation system on which the Units are listed or admitted for trading, written notice of every meeting of the Unitholders signed by the Trustee or the Unitholders calling the meeting (or the Delaware Trustee if calling the meeting), setting forth the time and place of the meeting and in general terms the matters proposed to be acted upon at such meeting, shall (notwithstanding the alternative methods of notice permitted by Section 12.08 of this Agreement) be given in person or by mail not more than sixty (60) nor less than twenty (20) days before such meeting is to be held to all of the Unitholders of record at the close of business on a record date selected by the Trustee (the "Record Date Unitholders"), which record date shall be not more than sixty (60) days before the date of such meeting. If such notice is given to any Unitholder by mail, it shall be directed to such Unitholder at its last address as shown by the ownership ledger of the Trustee and shall be deemed duly given when so addressed and deposited in the United States mail, postage prepaid. No matter other than that stated in the notice shall be acted upon at any meeting. Only Record Date Unitholders shall be entitled to notice of and to exercise rights at or in connection with the meeting. Any action required by this Agreement to be taken at a meeting of the Unitholders, or any action which may be taken at a meeting of the Unitholders, may not be taken and shall not be effective without an actual meeting of the Unitholders, prior written notice to the Unitholders thereof and a vote by the Unitholders with respect thereto.

8.03. *Method of Voting and Vote Required.* Each Record Date Unitholder shall be entitled to one vote for each Unit owned by such Record Date Unitholder on the record date,

and any Record Date Unitholder may vote in person or by duly executed written proxy. At any such meeting, the presence in person or by proxy of Record Date Unitholders holding a majority of the Units held by all Record Date Unitholders shall constitute a quorum and, except as otherwise provided in this Agreement, any matter (including, but not limited to, appointment of a successor trustee) shall be deemed to have been approved by the Unitholders if it is approved by the vote of Record Date Unitholders holding more than fifty percent (50%) of the Units represented at the meeting, although less than a majority of all the Units at the time outstanding, except that (a) the affirmative vote by the holders of not less than sixty-six and two-thirds percent (66⅔%) of all the Units then outstanding shall be required to terminate the Trust or, with the written consent of Dominion Resources, to amend Section 3.02, 9.02 or 9.03 of this Agreement and (b) the affirmative vote by the holders of a majority of all the Units then outstanding shall be required to:

(i) approve any amendment to or affecting this Agreement, other than (A) amendments prohibited by Section 11.01 of this Agreement, (B) amendments to Section 3.02, 9.02 or 9.03 of this Agreement as set forth in this Section 8.03 above, (C) an amendment to Section 9.04 of this Agreement (which shall require the written consent of Dominion Resources and the affirmative vote by the holders of a majority of all the Units then outstanding), (D) an amendment of this Section 8.03 (which shall require approval of not less than eighty percent (80%) of all then outstanding Units) and (E) any amendment to or affecting this Agreement to the extent permitted pursuant to Section 11.02 of this Agreement (which shall not require Unitholder approval);

(ii) remove the Delaware Trustee or the Trustee;

(iii) approve any amendment or waiver of any provision of, or consent or release with respect to, or agree to the termination of the Conveyance pursuant to Section 11.03 of this Agreement; or

(iv) with the consent of the Trustee, merge or consolidate the Trust as provided in Section 9.05 of this Agreement.

No meeting of Unitholders nor any vote thereof shall be required in order to effect an amendment of this Agreement pursuant to Section 3.15 of this Agreement.

8.04. *Conduct of Meetings.* The Trustee may make such reasonable regulations consistent with the provisions of this Agreement as it may deem advisable for any meeting of the Unitholders, for the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, the preparation and use at the meeting of a list certified by or on behalf of the Trustee of the Unitholders entitled to vote at the meeting and such other matters concerning the conduct of the meeting as it shall deem advisable.

ARTICLE IX

Duration, Revocation and Termination of the Trust

9.01. *Revocation.* Subject to the third sentence of this Section 9.01, the Trust is and shall be irrevocable, and after the Closing, the Company, as trustor, retains no power to alter, amend (except as provided otherwise in Sections 3.15 and 11.02 of this Agreement), revoke or terminate the Trust. The Trust shall be terminable only as provided in Sections 9.02 and 9.04 of this Agreement and shall continue until so terminated. Prior to the Closing, the Company may revoke the Trust by written notice to the Trustee, in which event the Trustee shall reconvey the Trust Estate, less any expenses or liabilities of the Trust, to the Company.

9.02. *Termination.* Subject to the provisions of Section 9.04 of this Agreement, the Trust shall terminate upon the occurrence of any of the following events or times:

(a) the action by Unitholders of record holding not less than sixty-six and two-thirds (66⅔%) of the then outstanding Units in accordance with the requirements of Article VIII of this Agreement to terminate the Trust;

(b) such time as the ratio of cash received by the Trust attributable to the Royalty Interests in any Quarterly Period to Administrative Costs of the Trust for such Quarterly Period is less than 1.2 to 1.0 for two (2) consecutive Quarterly Periods; or

(c) March 1 of any calendar year that the "Termination Present Value" as of December 31 of the prior year is equal to or less than $5.0 million. Termination Present Value shall be determined by calculating as of December 31 of the prior year, the net present value (discounted at ten percent (10%)) of (i) the estimated future net revenues from proved reserves attributable to the Royalty Interests (calculated in accordance with criteria established for such calculations by the Commission except that it shall be based upon a constant delivered average price received for such prior year by the Company pursuant to the Gas Purchase Agreement and shall use the same methodology and assumptions used by Ryder Scott Company Petroleum Engineers in estimating the proved reserves attributable to the Company's interest in the Underlying Properties in the Reserve Estimate (as defined in the Securities Act Registration Statement)), plus (ii) the amount of all remaining Section 29 tax credits attributable to the Royalty Interests.

9.03. *Disposition and Distribution of Assets and Properties.*

(a) Notwithstanding the termination of the Trust pursuant to Section 9.02 of this Agreement, the Delaware Trustee and the Trustee shall continue to act as the trustees of the Trust Estate and as such shall exercise the powers granted under this Agreement until their duties have been fully performed and the Trust Estate finally distributed so that the affairs of the Trust may be liquidated and wound up.

(b) Within five (5) Business Days following the Termination Date, the Trustee shall provide the Company, Dominion Resources and the Delaware Trustee with written notice of termination of the Trust and shall engage a nationally recognized investment banking firm (the "Advisor"), on behalf of the Trust, to assist the Trustee in selling the remaining Royalty Interests then owned by the Trust (the "Remaining Royalty Interests"), which assistance shall include, but not be limited to (i) valuing the Remaining Royalty Interests owned by the Trust, (ii) evaluating offers to purchase the Remaining Royalty Interests, (iii) seeking buyers for the Remaining Royalty Interests and (iv) rendering the fairness opinions required by this Section 9.03 and otherwise as may be requested by the Trustee.

(c) The Company shall have the right, but not the obligation, to make a cash offer to purchase all of the Remaining Royalty Interests in accordance with the provisions of this Section 9.03(c). Any such offer shall be made in writing and delivered to the Trustee prior to the sixtieth (60th) day following the Termination Date (the "Option Period Termination Date"). In the event such an offer is made by the Company, then by the later of (i) the Option Period Termination Date or (ii) the tenth (10th) Business Day following receipt by the Trustee of any such offer by the Company, the Trustee shall decide (which decision shall be based on the recommendation of the Advisor) and shall give written notice of such decision to the Company, either (x) to accept the offer which acceptance shall be conditioned upon receipt, prior to the closing of the sale, of an opinion of the Advisor, in form satisfactory to the Trustee, of the fairness of the offer to the Unitholders from a financial point of view or (y) to defer action on such offer.

(d) In the event the Trustee accepts any such offer prior to its having been withdrawn by the Company or having expired in accordance with its terms, the Trustee and the Company shall each use Best Efforts to close the purchase no later than the thirtieth (30th) day following receipt by the Company of the notice of acceptance of the offer.

(e) In the event that the Trustee defers action on an offer made by the Company, the offer shall be deemed to have been withdrawn and the Trustee shall use Best Efforts, with assistance of the Advisor, to obtain alternative offers for the Remaining Royalty Interests. In the event that an acceptable written offer (which must be an all cash offer) to purchase the Remaining Royalty Interests is made by a Person other than by the Company (the highest of such offers, net of any commissions or other fees payable by the Trust, is referred to in this Agreement as the "Highest Acceptable Offer"), the Trustee shall notify the Company of the Highest Acceptable Offer including, with such notice, a copy of such offer and the purchase price payable by the Company in order to purchase the Remaining Royalty Interests computed as set forth in the following sentence within one hundred twenty (120) days following the Termination Date. The Company shall have the exclusive right, but not the obligation (whether or not the Company made an initial offer), (i) if the Highest Acceptable Offer is more than one hundred five percent (105%) of the Company's original offer (the "Company Offer")

(or if the Company did not make a prior offer) to purchase all of the Remaining Royalty Interests for a cash purchase price equal to one hundred five percent (105%) of the Highest Acceptable Offer or (ii) if the Highest Acceptable Offer is equal to or less than one hundred five percent (105%) of the Company Offer, to purchase all of the Remaining Royalty Interests for a cash purchase price equal to the Highest Acceptable Offer. The Trustee's evaluation of each offer for the Remaining Royalty Interests shall be based on an evaluation of such offer by the Advisor. The Company shall provide written notice of any election to purchase the Remaining Royalty Interests pursuant to this Section 9.03(e) within five (5) Business Days of receipt by the Company of notification by the Trustee of the Highest Acceptable Offer and the Trustee and the Company shall each use Best Efforts to close the purchase within thirty (30) days of receipt by the Company of such notification. If no other acceptable all cash offers are received for the Remaining Royalty Interests, the Trustee may request the Company to submit another offer for consideration by the Trustee. If the Company makes such an offer and the Trustee accepts it, such acceptance shall be conditional upon receipt, prior to the closing of the sale, of an opinion of the Advisor, in form satisfactory to the Trustee, of the fairness of the offer to the Unitholders from a financial point of view, and the Trustee and the Company shall each use Best Efforts to close the purchase within thirty (30) days of receipt by the Company of the notice of acceptance of such offer.

(f) Any Person purchasing the Remaining Royalty Interests pursuant to the procedures set forth in Section 9.03(c) through (e) of this Agreement, regardless of the date of closing of the purchase, shall be entitled to all proceeds from the sale of production attributable to the Remaining Royalty Interests after the Termination Date and neither the Trust nor the Unitholders shall be entitled to any such proceeds. The Company shall deposit all proceeds from the sale of production following the Termination Date payable to the Trust pursuant to the Conveyance into a non-interest-bearing account and, upon closing of the sale of the Remaining Royalty Interests, shall pay all deposited amounts to the buyer of the Remaining Royalty Interests.

(g) In the event that any Remaining Royalty Interests are not, for any reason, sold or a definitive agreement for sale thereof entered into prior to the one hundred fiftieth (150th) day following the Termination Date, the Company shall pay all amounts deposited in the account established pursuant to Section 9.03(f) of this Agreement to the Trust and all amounts thereafter payable to the Trust pursuant to the Conveyance shall be paid to the Trust in accordance with the provisions of the Conveyance and such amounts shall be distributed to Unitholders in accordance with the provisions of this Agreement. The Trustee may accept any offer (including offers, if any, made by the Company) for all or any part of the Remaining Royalty Interests as it deems to be in the best interests of the Unitholders and may continue for up to one calendar year after the Termination Date to seek a buyer or buyers of any remaining assets and properties, free and clear of any of the Company's purchase rights, in an orderly fashion not involving a public auction. If any assets or property constituting the Trust Estate have not been sold, or a definitive agreement for sale thereof has not been entered into, by the end of

one calendar year following the Termination Date, the Trustee shall cause such property to be sold at public auction to the highest cash bidder (which may be the Company or any of its Affiliates). Notice of any such sale by auction shall be mailed at least thirty (30) days prior to such sale to each Unitholder at its address as it appears on the ownership ledger of the Trust.

(h) The Trustee shall not be required to obtain approval of the Unitholders prior to selling any asset or property of the Trust Estate pursuant to this Section 9.03. Information provided to any prospective buyer of the Royalty Interests shall include the impact, if any, of capital expenditures on future amounts payable with respect to the Royalty Interests. Upon making final distribution to the Unitholders and cancellation of the Trust, neither the Trustee, the Delaware Trustee nor any Entity serving in such capacity shall be under further liability. The Company, for purposes of this Section 9.03, shall include all of the Company's successors in interest and assigns and, upon written notice to the Trustee, the Company's rights under this Section 9.03 shall be fully assignable by the Company to any Person.

(i) The Trustee shall convey to the Company (or its assigns) or any other Person purchasing the Royalty Interests any portion of the Royalty Interests purchased from the Trust pursuant to this Section 9.03. In the event that a portion of the Royalty Interests is to be conveyed to the Company (or its assigns) or any other Person purchasing the Royalty Interests pursuant to this Section 9.03, upon receipt of (A) funds equal to the required payment, (B) an accurate description of said portion of the Royalty Interests and (C) sufficient information to evidence that any conditions to purchase have been satisfied, then within a reasonable time thereafter, and upon advice of such experts as may be retained by the Trustee, the Trustee and the Delaware Trustee shall execute and deliver a Trustee Conveyance covering said Royalty Interests to the Company (or its assignee) or the Person purchasing the Royalty Interests.

9.04. *Conditional Right of Repurchase.*

(a) Notwithstanding any provision in this Agreement to the contrary, Dominion Resources is hereby granted the right to repurchase all (but not less than all) outstanding Units at any time at which fifteen percent (15%) or less of the outstanding Units are owned by Persons other than Dominion Resources and its Affiliates. Any such repurchase shall be at a price equal to the greater of (i) the highest price at which Dominion Resources or any of its Affiliates acquired Units during the ninety (90) days immediately preceding the date (the "Determination Date") which is three (3) NYSE trading days prior to the date on which notice of such exercise is delivered to the Unitholders and (ii) the average closing price of the Units on the NYSE, or if not so listed, on such other national securities exchange or NASDAQ-NMS, in any case for the thirty (30) trading days immediately preceding the Determination Date (the "Average Closing Price"). In the event that Dominion Resources or any of its Affiliates acquires Units from Persons other than Dominion Resources or its Affiliates during the period

which is three (3) NYSE trading days following the Determination Date at a price per Unit greater than that at which Dominion Resources or any of its Affiliates acquired Units during the ninety (90) days immediately preceding the Determination Date, then for purposes of clause (i) of this Section 9.04(a) the highest price shall be such greater price.

(b) In the event that Dominion Resources elects to repurchase all Units pursuant to Section 9.04(a) of this Agreement, Dominion Resources and the Trustee shall, prior to the date fixed for repurchase, give all Unitholders of record not less than fifteen (15) days nor more than sixty (60) days written notice pursuant to Section 12.08 of this Agreement specifying the time and place of such repurchase, calling upon each such Unitholder to surrender to Dominion Resources on the repurchase date at the place designated in such notice its Certificate or Certificates representing the number of Units specified in such notice of repurchase. On or after the repurchase date, each holder of Units to be repurchased shall present and surrender its Certificates for such Units to Dominion Resources at the place designated in such notice and thereupon the purchase price of such Units shall be paid to or on the order of the Person whose name appears on such Certificate or Certificates as the owner thereof. In no event may fewer than all of the outstanding Units represented by the Certificates be repurchased (except with respect to any such Units held by Dominion Resources or any of its Affiliates).

(c) If a notice of repurchase has been given by Dominion Resources and the Trustee pursuant to Section 9.04(b) of this Agreement and if, on or before the date fixed for repurchase, the funds necessary for such repurchase shall have been set aside by Dominion Resources, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the Units so noticed for repurchase then, notwithstanding that any Certificate or Certificates for such Units have not been surrendered, at the close of business on the repurchase date the holders of such Units shall cease to be Unitholders and shall have no interest in or claims against Dominion Resources, the Company, the Trust, the Delaware Trustee or the Trustee by virtue thereof and shall have no voting or other rights with respect to such Units, except the right to receive the purchase price payable upon such repurchase (which purchase price shall not include any sums for Quarterly Distribution Amounts and/or Special Distribution Amounts made or to be made to Unitholders on Quarterly Record Dates or Special Distribution Record Dates occurring after the date of written notice of such repurchase), without interest thereon, upon surrender (and endorsement, if required by Dominion Resources) of their Certificates, and the Units evidenced thereby shall no longer be held of record in the names of such Unitholders. Subject to applicable escheat laws, any monies so set aside by Dominion Resources and unclaimed at the end of two (2) years from the repurchase date shall revert to the general funds of Dominion Resources, after which reversion the holders of such Units so noticed for repurchase shall look only to the general funds of Dominion Resources for the payment of the purchase price. Any interest accrued on funds so deposited shall be paid to Dominion Resources from time to time as requested by Dominion Resources.

(d) In the event that Dominion Resources exercises and consummates its right of repurchase granted pursuant to this Section 9.04, then at the option of Dominion Resources it may cause the Trust to be terminated by providing written notice thereof to the Trustee and the Delaware Trustee. Subject to the rights of the Unitholders with respect to distributions, within thirty (30) days following written notice of Dominion Resources' election to terminate the Trust pursuant to this Section 9.04(d), the Trustee shall, subject to a reasonable reserve determined by the Trustee to be necessary in connection with the winding up of the Trust, cause any Remaining Royalty Interests (and all proceeds from the sale of production attributable to the Remaining Royalty Interests) and any other assets of the Trust to be conveyed to Dominion Resources or its assignee.

(e) Dominion Resources, for purposes of this Section 9.04, shall include all of Dominion Resources' successors in interest and Affiliates and, upon written notice to the Trustee, Dominion Resources' rights under this Section 9.04 shall be fully assignable by Dominion Resources to any of its Affiliates.

9.05. *Reorganization or Business Combination.*

(a) The Trust may merge or consolidate with or into one or more limited partnerships, general partnerships, corporations, business trusts, limited liability companies, associations or unincorporated businesses in accordance with Section 3815 of the Business Act if such transaction (i) is agreed to by the Trustee and by the affirmative vote of Unitholders owning more than fifty percent (50%) of the then outstanding Units at a meeting duly called and held in accordance with Article VIII of this Agreement and (ii) is permitted under the Business Act and any other applicable law. The Trustee shall give prompt notice of such reorganization or business combination to the Delaware Trustee.

(b) Upon the effective date of a certificate of merger duly filed in accordance with the Business Act, the following shall be deemed to occur, in addition to such effects as may be specified under the Business Act as then in effect:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the surviving business entity and, after the merger or consolidation, shall be the property of the surviving business entity to the extent they were part of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and shall not be in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the surviving business entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted for by it.

(c) A merger or consolidation effected pursuant to this Section 9.05 shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

ARTICLE X

Dominion Resources' Assurances

10.01. *Obligations.* Dominion Resources will cause each of the following obligations to be paid in full when due: (a) all liabilities and operating and capital expenses that any Company Interests Owner becomes obligated to pay as a result of such Company Interests Owner's obligations under the Conveyance and (b) the obligations of the Company to indemnify the Trust, the Trustee and the Delaware Trustee for certain environmental liabilities as provided in Section 6.02(c) of this Agreement (collectively, the "Payment Obligations").

10.02. *Notice of Unpaid Obligations.* In the event that a Payment Obligation has not been paid when due, the Trustee shall make demand of Dominion Resources for payment stating the amount due. Dominion Resources shall cure any failure to pay the obligation within ten (10) days following receipt of the foregoing demand. After written request of the Unitholders owning of record not less than twenty-five percent (25%) of the Units then outstanding (treated as a single class) served upon the Trustee, and absent action by the Trustee within ten (10) days following receipt by the Trustee of such written request to enforce obligations under this Section 10.02 for the benefit of the Trust, such Unitholders may, acting as a single class and on behalf of the Trust, seek to enforce Dominion Resources' obligations under this Section 10.02.

10.03. *Termination of Assurances.* All of Dominion Resources' obligations under this Article X will terminate upon: (a) termination and cancellation of the Trust, (b) the sale or other transfer by the Company of all or substantially all of the Company's interest in the Underlying Properties (subject to the terms of this Agreement) and (c) the sale or other transfer of a majority of Dominion Resources' direct or indirect ownership interests in the Company; *provided* that, with respect to the terminations referred to in clauses (b) and (c) of this Section 10.03, Dominion Resources' obligations under this Article X will terminate only if: (i) the transferee has, at the time of the assignment or transfer, unsecured long-term debt rated by Moody's Investors Service of at least Baa3 or rated by Standard & Poor's Ratings Group of at least BBB- (or an equivalent rating from at least one nationally recognized statistical rating organization); (ii) the transferee (and such of its Affiliates which (1) constitute an "affiliated group" for federal income tax purposes and (2) have executed guarantees of such transferee's

assurance obligations) does not have a rating assigned to its unsecured long-term debt from a nationally recognized statistical rating organization and at the time of transfer has a consolidated net worth (determined in accordance with generally accepted accounting principles) of not less than $200 million *provided* that such net worth requirement shall be reduced by $10 million on January 1 of each year commencing January 1, 1995 (*provided, however,* that if such transferee is an Affiliate of Dominion Resources, then Dominion Resources' obligations shall not terminate until the later of (x) December 31, 1995 and (y) the date such transferee meets the requirements set forth in clause (i) above); or (iii) the transferee is approved by holders of a majority of the outstanding Units; and *provided further,* that in the case of clauses (b) or (c) above the transferee also unconditionally agrees in writing, in form and substance reasonably satisfactory to the Trustee, to assume Dominion Resources' remaining obligations under the Administrative Services Agreement and under this Article X with respect to the assets transferred.

ARTICLE XI

Amendments

11.01. *Prohibited.* After the Closing, no amendment may be made to any provision of this Agreement that would:

(a) increase the power of the Delaware Trustee or the Trustee to engage in business or investment activities; or

(b) alter the rights of the Unitholders *vis-à-vis* each other.

11.02. *Permitted.* Prior to the Closing, amendments to the provisions of this Agreement may be made by the Company, Dominion Resources, the Delaware Trustee and the Trustee, jointly, and no party shall have any liability to any Unitholder for any amendment, including any amendment that increases or decreases any right, benefit or liability of any present or future Unitholder. After the Closing, the Delaware Trustee, the Trustee, Dominion Resources and the Company may, jointly, from time to time supplement or amend this Agreement without the approval of Unitholders in order to cure any ambiguity, to correct or supplement any provision contained in this Agreement that may be defective or inconsistent with any other provision in this Agreement, or to change the name of the Trust; *provided* that such supplement or amendment does not adversely affect the interests of the Unitholders; and *provided further*, that any amendment to this Agreement made to change the name of the Trust in accordance with Section 12.04 of this Agreement or otherwise shall be conclusively deemed not to affect adversely the interests of the Unitholders. Subject to Section 3.15 of this Agreement, all other permitted amendments to the provisions of this Agreement may be made only by a vote of the Unitholders of record at a meeting held in accordance with the requirements of Article VIII of this Agreement. No amendment that increases the obligations, duties or liabilities or affects the rights of the Delaware Trustee, the Trustee or any Entity serving in any such capacity shall be effective without the express written approval of such trustee or Entity. Prior to the execution of any amendment to this Agreement, the Trustee and the Delaware Trustee shall be entitled to

receive and rely upon an opinion of counsel stating that the execution of such amendment is authorized and permitted by this Agreement and that all conditions precedent to the execution and delivery of such amendment have been satisfied.

11.03. *Amendments to Conveyance.* After the Closing, no amendment or waiver may be made to any provision of the Conveyance that would or might have a material adverse effect on the revenues of the Trust or the economic rights of the Unitholders unless approved by Unitholders in accordance with Section 8.03 of this Agreement. Dominion Resources agrees that prior to permitting the Company to make any amendment of or waiver to any provision of the Conveyance, it will, as a condition precedent to such amendment or waiver, provide the Company with a certificate reflecting that all conditions in this Agreement precedent to the execution and delivery of such amendment or waiver have been satisfied.

ARTICLE XII

Miscellaneous

12.01. *Inspection of Books.* Each Unitholder and its duly authorized agents and attorneys shall have the right, at its own expense and during reasonable business hours upon reasonable prior notice, to examine and inspect the records (including, without limitation, the ownership ledger) of the Trust, the Trustee and the Delaware Trustee in reference thereto.

12.02. *Disability of a Unitholder.* Any payment or distribution to a Unitholder may be made by check of the Trustee drawn to the order of the Unitholder, regardless of whether or not the Unitholder is a minor or under other legal disability, without the Trustee having further responsibility with respect to such payment or distribution. This Section 12.02 shall not be deemed to prevent the Trustee from making any payment or distribution by any other method that is appropriate under law.

12.03. *Merger or Consolidation of the Delaware Trustee or the Trustee.* Neither a change of name of either the Delaware Trustee or the Trustee nor any merger or consolidation of its corporate powers with another bank or with a trust company nor the sale or transfer of all or substantially all of its trust operations to a separate corporation shall affect its right or capacity to act hereunder; *provided, however,* that the Delaware Trustee or any successor thereto shall maintain its principal place of business in the State of Delaware; and *provided further,* that any successor Trustee or Delaware Trustee shall continue to meet the requirements of Section 6.05 of this Agreement.

12.04. *Change in the Trust Name.* Upon the request by Dominion Resources submitted to the Trustee and the Delaware Trustee, the Trustee shall, without the vote or consent of any Unitholders, take all action necessary to change the name of the Trust to a name mutually agreeable to the Trustee and Dominion Resources and, upon effecting such name change, the Delaware Trustee shall promptly amend the Certificate of Trust on file in the office of the Secretary of State of Delaware to reflect such name change.

12.05. *Filing of this Agreement.* There is no obligation on the part of the Trustee that this Agreement or any executed copy hereof be filed in any county in which any of the Trust Estate is located, but the same may be filed for record in any county by the Trustee. In order to avoid the necessity of filing this Agreement for record, each of the Delaware Trustee and the Trustee agrees that for the purpose of vesting the record title to the Trust Estate in any successor trustee, the succeeded trustee shall, upon appointment of any successor trustee, execute and deliver to such successor trustee appropriate assignments or conveyances.

12.06. *Choice of Law.* This Agreement and the Trust shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to the conflict of laws principles thereof) in effect at any applicable time in all matters, including the validity, construction and administration of this Agreement and the Trust, the enforceability of the provisions of this Agreement, all rights and remedies under this Agreement, and the services of the Delaware Trustee and the Trustee under this Agreement. Furthermore, except as otherwise provided in this Agreement, the rights, powers, duties and liabilities of the Delaware Trustee, the Trustee and the Unitholders shall be as provided under the Business Act and other applicable laws of the State of Delaware and the United States of America in effect at any applicable time; *provided, however,* that there shall not be applicable to the Trustee, the Delaware Trustee, the Unitholders, the Trust or this Agreement (i) the provisions of Section 3540 of Title 12 of the Delaware Code or (ii) any provisions of the laws (statutory or common) of the State of Delaware (other than the Business Act) pertaining to trusts which are inconsistent with the rights, duties, powers, limitations or liabilities of the Trustee, the Delaware Trustee or the Unitholders set forth or referenced in this Agreement.

12.07. *Separability.* If any provision of this Agreement or the application thereof to any Person or circumstances shall be finally determined by a court of proper jurisdiction to be illegal, invalid or unenforceable to any extent, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those as to which it is held illegal, invalid or unenforceable shall not be affected thereby, and every remaining provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

12.08. *Notices.* Any and all notices or demands permitted or required to be given under this Agreement shall be in writing and shall be validly given or made if (a) personally delivered, (b) delivered and confirmed by telecopier or like instantaneous transmission service, or by Federal Express or other reliable overnight courier delivery service, which shall be effective as of confirmation of receipt by the courier at the address for notice hereinafter stated, (c) solely in the case of notice to any Unitholder, by press release in a nationally recognized and distributed media, or (d) deposited in the United States mail, first class, postage prepaid, certified or registered, return receipt requested, addressed as follows:

If to the Trustee, to:

NationsBank of Texas, N.A.
901 Main Street, 12th Floor
P.O. Box 830308
Dallas, Texas 75283-0308
Attention: Dominion Resources
Black Warrior Trust,
Trust Administrator
Telecopier No. (214) 508-2484

If to the Delaware Trustee, to:

Mellon Bank (DE) National Association
10th and Market Streets
Wilmington, Delaware 19801
Attention: Trust Department
Telecopier No. (302) 421-2323

If to Dominion Resources, to:

Dominion Resources, Inc.
P.O. Box 26532
901 East Byrd Street
Richmond, Virginia 23261-6532
Attention: Linwood R. Robertson
Telecopier No.: (804) 775-5819

If to the Company, to:

Dominion Black Warrior Basin, Inc.
c/o Dominion Energy, Inc.
901 East Byrd Street
Richmond, Virginia 23219
Attention: Thomas N. Chewning
Telecopier No.: (804) 775-5720

If to a Unitholder, to:

the Unitholder
at its last address as shown on the
ownership records maintained by the Trustee.

Notice which is mailed in the manner specified shall be conclusively deemed given five (5) days after the date postmarked or upon receipt, whichever is sooner. Any party to this Agreement may change its address for the purpose of receiving notices or demands by notice given as provided in this Section 12.08.

12.09. *Additional Disposition by the Company.* In addition to the transfers permitted by paragraph (b) of Section 3.02, the Company or any of its Affiliates may, without the consent of the Unitholders, at any time or from time to time, sell a divided or undivided portion of its interest in the Underlying Properties; *provided* that such sale is subject to and burdened by the Royalty Interests that burden such portion of the Company's interest; and *provided further*, that the terms of the Gas Purchase Agreement shall continue to provide to the Trust and the Unitholders the benefits provided under this Agreement, with the exception that such contract may be altered, amended or modified to enable the Company to separate its retained interest therefrom. Promptly after completion of any such sale, the Company shall so notify the Trustee in writing. Any purchaser of such Underlying Properties shall be the assignee of the Company to the extent of the interest sold and shall execute and deliver a written acknowledgement satisfactory to Dominion Resources, the Company and the Trustee evidencing its agreement to assume and be bound by the obligations of the Company under this Agreement, the Gas Purchase Agreement and the Conveyance to the extent of the interest so acquired.

12.10. *Counterparts.* This Agreement may be executed in a number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

12.11. *Headings.* The table of contents and headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

12.12. *Independent Conduct.* Each of the Bank and Mellon Bank hereby reserves and retains the right to engage in all businesses and activities of any kind whatsoever (irrespective of whether the same may be in competition with the Trust) in which it may lawfully engage.

ARTICLE XIII

Arbitration

THE PARTIES TO THIS AGREEMENT AGREE THAT ANY DISPUTE, CONTROVERSY OR CLAIM THAT MAY ARISE BETWEEN OR AMONG DOMINION RESOURCES AND/OR THE COMPANY (ON THE ONE HAND) AND THE TRUST, THE TRUSTEE AND/OR THE DELAWARE TRUSTEE (ON THE OTHER HAND) IN CONNECTION WITH OR OTHERWISE RELATING TO THIS AGREEMENT OR THE CONVEYANCE OR THE APPLICATION, IMPLEMENTATION, VALIDITY OR BREACH OF THIS AGREEMENT OR THE CONVEYANCE OR ANY PROVISION OF THIS AGREEMENT OR THE

CONVEYANCE (INCLUDING, WITHOUT LIMITATION, CLAIMS BASED ON CONTRACT, TORT OR STATUTE), SHALL BE FINALLY, CONCLUSIVELY AND EXCLUSIVELY SETTLED BY BINDING ARBITRATION IN DALLAS, TEXAS IN ACCORDANCE WITH THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES (THE "RULES") OF JUDICIAL ARBITRATION & MEDIATION SERVICES, INC. OR ANY SUCCESSOR THERETO ("JAMS") THEN IN EFFECT. THE PARTIES TO THIS AGREEMENT (AND ON BEHALF OF THE TRUST) HEREBY EXPRESSLY WAIVE THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING WITHOUT LIMITATION, THE RIGHT TO TRIAL BY JURY, WITH RESPECT TO ANY MATTER SUBJECT TO ARBITRATION PURSUANT TO THIS ARTICLE XIII. ANY PARTY TO THIS AGREEMENT MAY BRING AN ACTION, INCLUDING, WITHOUT LIMITATION, A SUMMARY OR EXPEDITED PROCEEDING IN ANY COURT HAVING JURISDICTION, TO COMPEL ARBITRATION OF ANY DISPUTE, CONTROVERSY OR CLAIM TO WHICH THIS ARTICLE XIII APPLIES. EXCEPT WITH RESPECT TO THE FOLLOWING PROVISIONS (THE "SPECIAL PROVISIONS") WHICH SHALL APPLY WITH RESPECT TO ANY ARBITRATION PURSUANT TO THIS ARTICLE XIII, THE INITIATION AND CONDUCT OF ARBITRATION SHALL BE AS SET FORTH IN THE RULES, WHICH RULES ARE INCORPORATED IN THIS AGREEMENT BY REFERENCE WITH THE SAME EFFECT AS IF THEY WERE SET FORTH IN THIS AGREEMENT:

(a) In the event of any inconsistency between the Rules and the Special Provisions, the Special Provisions shall control. References in the Rules to a sole arbitrator shall be deemed to refer to the tribunal of arbitrators provided for under subparagraph (c) below in this Article XIII.

(b) The arbitration shall be administered by JAMS. If JAMS is unable or legally precluded from administering the arbitration, then the American Arbitration Association or any successor thereto shall serve and the Rules shall be deemed to be the Commercial Arbitration Rules of the American Arbitration Association then in effect, but giving effect to the Special Provisions set forth in this Article XIII.

(c) The arbitration shall be conducted by a tribunal of three (3) arbitrators. Within ten (10) days after arbitration is initiated pursuant to the Rules, the initiating party or parties (the "Claimant") shall send written notice to the other party or parties (the "Respondent"), with a copy to the Dallas, Texas office of JAMS, designating the first arbitrator (who shall not be a representative or Agent of any party but may or may not be a JAMS panel member and, in any case, shall be reasonably believed by the Claimant to possess the requisite experience, education and expertise in respect of the matters to which the claim relates to enable such Person to competently perform arbitral duties). Within ten (10) days after receipt of such notice, the Respondent shall send written notice to the Claimant, with a copy to the Dallas, Texas office of JAMS and to the first arbitrator, designating the second arbitrator (who shall not be a representative or Agent of any party but may or may not be a JAMS panel member and, in any case, shall be

reasonably believed by the Respondent to possess the requisite experience, education and expertise in respect of the matters to which the claim relates to enable such Person to competently perform arbitral duties). Within ten (10) days after such notice from the Respondent is received by the Claimant, the Respondent and the Claimant shall cause their respective designated arbitrators to select any mutually agreeable JAMS panel member as the third arbitrator. If the respective designated arbitrators of the Respondent and the Claimant cannot so agree within said ten (10) day period, then the third arbitrator will be determined pursuant to the Rules. For purposes of this Article XIII, Dominion Resources and the Company (on the one hand) and the Trust, the Trustee and the Delaware Trustee and the Trustee (on the other hand) shall each be entitled to the selection of one (1) arbitrator. Prior to commencement of the arbitration proceeding, each arbitrator shall have provided the parties with a resumé outlining such arbitrator's background and qualifications and shall certify that such arbitrator is not a representative or Agent of any of the parties. If any arbitrator shall die, fail to act, resign, become disqualified or otherwise cease to act, then the arbitration proceeding shall be delayed for fifteen (15) days and the party by or on behalf of whom such arbitrator was appointed shall be entitled to appoint a substitute arbitrator (meeting the qualifications set forth in this Article XIII) within such fifteen (15) day period; *provided, however,* that if the party by or on behalf of whom such arbitrator was appointed shall fail to appoint a substitute arbitrator within such fifteen (15) day period, the substitute arbitrator shall be a neutral arbitrator appointed by the JAMS arbitrator within fifteen (15) days thereafter.

(d) All arbitration hearings shall be commenced within ninety (90) days after arbitration is initiated pursuant to the Rules, unless, upon a showing of good cause by a party to the arbitration, the tribunal or arbitrators permits the extension of the commencement of such hearing; *provided, however,* that any such extension shall not be longer than sixty (60) days.

(e) All claims presented for arbitration shall be particularly identified and the parties to the arbitration shall each prepare a statement of their position with recommended courses of action. These statements of position and recommended courses of action shall be submitted to the tribunal of arbitrators chosen as provided hereinabove for binding decision. The tribunal of arbitrators shall not be empowered to make decisions beyond the scope of the position papers.

(f) The arbitration proceeding will be governed by the substantive laws of the State of Delaware and will be conducted in accordance with such procedures as shall be fixed for such purpose by the tribunal of arbitrators, except that (i) discovery in connection with any arbitration proceeding shall be conducted in accordance with the federal Rules of Civil Procedure and applicable case law, (ii) the tribunal of arbitrators shall have the power to compel discovery and (iii) unless the parties otherwise agree and except as may be provided in this Article XIII, the arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16, to the exclusion of any provision of state law or other applicable law or procedure inconsistent therewith or which would

produce a different result. The parties shall preserve their right to assert and to avail themselves of the attorney-client and attorney-work product privileges, and any other privileges to which they may be entitled pursuant to applicable law. No party to the arbitration or any arbitrator may compel or require mediation and/or settlement conferences without the prior written consent of all such parties and the tribunal of arbitrators.

(g) The tribunal of arbitrators shall make an arbitration award as soon as possible after the later of the close of evidence or the submission of final briefs, and in all cases the award shall be made not later than thirty (30) days following submission of the matter. The finding and decision of a majority of the arbitrators shall be final and shall be binding upon the parties. Judgment upon the arbitration award or decision may be entered in any court having jurisdiction thereof or application may be made to any such court for a judicial acceptance of the award and an order of enforcement, as the case may be. The tribunal or arbitrators shall have the authority to assess liability for pre-award and post-award interest on the claims, attorneys' fees, expert witness fees and all other expenses of arbitration as such arbitrators shall deem appropriate based on the outcome of the claims arbitrated. Unless otherwise agreed by the parties to the arbitration in writing, the arbitration award shall include findings of fact and conclusions of law.

(h) Nothing in this Article XIII shall be deemed to (i) limit the applicability of any otherwise applicable statute of limitations or repose or any waivers contained in this Agreement or (ii) constitute a waiver by any party hereto of the protections afforded by 12 U.S.C. § 91 or any successor statute thereto or any substantially equivalent state law.

(i) Notwithstanding any provision in this Article XIII to the contrary, this Article XIII shall not be construed to require arbitration of a claim or dispute solely between the Trustee and the Delaware Trustee or of any claim or dispute brought by any Person including, without limitation, any Unitholder (whether in its own right or through a derivative action in the right of the Trust), who is not a party to this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officer, as of the day and year first above written.

SPONSOR:

DOMINION RESOURCES, INC.

By: _____
Linwood R. Robertson
Vice President - Finance and Treasurer

TRUSTOR:
DOMINION BLACK WARRIOR BASIN, INC.

By: _____
G. E. Lake, Jr.
Vice President

DELAWARE TRUSTEE:
MELLON BANK (DE) NATIONAL ASSOCIATION

By: _____
Sandy S. McKenna
Assistant Vice President

TRUSTEE:
NATIONSBANK OF TEXAS, N.A.

By: _____
Ron E. Hooper
Vice President

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officer, as of the day and year first above written.

SPONSOR:

DOMINION RESOURCES, INC.

By:_____
Linwood R. Robertson
Vice President - Finance and Treasurer

TRUSTOR:
DOMINION BLACK WARRIOR BASIN, INC.

By:_____
G. E. Lake, Jr.
Vice President

DELAWARE TRUSTEE:
MELLON BANK (DE) NATIONAL ASSOCIATION

By:_____
Sandy S. McKenna
Assistant Vice President

EXAMINED AND APPROVED AS TO FORM
Legal Division

TRUSTEE:
NATIONSBANK OF TEXAS, N.A.

By:_____
Ron E. Hooper
Vice President

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officer, as of the day and year first above written.

SPONSOR:

DOMINION RESOURCES, INC.

By:_____
Linwood R. Robertson
Vice President - Finance and Treasurer

TRUSTOR:
DOMINION BLACK WARRIOR BASIN, INC.

By:_____
G. E. Lake, Jr.
Vice President

DELAWARE TRUSTEE:
MELLON BANK (DE) NATIONAL ASSOCIATION

By:_____
Sandy S. McKenna
Assistant Vice President

TRUSTEE:
NATIONSBANK OF TEXAS, N.A.

By:_____
Ron E. Hooper
Vice President

ACKNOWLEDGEMENT

COMMONWEALTH OF VIRGINIA §
§
CITY OF RICHMOND §

On the 31st day of May, 1994, before me personally came Linwood R. Robertson, known to me to be Vice President - Finance and Treasurer of DOMINION RESOURCES, INC., the corporation that executed the foregoing instrument, who, being duly sworn, acknowledged that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Brenda G. Long
Notary Public

My commission expires: August 31, 1994

ACKNOWLEDGEMENT

COMMONWEALTH OF VIRGINIA §
§
CITY OF RICHMOND §

On the 31st day of May, 1994, before me personally came G. E. Lake, Jr., known to me to be Vice President of DOMINION BLACK WARRIOR BASIN, INC., the corporation that executed the foregoing instrument, who, being duly sworn, acknowledged that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

C. A. Hutcherson
Notary Public

My commission expires: Aug. 31, 1994

ACKNOWLEDGEMENT

STATE OF DELAWARE §
§
CITY OF WILMINGTON §

On the 31st day of May, 1994, before me personally came Sandy S. McKenna, known to me to be Assistant Vice President of MELLON BANK (DE) NATIONAL ASSOCIATION, the national banking association that executed the foregoing instrument, who, being duly sworn, acknowledged that ~~he~~ she knows the seal of said association; that the seal affixed to said instrument is such seal; that it was so affixed by the order of the Board of Directors of said association; and that ~~he~~ she signed ~~his~~ her name thereto by like order.

Kathleen M. Agnew
Notary Public

My commission expires: 7-17-95

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

On the 31st day of May, 1994, before me personally came Ron E. Hooper, known to me to be Vice President of NATIONSBANK OF TEXAS, N.A., the national banking association that executed the foregoing instrument, who, being duly sworn, acknowledged that he knows the seal of said association; that the seal affixed to said instrument is such seal; that it was so affixed by the order of the Board of Directors of said association; and that he signed his name thereto by like order.

Notary Public

My commission expires:

ACKNOWLEDGEMENT

STATE OF DELAWARE §
§
CITY OF WILMINGTON §

On the 31st day of May, 1994, before me personally came Sandy S. McKenna, known to me to be Assistant Vice President of MELLON BANK (DE) NATIONAL ASSOCIATION, the national banking association that executed the foregoing instrument, who, being duly sworn, acknowledged that he knows the seal of said association; that the seal affixed to said instrument is such seal; that it was so affixed by the order of the Board of Directors of said association; and that he signed his name thereto by like order.

_____
Notary Public

My commission expires:_____

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

On the 31st day of May, 1994, before me personally came Ron E. Hooper, known to me to be Vice President of NATIONSBANK OF TEXAS, N.A., the national banking association that executed the foregoing instrument, who, being duly sworn, acknowledged that he knows the seal of said association; that the seal affixed to said instrument is such seal; that it was so affixed by the order of the Board of Directors of said association; and that he signed his name thereto by like order.

DELAINE COVINGTON
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 02-18-97

Delaine Covington
Notary Public

My commission expires: 2-18-97

SCHEDULE 1

COMPENSATION OF THE TRUSTEE

ACCEPTANCE:

$15,000

ADMINISTRATIVE:

$35,000 per year, payable quarterly, for all trustee administrative services, preparation of quarterly and annual statements with attention to tax and legal matters plus an hourly charge at the Trustee's then standard rate (currently $120 per hour) for officer time in excess of 350 hours annually. This Base Fee escalates at 3% per year beginning January 1, 1995.

TERMINATION FEE:

$10,000 plus out-of-pocket expenses, for disposition of remaining trust assets and final distribution to Unitholders.

SCHEDULE 2

ADMINISTRATIVE SERVICES AGREEMENT

This Agreement is entered into effective as of May 31, 1994, by and between DOMINION RESOURCES, INC., a Virginia corporation ("Dominion Resources"), with its principal office in Richmond, Virginia and DOMINION RESOURCES BLACK WARRIOR TRUST, a fixed investment trust organized under the laws of the State of Delaware (the "Trust").

WITNESSETH

WHEREAS, effective as of May 31, 1994, Mellon Bank (DE) National Association (the "Delaware Trustee"), NationsBank of Texas, N.A. (the "Trustee"), Dominion Resources, and Dominion Black Warrior Basin, Inc., an Alabama corporation ("the Company"), as trustor of the Trust, entered into the Trust Agreement of Dominion Resources Black Warrior Trust (the "Trust Agreement") forming the Trust for the purpose of receiving and holding certain Royalty Interests to be conveyed by the Company thereto and for such other purposes as are described in the Trust Agreement; and

WHEREAS, at the Closing, the Trust and the Company entered into the Conveyance effective as of May 31, 1994 providing for the assignment of the Royalty Interests to the Trust, the computation and payment to the Trust of distributions on the Royalty Interests and certain other matters; and

WHEREAS, in consideration for the conveyance of the Royalty Interests, the Trust issued 7,850,000 Units therein to the Company, which Units have been transferred to Dominion Resources, and Dominion Resources intends to sell up to all such Units pursuant to a public offering; and

WHEREAS, the Trust desires to obtain from Dominion Resources and Dominion Resources desires to provide to the Trust, until such time as the Trust terminates, certain administrative support services as set forth herein;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements hereinafter contained, the parties hereto, subject to the terms and conditions hereinafter set forth, hereby agree as follows:

1. Defined Terms. Defined terms used herein but not defined shall have the meaning defined in the Trust Agreement.

2. Performance of Services. Dominion Resources shall provide the Services, as defined in paragraph 3 hereof, to and for the Trust. Dominion Resources shall provide the Services in a timely manner and in a quality fashion.

3. Services. The term "Services" as used herein shall mean all accounting, bookkeeping and other administrative services and reports necessary (a) to determine the Gross Proceeds and any other amounts payable to the Trust pursuant to the Conveyance and (b) to provide all information relating to the Royalty Interests and Underlying Properties as shall be necessary (i) to permit the Trustee to comply, with respect to the Trust, with the reporting obligations of the Trust pursuant to the Exchange Act (including, without limitation, such reporting obligations with respect to required financial statements and supplementary financial information), the requirements of any securities exchange or quotation system on which the Units are listed or admitted for trading and the Trust Agreement, (ii) to sell the Royalty Interests in accordance with the Trust Agreement and (iii) for any other reasonable purpose of the Trust. "Services" hereunder shall not include (A) the furnishing of information other than with respect to the Royalty Interests or the Underlying Properties, (B) the preparation of any filings on behalf of the Trust, (C) any services to be performed by or at the direction of the trustees on behalf of the Trust pursuant to the Trust Agreement other than as contemplated herein or (D) the furnishing of any information, data, documents or materials precluded by Section 3.14 and the penultimate sentence of Section 5.05 of the Trust Agreement.

4. Administrative Service Fees. In consideration of the satisfactory performance of the Services on the part of Dominion Resources, the Trust shall pay Dominion Resources beginning for the period beginning June 1, 1994 and ending June 30, 1994 and for each Quarterly Period thereafter, throughout the term of the Trust, the Administrative Services Fee. The Administrative Services Fee shall be $75,000 per Quarterly Period commencing June 1, 1994, and shall be increased annually by three percent beginning January 1, 1995. The Administrative Services Fee shall be paid no later than the seventieth (70th) day following the end of each Quarterly Period for the Services performed during such Quarterly Period. Payment shall be made by check payable to Dominion Resources. The Administrative Services Fee is payable only out of the assets of the Trust and neither the Trustee, the Delaware Trustee, any Entity serving in any such capacity, nor any Unitholder shall be liable therefor. Dominion Resources shall not be required to submit any invoices to receive payment of the Administrative Services Fee.

5. Term of Agreement; Binding Effect; Proration of Fee. This Agreement shall continue in force for the term of the Trust. This Agreement shall be binding on the Trust, its successors and assigns. The Administrative Services Fee shall be prorated for the period beginning June 1, 1994 and ending June 30, 1994. In the event the Trust terminates prior to the end of a Quarterly Period, a portion of the Administrative Services Fee shall be paid for such Quarterly Period based on the number of days in such Quarterly Period that the Trust was in existence.

6. Assignment. Dominion Resources may assign to any of its Affiliates, in whole or in part, any of the rights, obligations or benefits of this Agreement without the prior written consent of the Trustee. The Trust may assign this Agreement to any successor in interest of the Trust without the prior written consent of Dominion Resources. Otherwise neither party shall

assign, in whole or in part, any of the rights, obligations or benefits of this Agreement without the prior written consent of the other party.

7. Indemnification. Dominion Resources, its officers, directors, agents, employees and Affiliates shall not be liable to the Trust, the Trustee or Unitholders for claims, demands, damages, losses, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and other costs and expenses incident to any suit, proceeding or investigation of any claim) arising out of the rendering of the Services by Dominion Resources hereunder except that Dominion Resources shall be liable for gross negligence or willful misconduct in the rendering of the Services. Dominion Resources shall be indemnified by and reimbursed by the Trust to the same extent that an Indemnified Party is indemnified as set forth in Section 6.02 of the Trust Agreement.

8. Governing Law. This Agreement shall be construed in accordance with, and all disputes hereunder shall be governed by, the laws of the State of Delaware without regard to the conflict of laws provisions thereof.

9. Notices. Any and all notices or demands permitted or required to be given under this Agreement shall be in writing and shall be validly given or made if (a) personally delivered, (b) delivered and confirmed by telecopier or like instantaneous transmission service, or by federal Express or other reliable overnight courier delivery service, which shall be effective as of confirmation of receipt by the courier at the address for notice hereinafter stated or (c) deposited in the United States mail, first class, postage prepaid, certified or registered, return receipt requested, addressed as follows:

Dominion Resources:

Dominion Resources, Inc.
P.O. Box 26532
901 East Byrd St.
Richmond, Virginia 23261-6532
Attention: Linwood R. Robertson
Telecopier No.: (804) 775-5819

Trust:

NationsBank of Texas, N.A., Trustee
901 Main Street, 12th Floor
P.O. Box 830308
Dallas, Texas, 75283-0308
Attention: Dominion Resources Black Warrior Trust,
Trust Administrator
Telecopier No.: (214) 508-2484

Notice which is mailed in the manner specified shall be conclusively deemed given five (5) days after the date postmarked or upon receipt, whichever is sooner. Any party may change its address for purposes of this paragraph by giving the other party hereto written notice of the new address in the manner set forth above.

10. Amendment. No modification or amendment of this Agreement shall be binding upon any party unless in writing and signed by the party against which the modification or amendment is asserted.

11. Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements, if any.

12. Arbitration. THE PARTIES TO THIS AGREEMENT AGREE THAT ANY DISPUTE, CONTROVERSY OR CLAIM THAT MAY ARISE BETWEEN OR AMONG DOMINION RESOURCES (ON THE ONE HAND) AND THE TRUST AND/OR THE TRUSTEE AND/OR THE DELAWARE TRUSTEE (ON THE OTHER HAND) IN CONNECTION WITH OR OTHERWISE RELATING TO THIS AGREEMENT OR THE APPLICATION, IMPLEMENTATION, VALIDITY OR BREACH OF THIS AGREEMENT OR ANY PROVISION OF THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, CLAIMS BASED ON CONTRACT, TORT OR STATUTE), SHALL BE FINALLY, CONCLUSIVELY AND EXCLUSIVELY SETTLED BY BINDING ARBITRATION IN DALLAS, TEXAS IN ACCORDANCE WITH THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES (THE "RULES") OF JUDICIAL ARBITRATION & MEDIATION SERVICES, INC. OR ANY SUCCESSOR THERETO ("JAMS") THEN IN EFFECT. THE PARTIES TO THIS AGREEMENT HEREBY EXPRESSLY WAIVE THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING WITHOUT LIMITATION, THE RIGHT TO TRIAL BY JURY, WITH RESPECT TO ANY MATTER SUBJECT TO ARBITRATION PURSUANT TO THIS PARAGRAPH 12. ANY PARTY TO THIS AGREEMENT MAY BRING AN ACTION, INCLUDING, WITHOUT LIMITATION, A SUMMARY OR EXPEDITED PROCEEDING IN ANY COURT HAVING JURISDICTION, TO COMPEL ARBITRATION OF ANY DISPUTE, CONTROVERSY OR CLAIM TO WHICH THIS PARAGRAPH 12 APPLIES. EXCEPT WITH RESPECT TO THE FOLLOWING PROVISIONS (THE "SPECIAL PROVISIONS") WHICH SHALL APPLY WITH RESPECT TO ANY ARBITRATION PURSUANT TO THIS PARAGRAPH 12, THE INITIATION AND CONDUCT OF ARBITRATION SHALL BE AS SET FORTH IN THE RULES, WHICH RULES ARE INCORPORATED IN THIS AGREEMENT BY REFERENCE WITH THE SAME EFFECT AS IF THEY WERE SET FORTH IN THIS AGREEMENT:

(a) In the event of any inconsistency between the Rules and the Special Provisions, the Special Provisions shall control. References in the Rules to a sole arbitrator shall be deemed to refer to the tribunal or arbitrators provided for under subparagraph (c) below in this paragraph 12.

(b) The arbitration shall be administered by JAMS. If JAMS is unable or legally precluded from administering the arbitration, then the American Arbitration Association or any successor thereto shall serve and the Rules shall be deemed to be the Commercial Arbitration Rules of the American Arbitration Association then in effect, but giving effect to the Special Provisions set forth in this paragraph 12.

(c) The arbitration shall be conducted by a tribunal of three (3) arbitrators. Within ten (10) days after arbitration is initiated pursuant to the Rules, the initiating party or parties (the "Claimant") shall send written notice to the other party or parties (the "Respondent"), with a copy to the Dallas, Texas office of JAMS, designating the first arbitrator (who shall not be a representative or Agent of any party but may or may not be a JAMS panel member and, in any case, shall be reasonably believed by the Claimant to possess the requisite experience, education and expertise in respect of the matters to which the claim relates to enable such Person to competently perform arbitral duties). Within ten (10) days after receipt of such notice, the Respondent shall send written notice to the Claimant, with a copy to the Dallas, Texas office of JAMS and to the first arbitrator, designating the second arbitrator (who shall not be a representative or Agent of any party but may or may not be a JAMS panel member and, in any case, shall be reasonably believed by the Respondent to possess the requisite experience, education and expertise in respect of the matters to which the claim relates to enable such Person to competently perform arbitral duties). Within ten (10) days after such notice from the Respondent is received by the Claimant, the Respondent and the Claimant shall cause their respective designated arbitrators to select any mutually agreeable JAMS panel member as the third arbitrator. If the respective designated arbitrators of the Respondent and the Claimant cannot so agree within said ten (10) day period, then the third arbitrator will be determined pursuant to the Rules. For purposes of this paragraph 12, Dominion Resources (on the one hand) and the Trust, the Trustee and the Delaware Trustee (on the other hand) shall each be entitled to the selection of one (1) arbitrator. Prior to commencement of the arbitration proceeding, each arbitrator shall have provided the parties with a résumé outlining such arbitrator's background and qualifications and shall certify that such arbitrator is not a representative or Agent of any of the parties. If any arbitrator shall die, fail to act, resign, become disqualified or otherwise cease to act, then the arbitration proceeding shall be delayed for fifteen (15) days and the party by or on behalf of whom such arbitrator was appointed shall be entitled to appoint a substitute arbitrator (meeting the qualifications set forth in this paragraph 12) within such fifteen (15) day period; *provided, however,* that if the party by or on behalf of whom such arbitrator was appointed shall fail to appoint a substitute arbitrator within such fifteen (15) day period, the substitute arbitrator shall be a neutral arbitrator appointed by the JAMS arbitrator within fifteen (15) days thereafter.

(d) All arbitration hearings shall be commenced within ninety (90) days after arbitration is initiated pursuant to the Rules, unless, upon a showing of good cause by a party to the arbitration, the tribunal of arbitrators permits the extension of the

commencement of such hearing; *provided, however,* that any such extension shall not be longer than sixty (60) days.

(e) All claims presented for arbitration shall be particularly identified and the parties to the arbitration shall each prepare a statement of their position with recommended courses of action. These statements of position and recommended courses of action shall be submitted to the tribunal of arbitrators chosen as provided hereinabove for binding decision. The tribunal of arbitrators shall not be empowered to make decisions beyond the scope of the position papers.

(f) The arbitration proceeding will be governed by the substantive laws of the State of Delaware and will be conducted in accordance with such procedures as shall be fixed for such purpose by the tribunal of arbitrators, except that (i) discovery in connection with any arbitration proceeding shall be conducted in accordance with the Federal Rules of Civil Procedure and applicable case law, (ii) the tribunal of arbitrators shall have the power to compel discovery and (iii) unless the parties otherwise agree and except as may be provided in this Paragraph 12, the arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16, to the exclusion of any provisions of state law or other applicable law or procedure inconsistent therewith or which would produce different results. The parties shall preserve their right to assert and to avail themselves of the attorney-client and attorney-work product privileges, and any other privileges to which they may be entitled pursuant to applicable law. No party to the arbitration or any arbitrator may compel or require mediation and/or settlement conferences without the prior written consent of all such parties and the tribunal of arbitrators.

(g) The tribunal of arbitrators shall make an arbitration award as soon as possible after the later of the close of evidence or the submission of final briefs, and in all cases the award shall be made not later than thirty (30) days following submission of the matter. The finding and decision of a majority of the arbitrators shall be final and shall be binding upon the parties. Judgment upon the arbitration award or decision may be entered in any court having jurisdiction thereof or application may be made to any such court for a judicial acceptance of the award and an order of enforcement, as the case may be. The tribunal of arbitrators shall have the authority to assess liability for pre-award and post-award interest on the claims, attorneys' fees, expert witness fees and all other expenses of arbitration as such arbitrators shall deem appropriate based on the outcome of the claims arbitrated. Unless otherwise agreed by the parties to the arbitration in writing, the arbitration award shall include findings of fact and conclusions of law.

(h) Nothing in this paragraph 12 shall be deemed to (i) limit the applicability of any otherwise applicable statute of limitations or repose or any waivers contained in this Agreement or (ii) constitute a waiver by any party hereto of the protections afforded

by 12 U.S.C. § 91 or any successor statute thereto or any substantially equivalent state law.

(i) Notwithstanding any provision in this paragraph 12 to the contrary, this paragraph 12 shall not be construed to require arbitration of a claim or dispute solely between the Trustee and the Delaware Trustee or of any claim or dispute brought by any Person (including, without limitation, any Unitholder), who is not a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

DOMINION RESOURCES, INC.

By:_____
Name:
Title:

DOMINION RESOURCES BLACK WARRIOR TRUST

By: NATIONSBANK OF TEXAS, N.A.,
TRUSTEE

By:_____
Name:
Title:

SCHEDULE 3

OPINIONS OF LOCAL COUNSEL

1. In connection with the activities of the Trust, the Delaware Trustee and the Trustee as contemplated in (a) the Registration Statement under the captions "State Tax Considerations" and "Description of the Trust Agreement," (b) the Trust Agreement and (c) the Conveyance, (i) none of the Trust, the Delaware Trustee or the Trustee is required to qualify to do business or to conduct a trust business in the State of Alabama; (ii) there is no filing, registration or other action by or with respect to the Trust, the Delaware Trustee or the Trustee required in the State of Alabama; (iii) assuming the Trust in its entirety constitutes a grantor trust for federal income tax purposes and is not an association taxable as a corporation, none of the Trustee, the Delaware Trustee or the Trust is subject to any income tax imposed by the State of Alabama, or any of its political subdivisions, and there is no requirement under Alabama law for withholding by the Trustee of distributions to Unitholders; (iv) the activities of the Trustee and the Delaware Trustee under the Trust Agreement will not constitute the exercise of trust powers in the State of Alabama; (v) [individual Unitholders (including non-Alabama residents) will be required generally to comply with Alabama income tax reporting and payment obligations;] and (vi) the Trust may legally hold title to the Royalty Interests. To the best of our knowledge, the execution, delivery and performance by the Trustee and the Delaware Trustee of the Trust Agreement will not violate or conflict with any law or any administrative regulation or ruling of the State of Alabama.

2. Assuming due authorization, execution and delivery of the Conveyance by the Company and the Trust and recording of the Conveyance in the real estate records of the Counties of Tuscaloosa and Jefferson, Alabama, and based on our opinion that the Royalty Interests constitute an interest in real property, (a) the form of the Conveyance is adequate and sufficient to transfer title to the Royalty Interests to the Trust and to comply with the laws of the State of Alabama, including all applicable recordation statutes and regulations; (b) the recording of the Conveyance in the appropriate real property records in the Counties of Tuscaloosa and Jefferson, Alabama, is sufficient to provide the Trust, the Delaware Trustee and the Trustee the maximum protections afforded under the recordation statutes of the State of Alabama against purchasers or creditors subsequently acquiring interests in the Underlying Properties, and such purchasers and creditors will be deemed to acquire any such interests with notice of, and subject to, the Royalty Interests; (c) the Conveyance has been properly recorded, or has been transmitted to the appropriate county official for recordation, in the appropriate real property records in the State of Alabama; (d) no governmental approvals are required in connection with the Conveyance under the laws of the State of Alabama; and (e) the Company has assigned and conveyed to the Trust the Royalty Interests. Nothing expressed in the foregoing opinion shall be construed as an opinion as to the title to the Royalty Interests conveyed by the Conveyance or as to the

accuracy of the description of the Royalty Interests and Underlying Properties described therein.

3. Each Unit, and any interest represented thereby, will be characterized as intangible personal property under the laws of the State of Alabama for purposes of ownership, transfer, inheritance tax, gift tax, devolution of title, administration and probate assuming, with respect to inheritance tax and gift tax treatment, that the Units, and not an interest in the Royalty Interests, would be included in the Unitholder's gross estate for federal estate tax purposes.

4. The Royalty Interests constitute an interest in real property under the laws of the State of Alabama.

5. There is no restriction on the ownership of interests in minerals or Units by non-U.S. residents under the laws of the State of Alabama.

6. Holders of Units will not be liable for the debts and liabilities of the Trust under the laws of the State of Alabama.

SCHEDULE 4

Dominion Resources Black Warrior Trust

SEE THE REVERSE SIDE HEREOF FOR A SUMMARY OF CERTAIN PROVISIONS IN THE TRUST AGREEMENT THAT COULD RESULT IN THE MANDATORY TRANSFER AND SALE OF THE UNITS EVIDENCED HEREBY

CERTIFICATE OF BENEFICIAL INTEREST IN

DOMINION RESOURCES BLACK WARRIOR TRUST

ORGANIZED UNDER THE LAWS OF THE STATE OF DELAWARE
ISSUED UNDER AND SUBJECT TO THE TRUST AGREEMENT
OF DOMINION RESOURCES BLACK WARRIOR TRUST DATED AS OF MAY 31, 1994

THIS CERTIFICATE OF BENEFICIAL INTEREST IS TRANSFERABLE IN THE CITY OF NEW YORK, NEW YORK

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

IS THE OWNER OF

Units of Beneficial Interest ("Units") in that certain Trust known and designated as Dominion Resources Black Warrior Trust created and established under the terms of the Trust Agreement of Dominion Resources Black Warrior Trust (the "Trust Agreement") entered into as of the date shown above by and among Dominion Black Warrior Basin, Inc., an Alabama corporation with its principal office in Richmond, Virginia, as Trustor, Dominion Resources, Inc., a Virginia corporation with its principal office in Richmond, Virginia, Mellon Bank (DE) National Association, a banking association organized under the laws of the United States of America with its principal place of business in the State of Delaware, as Delaware Trustee, and NationsBank of Texas, N.A., a banking association organized under the laws of the United States of America with its principal place of business in Dallas, Texas, as Trustee, a duplicate original of which Trust Agreement is for the information of all concerned held by said Trustee at its office in Dallas, Texas. Said Trust Agreement is hereby referred to and made a part of this Certificate for all purposes and the owner of this Certificate by accepting the same consents to and becomes bound by all the terms and provisions of said Trust Agreement and the provisions herein. The Units evidenced by this Certificate are transferable on the books of the Trustee by the holder hereof in person, or by duly authorized attorney, upon surrender of this Certificate, properly endorsed, to the Trustee. This Certificate shall not be valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the signature of the duly authorized officer of the Trustee

Dated

Countersigned and Registered
MELLON SECURITIES TRUST COMPANY,
As Transfer Agent
and Registrar

By

Authorized Signature

NATIONSBANK OF TEXAS, N.A.,
as Trustee

By

Authorized Signature

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Dominion Resources Black Warrior Trust

THE UNITS EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO MANDATORY TRANSFER AND SALE UNDER CERTAIN CIRCUMSTANCES IF THE NATIONALITY, CITIZENSHIP OR OTHER STATUS OF A HOLDER COULD RESULT IN THE CANCELLATION OR FORFEITURE OF ANY TRUST ASSETS. PENDING SUCH TRANSFER OR SALE, DISTRIBUTIONS TO SUCH HOLDER MAY BE SUSPENDED.

THE UNITS EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE RIGHT GRANTED IN THE TRUST AGREEMENT TO DOMINION RESOURCES, INC. TO REPURCHASE ALL (BUT NOT LESS THAN ALL) OUTSTANDING UNITS AT ANY TIME AT WHICH 15 PERCENT OR LESS OF THE OUTSTANDING UNITS ARE OWNED BY PERSONS OTHER THAN DOMINION RESOURCES, INC. AND ITS AFFILIATES.

TEN COM	–as tenants in common
TEN ENT	–as tenants by the entireties
JT TEN	–as joint tenants with rights of survivorships and not as Tenants in Common

UNIF GIFT MIN ACT–.....Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act.....
(State)

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto

_____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address of assignee)

_____ (_____) units of beneficial interest evidenced by the within Certificate of Beneficial Interest, and do hereby irrevocably constitute and appoint _____ (Attorney) to transfer the said units or the books of said Trustee, with full power of substitution in the premises.

_____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular without alteration or enlargement or any change whatsoever.

Dated: _____

You have acquired an interest in the Dominion Resources Black Warrior Trust (the "Trust"), whose address is NationsBank of Texas, N.A., Trustee, 901 Main Street, 12th Floor, Dallas, Texas 75283-0308, attention: Dominion Resources Black Warrior Trust, Trust Administrator, and whose Taxpayer Identification Number is: _____.

The Internal Revenue Service has issued the Trust the following Tax Shelter Registration Number: _____.

The Tax Shelter Registration Number must be reported to the Internal Revenue Service if any deduction, loss, credit or other tax benefit is claimed or any income is reported by reason of investment in the Trust. The Trust's name, Taxpayer Identification Number and Tax Shelter Registration Number must be reported on Form 8271.

FORM 8271 MUST BE ATTACHED TO ANY RETURN ON WHICH A DEDUCTION, LOSS, CREDIT OR OTHER TAX BENEFIT IS CLAIMED, OR ANY INCOME IS REPORTED RELATING TO INVESTMENT IN THE TRUST.

ISSUANCE OF THE TAX SHELTER REGISTRATION NUMBER DOES NOT INDICATE THAT THIS INVESTMENT OR THE CLAIMED TAX BENEFITS HAVE BEEN REVIEWED, EXAMINED OR APPROVED BY THE INTERNAL REVENUE SERVICE.

FILED
2015 Sep-24 PM 01:53
U.S. DISTRICT COURT
N.D. OF ALABAMA

This instrument prepared by:

Hugh Tucker, Esquire
Baker & Botts, L.L.P.
1299 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2400

Source of Title: Deed Book 1138
Page 173

For recording purposes only this instrument conveys approximately 33,391 net mineral acres.

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

OVERRIDING ROYALTY CONVEYANCE

DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, ("Assignor"), for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration paid to it by NATIONSBANK OF TEXAS, N.A., a national banking association ("Trustee"), and MELLON BANK (DE) NATIONAL ASSOCIATION, a national banking association ("Delaware Trustee"), as trustees under that certain Trust Agreement dated as of May 31, 1994 establishing the DOMINION RESOURCES BLACK WARRIOR TRUST, a Delaware business trust (Trustee and Delaware Trustee and any successors collectively called "Trustees" or "Assignee"), the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold, conveyed, transferred, assigned, set over and delivered, and by these presents does hereby grant, bargain, sell, convey, transfer, assign, set over and deliver unto Assignee, an overriding royalty interest (collectively, the "Royalty Interests" and individually, a "Royalty Interest") equal to and consisting of an undivided sixty-five percent (65%) interest in and to the Subject Gas, including, subject to the provisions of Section 7.02 hereof, that share of revenue from each Proration Unit (as defined in Article I) set forth in the "Royalty Interests" columns on Schedule A hereto with such Royalty Interests to be non-expense bearing (other than Taxes) interests for all purposes.

EXHIBIT B

TO HAVE AND TO HOLD the Royalty Interests, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Assignee, its successors and assigns, subject, however, to the terms and provisions of this Conveyance; and Assignor does by these presents bind and obligate itself, its successors and assigns, to WARRANT and FOREVER defend all and singular the Royalty Interests unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Assignor, but not otherwise.

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ARTICLE I

Definitions

As used herein, the following words, terms and phrases shall have the following meanings:

"Affiliate" means, as to the party specified, any Person controlling, controlled by or under common control with such party, with the concept of control in such context meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise.

"Business Day" means any day which is not a Saturday, Sunday or other day on which national banking institutions are closed as authorized or required by law in the city in which the Trustee pursuant to the Trust Agreement has its principal trust offices.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Interests" means each and every kind and character of right, title, claim or interest that Assignor has at the Effective Time on the Effective Date in the leasehold estate and the Leased Land in and under the Leases and any and all renewals and extensions of any of the same, insofar and only insofar as each such Lease covers the Leased Land, and the unitization, pooling and operating agreements and orders relating to the Leases or any portions thereof insofar as they cover the Leased Land, and the Proration Units created thereby, as described in Schedule A attached hereto, all as the same shall be enlarged by virtue of the provisions hereof or by the discharge of any payments out of production or by the removal of any charges or encumbrances to which any of the same were subject at the Effective Time on the Effective Date.

"Company Interests Owner" means the Assignor while it owns all or part of the Company Interests and any other Person or Persons who acquire all or any part of such Company Interests or any operating rights therein other than a royalty, overriding royalty, production payment or net profits interest.

"Computation Period" means (i) the period commencing at the Effective Time on the Effective Date and ending on June 30, 1994 and (ii) each calendar quarter thereafter ending on the last day of each calendar quarter.

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"Conveyance" means this Overriding Royalty Conveyance.

"Effective Date" means June 1, 1994.

"Effective Time" means 12:01 a.m. local time in effect at the location of each Company Interest on the date specified.

"Existing Burdens" means all lessors' and/or landowners' royalties and any and all other royalties, overriding royalties, production payments, net profits interests and/or other burdens on production (other than the Royalty Interests) that are existing and of record as of the Effective Time on the Effective Date.

"Gas" means hydrocarbons that, at atmospheric conditions of temperature and pressure at the wellhead, are in a gaseous phase.

"Governmental Authority" means the United States of America, any state, commonwealth, territory or possession thereof and any political subdivision of any of the foregoing, including, but not limited to, courts, departments, commissions, boards, bureaus, agencies or other instrumentalities.

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"Gross Proceeds" means the amounts actually received by the Company Interests Owner as revenues from the sale of Subject Gas (determined before calculating the Royalty Interests hereunder) subject to the qualifications set forth in Section 3.04. Any Subject Gas used to operate the compression and dehydration facilities at the central gathering points shall for purposes of this definition be deemed to be sold at the same price as the remaining Subject Gas produced at such time and the proceeds therefrom shall be deemed to be received by the Company Interests Owner at the time of such use.

"Leased Land" means, for each Lease, the land covered by such Lease insofar as such Lease covers the Pottsville Formation.

"Leases" means the oil, gas and mineral leases described in Schedule A attached hereto, and made a part hereof, and any and all extensions or renewals thereof.

"Legal Requirement" means any law, statute, ordinance, decree, requirement, order, judgment, rule or regulation of, including the terms of any license or permit issued by, any Governmental Authority.

"Mcf" means one thousand cubic feet of Gas at a pressure of 14.73 pounds per square inch absolute and a temperature of 60 degrees Fahrenheit, unless otherwise specified.

"Non-Affiliate" means, as to the party specified, any Person who is not an Affiliate of such party.

"Person" means any individual, corporation, partnership, trust, estate or other entity or organization.

"Pottsville Formation" means the formation identified as the "Pottsville Formation" by the Special Field Rules established by the State Oil and Gas Board of Alabama for the Blue Creek, Deerlick Creek, and Oak Grove Coal Degasification Fields.

"Prime Interest Rate" means a varying interest rate per annum equal to the interest rate publicly announced in New York, New York by Citibank, N.A. (or its successor) from time to time as its prime commercial lending rate.

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"Proration Unit" means each parcel of land designated as such on Schedule A, but limited to the Pottsville Formation.

"Purchaser" means a purchaser of the Subject Gas, or any portion thereof.

"Royalty Owner" means the Assignee while it owns an interest in the Royalty Interests, and any other Person or Persons who subsequently acquire legal title to all or a portion of the Royalty Interests.

"Sale" means a sale, sublease or lease or other disposition of a Company Interest, or a portion thereof, by Company Interests Owner for a cash consideration or other thing of value.

"Sales Contracts" means all contracts and agreements for the offer or sale of, or commitment to offer or sell, or right of first refusal to purchase, Subject Gas.

"Sonat Agreement" means that certain gas purchase agreement dated May 3, 1994 between Assignor, as seller and Sonat Marketing Company, Inc., as buyer with respect to the Subject Gas.

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"Subject Gas" means all Gas in and under, and that may be produced from, and that shall be attributable to, the Company Interests from and after the Effective Time but before the Effective Date subject to the qualifications set forth in Section 3.04(a).

"Taxes" means all severance, privilege, gross production and other similar taxes imposed on the production of Subject Gas, other than income taxes, net of any reimbursements of such severance, privilege, production or other similar taxes received from Purchasers of the Subject Gas.

"Trust" means the Dominion Resources Black Warrior Trust established pursuant to the Trust Agreement.

"Trust Agreement" means the Dominion Resources Black Warrior Trust Agreement dated as of May 31, 1994 among Dominion Resources, Inc., a Virginia corporation, Assignor, as trustor, and Trustees, as trustees, which agreement established the Trust under the laws of the State of Delaware.

"Units" means units of beneficial interest in the Trust or any successor trust.

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ARTICLE II

Records and Reports

2.01. *Books and Records*. The Company Interests Owner shall at all times maintain true and correct books and records sufficient to determine the amounts payable to Royalty Owner hereunder.

2.02. *Inspections*. The books and records referred to in Section 2.01 shall be open for inspection by Royalty Owner and its representatives at the office of the Company Interests Owner during normal business hours.

2.03. *Quarterly Statements*. Within forty-five (45) days after the close of each Computation Period, the Company Interests Owner shall deliver to Royalty Owner a statement showing, in reasonable detail, the computation of the amounts payable to the Royalty Owner from the Royalty Interests for such Computation Period. Such Quarterly Statements shall include a statement, and any necessary supporting calculations, as to the status of the Company Interests Owner's performance of its Pratt recompletion obligations under Section 6.08 and any payments to be made pursuant thereto.

2.04. *Royalty Owner's Exceptions to Quarterly Statements*. If Royalty Owner shall take exception to any quarterly statement rendered by the Company Interests Owner, Royalty Owner shall notify the Company Interests Owner in writing within 180 days after the receipt of such statement, setting forth in such notice the specific matters complained of and to which exception is taken; and with respect to such complaints and exceptions as are justified,

adjustment shall be made. If Royalty Owner shall fail to give the Company Interests Owner notice of such complaints and exceptions prior to the expiration of such 180-day period, then the statements for such Computation Period as originally rendered by the Company Interests Owner shall be deemed to be correct as rendered absent manifest error.

2.05. *Annual Statements and Audit Reports.* Within 60 days after the end of each calendar year, if requested by Royalty Owner, the Company Interests Owner shall deliver to Royalty Owner an unaudited statement showing, on an annual basis, the information provided for in Section 2.03. Within 90 days after the end of each calendar year, the Company Interests Owner shall deliver to Royalty Owner a statement that has been audited by a nationally recognized firm of independent public accountants, which statement shall show on an annual basis the information provided for in Section 2.03. Royalty Owner shall bear the cost of each such audit. The Company Interests Owner shall provide to Royalty Owner reasonable access to the Company Interests Owner's books and records relating to the Company Interests and such information as Royalty Owner may reasonably request in connection with such audit.

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ARTICLE III

Payment and Determination of Royalty Interests

3.01. *Payment.* On or before the last Business Day before the 45th day after the close of each Computation Period, the Company Interests Owner shall pay to Royalty Owner by wire transfer of immediately available funds to the account specified from time to time by

the Royalty Owner a sum equal to the Royalty Owner's share of Gross Proceeds theretofore received with respect to Subject Gas sold prior to the end of such Computation Period and not previously paid, subject to Section 3.04(c) below.

3.02. *Interest on Past Due Payments.* Any amount not paid by Company Interests Owner to Royalty Owner within 10 days after such amount is due shall bear, and Company Interests Owner will pay, interest at the Prime Interest Rate, determined at the end of each Computation Period, from such due date until such amount is paid, but not in excess of the maximum amount allowed by law.

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3.03. *Overpayment.* If at any time Company Interests Owner pays Royalty Owner more than the amount due, Royalty Owner shall not be obligated to refund any such overpayment, but the amount or amounts otherwise payable for any subsequent period or periods shall be reduced by such overpayment, plus an amount equal to interest computed at the Prime Interest Rate in effect during the period of such overpayment.

3.04. *Certain Provisions Governing the Computation of the Royalty Interests.* All of the provisions of this Conveyance shall be subject to the following:

(a) Subject Gas.

(i) Subject Gas shall not include Gas attributable to nonconsent operations conducted with respect to the Company Interests (or any portion thereof) as to which the Company Interests Owner shall be a nonconsenting party and that is dedicated to the recoupment or reimbursement of costs and expenses of the consenting party or parties by the terms of the relevant operating agreement, unit agreement, contract for development or other instrument providing for such nonconsent operations, provided Company Interests Owner's

election not to participate in such operations is made in conformity with the provisions of Section 6.02 hereof.

(ii) Subject Gas shall not include Gas unavoidably lost in the production thereof.

(iii) Subject Gas shall include Gas produced from any Proration Unit used to operate the compression and dehydration facilities at the central gathering points, but shall not include (a) such Gas if previously included in Subject Gas, or (b) any other Gas produced from any Proration Unit that is used by the Company Interests Owner in conformity with historical practices for fuel gas for compression in connection with gathering from the Leased Land to a central delivery point and for field compression and production operations conducted for the purpose of producing Subject Gas.

(b) Receipt of Gross Proceeds.

(i) Any cash consideration or other thing of value received by the Company Interests Owner for any Sale by Company Interests Owner of any of the Company Interests, or any part thereof, shall not be included in Gross Proceeds.

(ii) If a controversy or possible controversy exists (whether by reason of any Legal Requirement, contract or otherwise) as to the correct or lawful sales price of any Subject Gas, then:

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(a) amounts withheld by the Purchaser and deposited by it with an escrow agent shall not be considered to be received by the Company Interests Owner until actually collected by Company Interests Owner, but

any interest, penalty, or other amount paid to Company Interests Owner in respect thereof shall be included in Gross Proceeds;

(b) amounts received by the Company Interests Owner and promptly deposited by it with a Non-Affiliate escrow agent, to be placed in interest bearing accounts under usual and customary terms, shall not be considered to have been received by the Company Interests Owner, but all amounts thereafter paid to Company Interests Owner by such escrow agent (including interest thereon) shall be considered to be amounts received from the sale of Subject Gas; and

(c) amounts received by Company Interests Owner and not deposited with an escrow agent shall be considered to be received for purposes of determining Gross Proceeds.

(c) Taxes. The Royalty Interests shall bear their proportionate share of Taxes; however, the Royalty Owner hereby authorizes and directs Company Interests Owner to deduct such Taxes from each payment to the Royalty Owner and pay (or cause to be paid) such Taxes on Royalty Owner's behalf.

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ARTICLE IV

Marketing of Subject Gas

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4.01. *Sales Contracts*. Company Interests Owner shall use such efforts to market or cause to be marketed all Subject Gas at such prices and on such terms as would a reasonably prudent operator. For such purposes, sales of Subject Gas may continue to be made by Company Interests Owner pursuant to the Sonat Agreement. Company Interests Owner may amend the Sonat Agreement so long as (a) except as specifically set forth in this Section 4.01, the provisions setting the minimum price and ceiling price and the obligation to purchase the base quantities of Subject Gas through December 31, 1998 are not modified and (b) such amendment, in Company Interests Owner's judgment acting as would a reasonably prudent operator, does not adversely affect the Royalty Interests. In the event the Company Interests Owner amends the Sonat Agreement so as to lower the base quantities to which the minimum price and ceiling price apply, the Company Interests Owner shall be obligated to pay the Trust for each Computation Period the difference, if any, between (i) the amount of Gross Proceeds that would have been generated during such Computation Period if the contract had not been amended and (ii) the Gross Proceeds actually generated. Company Interests Owner agrees, except as provided in the following sentence, not to take any action to terminate the put and call arrangements Sonat has currently in place to minimize its losses as a result of the minimum price provisions of the Sonat Agreement. In the event Company Interests Owner amends the Sonat Agreement to reduce the base quantities, the existing put and call arrangement may be terminated provided that Sonat enters into a replacement put and call arrangement as to the

revised base quantities with a nationally recognized commodities brokerage firm. Company Interests Owner may enter into one or more Sales Contracts in the future at such prices and containing such terms as would a reasonably prudent operator.

4.02. *Performance of Sales Contracts.* Company Interests Owner shall duly perform all material obligations binding on it under Sales Contracts in accordance with the terms thereof and shall take all measures which, in its sole judgment, it shall deem appropriate to enforce the performance under each of the Sales Contracts of the obligations of the Purchaser thereunder.

4.03. *Reliance by Third Party.* As to any party to a Sales Contract, the acts of Company Interests Owner shall be binding on Royalty Owner, but shall not release Company Interests Owner from its obligations thereunder. Royalty Owner will not be required to join with Company Interests Owner in any division or transfer order or any Sales Contract. Proceeds from the Subject Gas produced and sold from the Company Interests will be paid by purchasers thereof directly to Company Interests Owner (or its operator) without the necessity of joinder by or consent of Royalty Owner.

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ARTICLE V

Non-Liability of Royalty Owner

In no event shall Royalty Owner or the Trustees be liable or responsible in any way for any costs or liabilities incurred by Company Interests Owner or other lessees attributable to the Company Interests or to the Subject Gas. It is the express intention and agreement of

Assignor and Assignee that the Royalty Interests shall constitute non-expense bearing (other than Taxes) interests for all purposes.

ARTICLE VI

Operation of Company Interests

6.01. *Reasonably Prudent Operator Standard.* Company Interests Owner agrees that it will conduct and carry on, as would a reasonably prudent operator, or cause to be so conducted or carried on, the development, maintenance and operation of the Company Interests as if not burdened by the Royalty Interests (i.e., an operator entitled to receive 100% of the Gross Proceeds, able to utilize fully all the tax credits attributable to the Subject Gas and obligated to bear 100% of the costs of such development, maintenance and operation).

6.02. *Nonconsent.* Provided Company Interests Owner complies with its obligations under Section 6.01 or is acting in accordance with the requirements of Section 6.07, Company Interests Owner may elect not to participate in any operation that is to be conducted under the terms of any operating agreement, unit operating agreement, contract for development or similar instrument affecting or pertaining to the Company Interests (or any portion thereof).

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6.03. *Abandonment of Properties.* Nothing in this Conveyance shall obligate Company Interests Owner to operate or continue to operate any well or to operate or maintain in force or attempt to maintain in force any of the Leases when, in Company Interests Owner's opinion acting as would a reasonably prudent operator, as provided in Section 6.01, such well

or Lease ceases to produce or is not capable of producing Gas in commercial quantities (determined before giving effect to the Royalty Interests). Under such circumstances the expiration of a Lease in accordance with its terms and conditions shall not be considered to be a voluntary surrender or abandonment thereof.

6.04. *Insurance.* Company Interests Owner shall not be required to maintain insurance covering the Property upon the Company Interests or the risks incident to the operation thereto.

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Marvin McCollum Probate Judge
Tuscaloosa County, Alabama

6.05. *No Right To Take Production In-Kind.* Notwithstanding anything to the contrary in this Conveyance, Royalty Owner shall have no right to take in kind the production of Gas attributable to the Royalty Interests.

6.06. *Non-Operating Interest.* It is the express intent and agreement of Company Interests Owner and Royalty Owner that the Royalty Interests shall constitute (and this Conveyance shall conclusively be construed for all purposes as creating) a non-operating interest in the Company Interests for all purposes. Without limitation of the generality of the immediately preceding sentence, Company Interests Owner and Royalty Owner acknowledge that Royalty Owner has no right or power to participate in the selection of a drilling contractor, to propose the drilling of a well, to determine the timing or sequence of drilling operations, to commence or shut down production, to take over operations or to share in any operating decision whatsoever (including, without limitation, the alteration, change, amendment or termination of the unit agreements, operating agreements, the Leases or any other type of contract, conveyance or instrument, recorded or unrecorded, as heretofore or hereafter entered into, as to all or any part of the Company Interests hereunder). Company Interests Owner and Royalty Owner hereby

expressly negate any intent to create (and this Conveyance shall never be construed as creating) a mining or other partnership or joint venture.

6.07. *No Infill Drilling.* Except as required by law, Company Interests Owner shall not consent to, cooperate with, assist in, or conduct any infill drilling on the Leased Land. Subject to Section 6.01, nothing herein shall require Company Interests Owner to affirmatively prevent consenting parties from conducting nonconsent operations within the Proration Units.

6.08. *Behind Pipe Recompletions.* Company Interests Owner shall recomplete the Wells set forth on Schedule B to recover certain "behind-pipe" reserves in the Pratt seam by March 31, 1997 in accordance with the minimum Pratt recompletions schedule set forth on Schedule C. The Company Interests Owner shall pay (at the time the quarterly payments are made pursuant to Section 3.01) for each Computation Period beginning with the Computation Period ending December 31, 1994 and continuing through the Computation Period ending March 31, 1997 an amount equal to $1,850 per well for all such wells not recompleted on a cumulative basis in accordance with Schedule C. If Company Interests Owner fails to recomplete all such Wells by March 31, 1997, Company Interests Owner shall pay (at the time the next quarterly payment is made pursuant to Section 3.01) Royalty Owner the value attributed to such "behind-pipe" reserves for each Well not recompleted as such value is set forth on Schedule B for such Well.

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ARTICLE VII

Pooling and Unitization

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H. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

7.01. *Pooled Company Interests.* Each of the Company Interests have been heretofore pooled or unitized for the production of Gas. Each of the Company Interests are and shall be subject to the terms and provisions of the applicable pooling or unitization agreements and orders, and the Royalty Interest with respect to a Proration Unit shall apply to and affect only the production from such Proration Unit that is attributable to such Company Interest under and by virtue of such applicable pooling and unitization agreements and orders.

7.02. *Right to Pool.* Company Interests Owner shall have the right and power, exercisable only during the period provided in Section 7.03, to pool or unitize any of the Company Interests and to alter, change, amend or terminate any pooling or unitization agreements heretofore or hereafter entered into, as to all or any part of the Leased Land, upon such terms and provisions as Company Interests Owner shall in its sole discretion determine; provided, however, Company Interests Owner shall not take such action if, in Company Interests Owner's judgment acting as would a reasonably prudent operator, such action would adversely affect the Royalty Interests. If and whenever through the exercise of such right and power, or pursuant to any Legal Requirement, any of the Company Interests are pooled or unitized in any manner, the Royalty Interest, insofar as it affects such Company Interest, shall also be pooled or unitized, as the case may be, and in any such event such Royalty Interest in such Company Interest shall apply to and affect only the Gas production that is attributable to such Company Interest under and by virtue of the pooling or unitization.

7.03. *Applicable Period.* Company Interests Owner's power and right to pool and unitize the Company Interests and the Royalty Interests shall be exercisable and enjoyed only during the period for the life of the last survivor of the descendants of Joseph P. Kennedy, father of the late President of the United States of America, living on the date of execution hereof, plus 21 years after the death of such last survivor, or the term of this Conveyance, whichever period shall first expire.

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W. Hardy McCollum - Probate Judge
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ARTICLE VIII

Government Regulation

All obligations of Company Interests Owner hereunder shall be subject to all applicable Legal Requirements, and all applicable orders, rules, regulations and decisions of every court and Governmental Authority having jurisdiction over Assignor, the Company Interests or the Subject Gas.

ARTICLE IX

Assignments

9.01. *Assignment by Company Interests Owner.* Company Interests Owner shall have the right to assign, sell, transfer, convey, mortgage or pledge the Company Interests, or any part thereof, subject to the Royalty Interests and the terms and provisions of this Conveyance.

9.02. *Separate Computation.* If Company Interests Owner assigns, sells, transfers or otherwise conveys part, but not all, of the Company Interests then effective as of the date of such conveyance, in computing the Royalty Interests payable with respect to production from such conveyed Company Interests, Gross Proceeds attributable to the conveyed interest will be computed separately from the unassigned interest. From and after such separation, the obligations of each Company Interests Owner shall be several and shall relate only to the Company Interest owned by such Company Interests Owner.

9.03. *Assignment by Royalty Owner.* (a) Royalty Owner shall have the right to assign, sell, transfer, convey, mortgage or pledge all or an undivided interest in the Royalty Interests at any time in whole or in part. No such action will affect the method of computing Gross Proceeds, however, and if more than one Person becomes entitled to participate in the Royalty Interests, Company Interests Owner may withhold the information provided for in Article II from Royalty Owner until Company Interests Owner is furnished a recordable instrument executed by or binding upon all Persons owning an interest in such Royalty Interests designating one Person who is to receive such information.

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Tuscaloosa County, Alabama

(b) If at any time the Royalty Owner is (i) made a party in any judicial or administrative proceeding seeking the cancellation or forfeiture of any lease or [illegible] asserting the invalidity of or otherwise challenging the Royalty Interests or any portion thereof or (ii) notified by Company Interests Owner or an Affiliate of Company Interests Owner in writing of any such proceeding to which Company Interests Owner or such Affiliate is made a party relating to the Company Interests, in either case because of the nationality, or any other status, of any one or more holders of units of beneficial interest in the Trust, Royalty Owner

shall have the right to sell (and, if so directed by Company Interests Owner shall sell) that portion of the Royalty Interests attributable to any such Lease or Leases. If Royalty Owner sells an interest in the Royalty Interests pursuant to this paragraph (b), then effective as of the date of such sale, in computing the Royalty Interests payable with respect to production from any such Lease or Leases, Gross Proceeds attributable to any such Lease or Leases will be computed separately from the remaining portion of the Company Interests.

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Tuscaloosa County, Alabama

9.04. *Change in Ownership.* No change of ownership or right to receive payment of amounts attributable to the Royalty Interests, or of any part thereof, however accomplished, shall be binding upon Company Interests Owner until notice thereof shall have been furnished by the Person claiming the benefit thereof, and then only with respect to payments thereafter made. Notice of sale or assignment shall consist of a copy of the recorded instrument accomplishing the same; notice of change of ownership or right to receive payment accomplished in any other manner (for example, by reason of incapacity, death or dissolution) shall consist of copies of recorded documents and complete proceedings legally binding and conclusive of the rights of all parties. Until such notice shall have been furnished Company Interests Owner as above provided, the payment or tender of all sums payable on the Royalty Interests may be made in the manner provided herein precisely as if no such change in interest ownership or right to receive payment has occurred. The kind of notice herein provided shall be exclusive, and no other kind, whether actual or constructive, shall be binding on Company Interests Owner.

9.05. *Rights of Mortgagee or Trustee.* If Royalty Owner shall at any time execute a mortgage or deed of trust covering all or part of the Royalty Interests, the

mortgagee(s) or trustee(s) therein named or the holder of any obligation secured thereby shall be entitled, to the extent such mortgage or deed of trust so provides, to exercise all the rights, remedies, powers and privileges conferred upon Royalty Owner by the terms of this Conveyance and to give or withhold all consents required to be obtained hereunder by Royalty Owner, but the provisions of this Section 9.05 shall in no way be deemed or construed to impose upon Company Interests Owner any obligation or liability undertaken by Royalty Owner under such mortgage or deed of trust or under the obligation secured thereby.

ARTICLE X

Miscellaneous

10.01. *Term.* This Conveyance shall remain in force so long as at least one of the Company Interests is in effect.

10.02. *Further Assurances.* Should any additional instruments of assignment and conveyance be required to describe more specifically any interests subject hereto, Company Interests Owner agrees to execute and deliver the same. Also, if any other or additional instruments are required in connection with the transfer of state or federal lease interests in order to comply with applicable laws or regulations, Company Interest Owner will execute and deliver the same.

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10.03. *Notices.* All notices, statements and communications between the parties hereto shall be by (a) personal delivery, (b) a nationally recognized overnight courier,

or (c) certified mail return receipt requested. Notice shall be deemed to have been given upon receipt. All notices shall be addressed as follows:

If to Assignor: Dominion Black Warrior Basin, Inc.
P. O. Box 26532
Richmond, Virginia 23261
Attention: President

With a Copy to: Dominion Resources, Inc.
901 East Byrd Street
Richmond, Virginia 23261
Attention: General Counsel

If to Assignee: NationsBank of Texas, N.A., Trustee
901 Main Street, 12th Floor
P. O. Box 830308
Dallas, Texas 75283-0308
Attention: Dominion Resources Black Warrior Trust, Trust Administrator

and

Mellon Bank (DE) National Association, Trustee
10th and Market Streets
Wilmington, Delaware 19801
Attention: Trust Department

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Tax different mailing address

Either party or the successors or assignees of the interests, rights or obligations of either party hereunder may change its address or designate a new or different mailing address or addresses for the purposes hereof by a similar notice given or directed to all parties interested hereunder at the time.

10.04. *Successors and Assigns.* Subject to the restrictions on assignments set forth in Article IX, this Conveyance, and each and every provision hereof, shall be binding

upon and shall inure to the benefit of Assignor and Assignee, their respective successors, successors-in-title, heirs and assigns.

10.05. *No Waiver.* The failure of Royalty Owner or Company Interests Owner to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such party's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

10.06. *Captions, Number and Gender.* Titles or captions of Articles or Sections contained in this Conveyance are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Conveyance or the intent of any provision hereof. The plural and singular numbers shall, where appropriate, include the singular and plural, respectively, and words of any gender shall, where appropriate, include each other gender.

10.07. *Applicable Law.* This Conveyance and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of Alabama.

10.08. *Substitution of Warranty.* This Conveyance is made with full substitution and subrogation of Assignee as to its proportionate share of all covenants and warranties heretofore given or made with respect to the Company Interests, or any part thereof, or interest therein.

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10.09. *Arbitration.* Any dispute, controversy or claim that may arise under the Conveyance shall be governed by and subject to the arbitration provisions set forth in Article XIII of the Trust Agreement.

10.10. *Counterparts.* This Conveyance may be executed in a number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Conveyance to be executed in its name and behalf by its proper signatory officer thereunto duly authorized, in multiple originals, as of June 1, 1994.

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

ASSIGNOR:

DOMINION BLACK WARRIOR BASIN, INC.

By: _____
G. E. Lake, Jr.
Vice President

ASSIGNEE:

NATIONSBANK OF TEXAS, N.A., as Trustee for the Dominion Resources Black Warrior Trust

By: _____
Ron E. Hooper
Vice President

MELLON BANK (DE) NATIONAL ASSOCIATION,
as Delaware Trustee for the Dominion Resources
Black Warrior Trust

By: Sandy S. McKenna
Sandy S. McKenna
Assistant Vice President

EXAMINED AND APPROVED AS TO FORM
93
Division

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Tuscaloosa County, Alabama

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STATE OF New York
CITY OF New York

I, the undersigned authority, a Notary Public in and for said City and said State, hereby certify that G. E. Lake, Jr., whose name as Vice President of DOMINION BLACK WARRIOR BASIN, INC., an Alabama corporation, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this 27th day of June, 1994.

Danelle Gager
Notary Public

My Commission Expires:

June 15, 1995
(Notarial Seal)
DANELLE GAGER
Notary Public, State of New York
No. 01GA5011697
Qualified in Bronx County
Commission Expires June 15, 1995

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Tuscaloosa County, Alabama

STATE OF New York
COUNTY OF New York

I, the undersigned authority, a Notary Public in and for said County and said State, hereby certify that Ron E. Hooper, whose name as Vice President of NationsBank of Texas, N.A., a national banking association, as Trustee for the DOMINION RESOURCES BLACK WARRIOR TRUST, a Delaware business trust, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said association, acting in its capacity as Trustee as aforesaid.

Given under my hand this 27th day of June, 1994.

Danelle Gager
Notary Public

My Commission Expires:

June 15, 1995

(Notarial Seal)

DANELLE GAGER
Notary Public, State of New York
No. 01GA5011697
Qualified in Bronx County
Commission Expires June 15, 1995

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Tuscaloosa County, Alabama

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STATE OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

I, the undersigned authority, a Notary Public in and for said County and said State, hereby certify that Sandy S. McKenna, whose name as Assistant Vice President of Mellon Bank (DE) National Association, a national banking association, as Delaware Trustee for the DOMINION RESOURCES BLACK WARRIOR TRUST, a Delaware business trust, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said association, acting in its capacity as Delaware Trustee as aforesaid.

Given under my hand this 27th day of June, 1994.

Irene Materna
Notary Public

My Commission Expires:

NOTARIAL SEAL
IRENE MATERNA, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Jan. 20, 1998

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Tuscaloosa County, Alabama

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SCHEDULE A

Proration Units, Percentage Interests and Leases

This Schedule consists of two parts: Part I contains inter alia, the description of each Well and Proration Unit together with the Royalty Interests percentage interest before and after Payout; and Part II contains a description of the Leases.

There are six separate Payout Units - Cassidy "A", Cassidy "B", Cassidy "C", USX "B", USX "C", and USX "D". As used in this Schedule, "Payout" means (a) with respect to the Cassidy "A" and USX "D" Payout Units, the date on which the cumulative average production from each well in the applicable Payout Unit equals 225 MMCF, (b) with respect to Cassidy "B" and USX "B" Payout Units, the date on which the cumulative average production from each well in the Cassidy "B" Payout Unit equals 225 MMCF, and (c) with respect to Cassidy "C" and USX "C" Payout Units, the date on which the cumulative average production from each well in the Cassidy "C" Payout Unit equals 225 MMCF. The dates included in the column headed "Payout Date" is the date Payout is anticipated for each Payout Unit.

The Cassidy "A" Payout Unit includes Well Numbers 59-69, 81-84, 88-90, 92-98, 112-126. The Cassidy "B" Payout Unit includes Well Numbers 91, 99-111, 127-147. The Cassidy "C" Payout Unit includes Well Numbers 22-58, 70-80, 85-87, 410, 415, 420, 421. The USX "B" Payout Unit includes Well Numbers 189, 423-428. The USX "C" Payout Unit includes Well Numbers 409-413, 415-422. The USX "D" Payout Unit includes Well Numbers 280, 281, 393-408, 414, 429-432.

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DOMINION RESOURCES

SCHEDULE A
Part I

THE UNDERLYING PROPERTIES

NUM	WELL NAME & #	PERMIT NUMBER	PRORATION UNIT	DESCRIPTION SEC-TWN-RN	TOTAL WI %	TOTAL NRI %	TOTAL ORRI %	TOTAL RI %	APO COMPANY INTEREST	PAYOUT DATE	THE ROYALTY INTERESTS BPO	THE ROYALTY INTERESTS APO
1	ALCUS 12-4-1	5820-C	NW/4NW/4	12-20S-9W	100.0000%	78.0000%	6.3750%	84.3750%			54.8438%	54.8438%
2	ALCUS 12-5-2	8844-C	SW/4NW/4 NW/4SW/4	12-20S-9W	100.0000%	78.0000%	5.3750%	83.3750%			54.1938%	54.1938%
3	AL. BASIC 23-10-4	9038-C	W/2SE/4	23-19S-9W	78.1250%	68.3594%	0.0000%	68.3594%			44.4336%	44.4336%
4	AL. BASIC 23-14-5	9039-C	SE/4SW/4	23-19S-9W	78.1250%	68.3594%	0.0000%	68.3594%			44.4336%	44.4336%
5	AL. BASIC 23-16-6	9017-C	E/2SE/4	23-19S-9W	78.1250%	68.3594%	0.0000%	68.3594%			44.4336%	44.4336%
6	AL. BASIC 26-1-7	9040-C	N/2NE/4	26-19S-9W	78.1250%	68.3594%	0.0000%	68.3594%			44.4336%	44.4336%
7	AL. BASIC 27-16-8	9375-C	SE/4SE/4 NE/4NE/4	27-19S-9W) 34-19S-9W)	78.1250%	66.5039%	2.2500%	68.7539%			44.4336%	44.4336%
8	AL. BASIC 34-3-14	9188-C	NE/4NW/4 NW/4NE/4	34-19S-9W	100.0000%	85.1250%	2.2500%	87.3750%			44.6900%	44.6900%
9	AL. BASIC 36-13-10	7475-C	SW/4SW/4	36-19S-9W	78.1250%	60.9375%	9.0000%	69.9375%			56.7938%	56.7938%
10	AL. BASIC 36-14-11	7394-C	SE/4SW/4 SW/4SE/4	36-19S-9W	78.1250%	60.9375%	9.0000%	69.9375%			45.4594%	45.4594%
11	AL. BASIC 36-16-12	7395-C	SE/4SE/4	36-19S-92	78.1250%	60.9375%	9.0000%	69.9375%			45.4594%	45.4594%
12	AL. BASIC 36-2-2	5399-C	NW/4NE/4	36-19S-9W	78.1250%	60.9375%	9.0000%	69.9375%			45.4594%	45.4594%
13	AL. BASIC 36-4-1	5398-C	NW/4NW/4	36-19S-9W	78.1250%	60.9375%	9.0000%	69.9375%			45.4594%	45.4594%
14	AL. BASIC 36-5-9	7577-C	S/2NW/4	36-19S-9W	78.1250%	60.9375%	9.0000%	69.9375%			45.4594%	45.4594%
15	AL. BASIC 36-9-3	5433-C	NE/4SE/4	36-19S-9W	78.1250%	60.9375%	6.6875%	67.6250%			43.9563%	43.9563%
16	BAUGHMAN 18-3-2	8121-C	N/2NW/4	18-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			45.4594%	45.4594%
17	BAUGHMAN 18-6-3	8294-C	S/2NW/4	18-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
18	BAUGHMAN 18-7-4	8352-C	W/2NE/4	18-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
19	BEAN 14-15-1	8561-C	E/2SE/4SW/4 SW/4SE/4	14-20S-9W	100.0000%	84.3333%	1.4583%	85.7917%			56.8750%	56.8750%
20	BIGHAM 4-13-1	9741-C	S/2SW/4	4-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			55.7646%	55.7646%
21	CANTLEY 17-7-2	7926-C	SE/4NW/4 NE/4SW/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
22	CARNLEY 18-12-4	8120-C	W/2SW/4	18-19S-8W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
23	CARNLEY 18-14-5	8402-C	E/2SW/4	18-19S-8W	100.0000%	87.5000%	7.4312%	94.9312%			61.7053%	61.7053%
24	CARNLEY 18-5-3	7927-C	W/2NW/4	18-19S-8W	100.0000%	87.5000%	7.4312%	94.9312%			61.7053%	61.7053%
25	CASSIDY 19-10-77	5983-C	NW/4SE/4	19-18S-8W	100.0000%	87.5000%	7.4312%	94.9312%			61.7053%	61.7053%
26	CASSIDY 19-11-97	5987-C	N/2SW/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
27	CASSIDY 19-13-78	5984-C	S/2SW/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
28	CASSIDY 19-15-79	5985-C	SW/4SE/4	19-18S-8W	100.0000%	83.7500%	0.0000%	83.7500%	81.2500%	01/94	54.4375%	52.8125%
29	CASSIDY 19-16-80	5986-C	SE/4SE/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
30	CASSIDY 19-1-72	5981-C	NE/4NE/4 N/2SE/4NE/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
31	CASSIDY 19-2-73	6041-C	NW/4NE/4 E/2NE/4NW/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
32	CASSIDY 19-3-74	6010-C	NW/4NW/4 W/2NE/4NW/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
33	CASSIDY 19-6-96	6005-C	S/2NW/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
34	CASSIDY 19-7-75	6011-C	SW/4NE/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
35	CASSIDY 19-9-76	5982-C	NE/4SE/4 S/2SE/4NE/4	19-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
36	CASSIDY 20-10-86	6001-C	NE/4SW/4 NW/4SE/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
37	CASSIDY 20-12-87	6002-C	W/2SW/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
38	CASSIDY 20-14-88	6003-C	SE/4SW/4 SW/4SE/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
39	CASSIDY 20-16-89	6004-C	E/2SE/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
40	CASSIDY 20-3-81	5998-C	NE/4NW/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
41	CASSIDY 20-5-82	6012-C	W/2NW/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
42	CASSIDY 20-6-83	5999-C	SE/4NW/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
43	CASSIDY 20-7-84	6000-C	W/2NE/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
44	CASSIDY 20-8-85	6013-C	E/2NE/4	20-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
45	CASSIDY 21-10-105	6085-C	NW/4SE/4 S/2SW/4NE/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
46	CASSIDY 21-11-106	6177-C	N/2SW/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
47	CASSIDY 21-14-118	6178-C	S/2SW/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
48	CASSIDY 21-2-102	6084-C	NW/4NE/4 N/2SW/4NE/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
49	CASSIDY 21-3-116	6089-C	NE/4NW/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
50	CASSIDY 21-4-117	6135-C	NW/4NW/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%

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171	DAVANT 21-16-16	8891-C	S/2SE/4	21-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
172	DAVANT 23-13-8	6130-C	W/2SW/4	23-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
173	DAVANT 23-2-9	6120-C	N/2NE/4	23-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
174	DAVANT 23-7-7	6119-C	SW/4NE/4 E/2SE/4NW/4	23-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
175	DAVANT 3-1-12	7953-C	E/2NE/4	3-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
176	DAVANT 3-2-13	8571-C	NE/4NW/4 NW/4NE/4	3-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
177	DAVANT 7-11-4	5826-C	NE/4SW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			
178	DAVANT 7-12-5	5858-C	NW/4SW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			
179	DAVANT 7-13-6	5825-C	SW/4SW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			
180	DAVANT 7-14-1	5656-C	SE/4SW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			
181	DAVANT 7-4-2	5844-C	NW/4NW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			
182	DAVANT 7-5-3	5832-C	SW/4NW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			
183	DAVIS 24-10-4	8855-C	NW/4SE/4 NE/4SW/4	24-18S-9W	100.0000%	87.3047%	0.0000%	87.3047%			
184	DAVIS 24-7-1	8170-C	SE/4NW/4 SW/4NE/4	24-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			
185	DAVIS 24-8-2	8251-C	SE/4NE/4	24-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			
186	DAVIS 24-9-3	8252-C	E/2SE/4	24-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			
187	DEAL 27-4-1	7949-C	NW/4NW/4	27-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
188	DEAL 27-5-2	9821-C	SW/4NW/4	27-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
189	DRUMMOND 6-1-1	6449-C	NE/4NE/4	6-19S-8W	100.0000%	85.9500%	0.0000%	85.9500%			
190	EARNEST 15-10-2	6763-C	N/2SE/4	15-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%			
191	EARNEST 15-15-5	6764-C	SE/4SW/4 SW/4SE/4	15-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
192	EARNEST 15-16-4	6867-C	SE/4SE/4	15-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
193	EARNEST 24-13-1	8681-C	W/2SW/4	24-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			
194	F A BANK 12-1-4	6758-C	E/2NE/4	12-19S-9W	100.0000%	87.1094%	0.0000%	87.1094%			
195	F A BANK 25-10-17	7095-C	NW/4SE/4	25-19S-9W	100.0000%	84.5000%	7.9541%	92.4541%			
196	F A BANK 25-11-2	5404-C	NE/4SW/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
197	F A BANK 25-12-20	7576-C	SW/4NW/4 NW/4SW/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
198	F A BANK 25-14-1	5397-C	SW/4SW/4 W/2SE/4SW/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
199	F A BANK 25-15-3A	5416-C	SW/4SE/4 E/2SE/4SW/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
200	F A BANK 25-1-13	7793-C	E/2NE/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
201	F A BANK 25-2-14	7094-C	NW/4NE/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
202	F A BANK 25-4-19	7397-C	N/2NW/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
203	F A BANK 25-7-15	7096-C	SE/4NW/4 SW/4NE/4	25-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
204	F A BANK 26-16-18	7396-C	SE/4SE/4	26-19S-9W	78.1250%	65.2344%	11.4312%	76.6656%			
205	F A BANK 34-13-21	7266-C	S/2SW/4	34-19S-9W	100.0000%	83.5000%	11.4312%	94.9312%			
206	F A BANK 34-1-6	6969-C	NE/4NE/4	34-18S-9W	100.0000%	87.5000%	9.9083%	97.4083%			
207	F A BANK 35-2-8	6759-C	N/2NE/4	35-18S-9W	100.0000%	87.5000%	9.9083%	97.4083%			
208	F A BANK 35-3-9	6760-C	N/2NW/4	35-18S-9W	100.0000%	87.5000%	9.9083%	97.4083%			
209	F A BANK 35-5-10	6871-C	SW/4NW/4	35-18S-9W	100.0000%	87.5000%	9.9083%	97.4083%			
210	FAB 10-15-24	7957-C	SW/4SE/4	10-19S-9W	100.0000%	84.5000%	10.4312%	94.9312%			
211	FAB 10-16-25A	8313-C	SE/4SE/4	10-19S-9W	100.0000%	84.5000%	10.4312%	94.9312%			
212	FAB 10-9-23	7955-C	N/2SE/4	10-19S-9W	100.0000%	84.5000%	10.4312%	94.9312%			
213	FAB 12-2-5	8890-C	NE/4NW/4 NW/4NE/4	12-19S-9W	100.0000%	84.5000%	7.9541%	92.4541%			
214	FAB 25-16-22	9298-C	E/2SE/4	26-19S-9W	78.1250%	60.9375%	18.9083%	79.8458%			
215	FAB 27-16-28	9873-C	SE/4SE/4	27-20S-9W	100.0000%	84.5000%	10.4312%	94.9312%			
216	FAB 27-9-27	9872-C	NE/4SE/4	27-20S-9W	100.0000%	84.5000%	10.4312%	94.9312%			
217	FAB 34-12-7	8314-C	NW/4SW/4	34-18S-9W	100.0000%	87.5000%	9.9083%	97.4083%			
218	FEDERAL 8-16-12	9668-C	S/2SE/4SE/4 NE/4NE/4	8-18S-8W) 17-18S-8W)	100.0000%	87.5000%	0.0000%	87.5000%			
219	FEDERAL 8-9-10	9667-C	N/2SE/4SE/4 NE/4SE/4	8-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
220	FEDERAL 9-12-7	9333-C	N/2SW/4	9-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
221	FEDERAL 9-14-8	9332-C	S/2SW/4	9-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
222	FEDERAL 9-4-5	9331-C	W/2NW/4	9-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			
223	FGLI 26-2-1	7292-C	N/2NE/4	26-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			
224	FGLI 26-6-3	7374-C	E/2NW/4	26-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			
225	FNB 1-3-1	5943-C	N/2NW/4	1-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%			
226	FRIEDMAN 10-10-28	6193-C	N/2SE/4	10-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%			
227	FRIEDMAN 10-15-29	6191-C	S/2SE/4	10-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%			
228	FRIEDMAN 11-10-8	5816-C	SW/4NE/4 NW/4SE/4	11-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%			
229	FRIEDMAN 11-11-17	5900-C	E/2SW/4	11-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%			
230	FRIEDMAN 11-13-18	5905-C	W/2SW/4	11-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%			

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231	FRIEDMAN 12-1-9	5822-C	NE/4NE/4	12-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
232	FRIEDMAN 12-2-50	8302-C	W/2NE/4	12-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
233	FRIEDMAN 12-8-10	5823-C	SE/4NE/4	12-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
234	FRIEDMAN 13-13-3	5597-C	SW/4SW/4	13-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
235	FRIEDMAN 14-12-36	6688-C	N/2SW/4	14-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
236	FRIEDMAN 14-13-35	8562-C	SW/4SW/4 W/2SE/4SW/4	14-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
237	FRIEDMAN 14-6-33	6687-C	S/2NW/4	14-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
238	FRIEDMAN 18-15-4	6052-C	SW/4SE/4	18-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
239	FRIEDMAN 18-2-5	5745-C	NW/4NE/4	18-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
240	FRIEDMAN 18-3-31	5915-C	NE/4NW/4	18-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
241	FRIEDMAN 18-7-30	5908-C	SW/4NE/4 NW/4SE/4	18-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
242	FRIEDMAN 18-8-2	5619-C	SE/4NE/4	18-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
243	FRIEDMAN 18-9-1	5473-C	E/2SE/4	18-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
244	FRIEDMAN 22-12-53	8382-C	W/2SW/4	22-19S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
245	FRIEDMAN 22-14-38	6690-C	S/2SW/4	22-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
246	FRIEDMAN 22-15-39	6118-C	SW/4SE/4	22-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
247	FRIEDMAN 22-15-54	7869-C	W/2SE/4	22-19S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
248	FRIEDMAN 22-16-55	7870-C	E/2SE/4	22-19S-9W	100.0000%	80.7500%	4.1875%	84.9375%				55.2094%	55.2094%
249	FRIEDMAN 22-4-52	7979-C	N/2NW/4	22-19S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
250	INTENTIONALLY OMITTED											53.5438%	53.5438%
251	FRIEDMAN 23-4-41	6122-C	N/2NW/4	23-20S-9W	100.0000%	80.7500%	4.1875%	84.9375%				55.2094%	55.2094%
252	FRIEDMAN 23-5-40	6121-C	SW/4NW/4 W/2SE/4NW/4	23-20S-9W	100.0000%	75.3333%	8.7500%	84.0833%				54.6542%	54.6542%
253	FRIEDMAN 2-12-21	5903-C	W/2SW/4	2-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
254	FRIEDMAN 2-14-22	5904-C	E/2SW/4	2-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
255	FRIEDMAN 2-1-15	5831-C	NE/4NE/4 N/2SE/4NE/4	2-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
256	FRIEDMAN 2-5-42	6365-C	W/2NW/4	2-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
257	FRIEDMAN 2-9-16	5830-C	S/2SE/4NE/4 NE/4SE/4	2-20S-9W	100.0000%	81.6667%	4.1250%	85.7917%				55.7646%	55.7646%
258	FRIEDMAN 30-12-47	7314-C	NW/4SW/4	30-19S-9W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
259	FRIEDMAN 30-13-48	7593-C	SW/4SW/4	30-19S-8W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
260	FRIEDMAN 30-4-45	7349-C	NW/4NW/4	30-19S-8W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
261	FRIEDMAN 30-5-46	7962-C	SW/4NW/4	30-19S-8W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
262	FRIEDMAN 31-12-49	7423-C	W/2SW/4	31-19S-8W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
263	FRIEDMAN 34-10-57	7626-C	NW/4SE/4	34-19S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
264	FRIEDMAN 34-15-58	7871-C	N/2SW/4	36-19S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
265	FRIEDMAN 36-11-56	7474-C	NW/4SE/4	36-19S-9W	78.1250%	60.9375%	6.6875%	67.6250%				43.9563%	43.9563%
266	FRIEDMAN 36-1-43	7293-C	NE/4NE/4	36-19S-9W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
267	FRIEDMAN 36-3-1	5284-C	NE/4NW/4	36-19S-9W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
268	FRIEDMAN 36-7-44	7313-C	SW/4NE/4 NW/4SE/4	36-19S-9W	78.1250%	60.9375%	6.6875%	67.6250%				43.9563%	43.9563%
269	FRIEDMAN 36-8-2	5417-C	SE/4NE/4	36-19S-9W	78.1250%	60.9375%	4.3750%	65.3125%				42.4531%	42.4531%
270	FRIEDMAN 3-15-26	6224-C	S/2SE/4	3-20S-9W	100.0000%	78.0000%	3.8125%	81.8125%				53.1781%	53.1781%
271	FRIEDMAN 3-6-23	6223-C	SE/4NW/4 NE/4SW/4	3-20S-9W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
272	FRIEDMAN 4-8-59	8614-C	E/2NE/4	4-20S-9W	100.0000%	80.7500%	4.1875%	84.9375%				55.2094%	55.2094%
273	FRIEDMAN 6-12-13	5841-C	NW/4SW/4	6-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
274	FRIEDMAN 6-13-14	5842-C	SW/4SW/4	6-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
275	FRIEDMAN 6-4-11	5843-C	NW/4NW/4	6-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
276	FRIEDMAN 6-5-12	5840-C	SW/4NW/4	6-20S-8W	100.0000%	78.0000%	4.3750%	82.3750%				53.5438%	53.5438%
277	FRIEDMAN-ROSE 2-15-1	9263-C	W/2SE/4	2-20S-9W	100.0000%	86.8333%	0.6667%	87.5000%				56.8750%	56.8750%
278	FRIEDMAN-ROSE 2-16-3	9265-C	SE/4SE/4	2-20S-9W	100.0000%	86.8333%	0.6667%	87.5000%				56.8750%	56.8750%
279	FRIEDMAN-ROSE 2-7-2	9264-C	W/2NE/4	2-20S-9W	100.0000%	82.4167%	2.5208%	84.9375%				55.2094%	55.2094%
280	GILBERT 15-12-2	6904-C	NW/4SW/4 NE/4SE/4	15-18S-8W) 16-18S-8W)	100.0000%	83.7500%	0.0000%	83.7500%	75.0000%	09/94		54.4375%	48.7500%
281	GILBERT 15-5-1	7160-C	W/2NW/4	15-18S-8W	100.0000%	83.7500%	0.0000%	83.7500%	75.0000%	09/94		54.4375%	48.7500%
282	GILBERT 15-6-3	9890-C	SE/4NW/4 NE/4SW/4	15-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
283	HALLMAN 17-2-2	7925-C	NE/4NW/4 NW/4NE/4	15-18S-8W 17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
284	HALLMAN 34-8-1	6762-C	SE/4NE/4 NE/4SE/4	34-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
285	HALLMAN 8-14-1	8169-C	SE/4SW/4	8-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
286	HAYES 18-13-3	8295-C	W/2SW/4	18-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
287	HAYES 18-14-4	7978-C	E/2SW/4	18-8S-8W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
288	HAYES 7-16-2	7977-C	S/2SE/4	7-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%				56.8750%	56.8750%
289	HINDS 12-11-3	7901-C	NE/4SW/4	12-19S-9W	100.0000%	84.8333%	2.6667%	87.5000%				56.8750%	56.8750%
290	HINDS 12-6-1	7159-C	SE/4NW/4	12-19S-9W	100.0000%	84.8333%	2.6667%	87.5000%				56.8750%	56.8750%

291	HINDS 12-7-2	6851-C	SW/4NE/4 NW/4SE/4	12-19S-9W	100.0000%	84.7333%	2.7667%	87.5000%		56.8750%	56.8750%
292	HINDS 14-5-4	7816-C	SW/4NW/4	14-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
293	HINDS 14-6-5	7742-C	SE/4NW/4	14-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
294	HOBSON 22-9-1	6115-C	E/2SE/4	22-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
295	HOLMAN 10-11-1	6543-C	N/2SW/4	10-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
296	HOLMAN 13-11-20	8798-C	SE/4NW/4 NE/4SW/4	13-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
297	HOLMAN 13-14-21	8172-C	S/2SW/4	13-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
298	HOLMAN 13-15-22	8296-C	W/2SE/4	13-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
299	HOLMAN 13-7-19	8478-C	W/2NE/4	13-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
300	HOLMAN 14-3-2	7815-C	NE/4NW/4	14-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
301	HOLMAN 14-4-1	7814-C	NW/4NW/4	14-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
302	HOLMAN 15-1-28	9693-C	N/2NE/4	15-18S-8W	100.0000%	83.5938%	0.0000%	83.5938%		54.3359%	54.3359%
303	HOLMAN 15-8-25	9334-C	S/2NE/4	15-18S-8W	100.0000%	83.5938%	0.0000%	83.5938%		54.3359%	54.3359%
304	HOLMAN 17-11-31	9726-C	SW/4NW/4 NW/4SW/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
305	HOLMAN 17-12-15	7477-C	S/2NE/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
306	HOLMAN 17-13-16	7478-C	S/2SW/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
307	HOLMAN 18-3-2	8381-C	E/2NW/4	24-18S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
308	HOLMAN 24-1-26	8148-C	N/2NW/4	18-19S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
309	HOLMAN 24-3-27	8572-C	N/2NW/4	24-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
310	HOLMAN 26-4-23	8158-C	NW/4NW/4	26-19S-9W	78.1250%	65.2344%	4.0000%	69.2344%		45.0023%	45.0023%
311	HOLMAN 26-5-29	7961-C	SW/4NW/4	26-19S-9W	78.1250%	65.2344%	4.0000%	69.2344%		45.0023%	45.0023%
312	HOLMAN 26-6-24	7524-C	E/2NW/4	26-19S-9W	78.1250%	65.2344%	4.0000%	69.2344%		45.0023%	45.0023%
313	HOLMAN 34-6-3	7952-C	S/2NW/4	34-18S-9W	100.0000%	87.5000%	4.9541%	92.4541%		60.0952%	60.0952%
314	HOLMAN 35-12-4	6870-C	NW/4SW/4	35-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
315	HOWELL 12-14-2	7705-C	SE/4SW/4	12-19S-9W	100.0000%	83.9444%	3.5556%	87.5000%		56.8750%	56.8750%
316	HOWELL 12-15-3	7706-C	SW/4SE/4	12-19S-9W	100.0000%	83.9444%	3.5556%	87.5000%		56.8750%	56.8750%
317	HOWELL 12-9-1	7704-C	E/2SE/4	12-19S-9W	100.0000%	83.9444%	3.5556%	87.5000%		56.8750%	56.8750%
318	MAYFIELD 12-10-5	9781-C	W/2SE/4	1-19S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
319	MAYFIELD 12-9-2	5821-C	E/2SE/4	12/20S/9W	100.0000%	78.0000%	5.8750%	83.8750%		54.5188%	54.5188%
320	MAYFIELD 14-1-1	5679-C	E/2NE/4	14-20S-9W	100.0000%	78.0000%	5.8750%	83.8750%		54.5188%	54.5188%
321	MAYFIELD 1-3-3	6806-C	E/2NW/4	1-19S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
322	MAYFIELD 1-7-4	6761-C	W/2NE/4	1-19S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
323	MAYFIELD 8-3-1	5926-C	NE/4NW/4	8-19S-8W	100.0000%	80.7500%	4.9375%	85.6875%		55.6969%	55.6969%
324	MCDANIEL 18-4-1	5600-C	NW/4NW/4	18-20S-8W	100.0000%	78.0000%	9.0000%	87.0000%		56.5500%	56.5500%
325	MCDANIEL 18-5-2	5588-C	SW/4NW/4	18-20S-8W	100.0000%	78.0000%	9.0000%	87.0000%		56.5500%	56.5500%
326	MCDANIEL 18-6-3	5590-C	SE/4NW/4	18-20S-8W	100.0000%	78.0000%	9.0000%	87.0000%		56.5500%	56.5500%
327	MCGUIRE 26-12-6	7283-C	N/2SW/4	26-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
328	MCGUIRE 26-13-3	6730-C	S/2SW/4	26-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
329	MCGUIRE 26-16-1	6222-C	S/2SE/4	26-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
330	MCGUIRE 27-9-4	6731-C	E/2SE/4	27-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
331	MCGUIRE 34-9-5	8301-C	E/2SE/4	34-19S-9W	100.0000%	86.5000%	1.0000%	87.5000%		56.8750%	56.8750%
332	MILLS 22-14-1	9162-C	E/2SW/4	22-19S-9W	100.0000%	85.5000%	2.0000%	87.5000%		56.8750%	56.8750%
333	MOODY 22-6-1	7868-C	S/2NW/4	22-19S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
334	MOORE 13-1-1	8679-C	E/2NE/4	13-18S-9W	100.0000%	87.4956%	0.0000%	87.4956%		56.8721%	56.8721%
335	MOORE 13-9-2	8680-C	E/2SE/4	13-18S-9W	100.0000%	87.4956%	0.0000%	87.4956%		56.8721%	56.8721%
336	NAUGHER 34-7-1	7163-C	W/2NE/4	34-18S-9W	100.0000%	87.5000%	4.9541%	92.4541%		60.0952%	60.0952%
337	PAYNE 17-15-1	7479-C	SW/4SE/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
338	PETTUS 8-5-3	9725-C	W/2NW/4	8-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
339	PETTUS 8-6-2	9871-C	E/2NW/4	8-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
340	PRICE 1-1-1	6576-C	E/2NE/4	1-19S-9W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
341	RICE 2-6-1	6192-C	E/2NW/4	2-20S-9W	100.0000%	78.0000%	6.6875%	84.6875%		55.0469%	55.0469%
342	SEALY 18-1-1	8765-C	E/2NE/4	18-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%		56.8750%	56.8750%
343	SEARCY 11-9-14	5817-C	NE/4SE/4	11-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
344	SEARCY 12-3-16	5824-C	NE/4NW/4	12-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
345	SEARCY 12-6-19	9335-C	SE/4NW/4 NE/4SW/4	12-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
346	SEARCY 17-11-8	5661-C	NE/4SW/4	17-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
347	SEARCY 17-14-9	5616-C	SE/4SW/4	17-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
348	SEARCY 17-5-7	5615-C	SW/4NW/4	17-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%
349	SEARCY 17-6-20	9915-C	SE/4NW/4	17-20S-8W	100.0000%	83.7350%	3.7650%	87.5000%		56.8750%	56.8750%
350	SEARCY 18-11-18	5914-C	N/2SW/4	18-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%		56.8750%	56.8750%

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351	SEARCY 18-13-6	5586-C	SW/4SW/4	18-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
352	SEARCY 18-14-5	6053-C	SE/4SW/4	18-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
353	SEARCY 19-10-3	5693-C	NW/4SE/4	19-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
354	SEARCY 19-4-1	5571-C	NW/4NW/4	19-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
355	SEARCY 20-3-10	5694-C	NE/4NW/4	20-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
356	SEARCY 20-4-11	5633-C	NW/4NW/4	20-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
357	SEARCY 20-5-12	5634-C	SW/4NW/4	20-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
358	SEARCY 20-6-13	5635-C	SE/4NW/4	20-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
359	SEARCY 24-1-2	5572-C	SE/4SE/4 NE/4NE/4	13-20S-9W) 24-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
360	SEARCY 7-15-15	9856-C	SW/4SE/4	7-20S-8W	100.0000%	83.5010%	3.9990%	87.5000%			56.8750%	56.8750%
361	SEARCY 7-6-17	7498-C	SE/4NW/4	7-20S-8W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
362	SESSIONS 35-15-3	6869-C	S/2SE/4	35-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
363	SESSIONS 35-8-1	6970-C	SE/4NE/4	35-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
364	SESSIONS 35-9-2	6868-C	NE/4SE/4	35-18S-9W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
365	STEDMAN 11-10-10	7356-C	SW/4NE/4 NW/4SE/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
366	STEDMAN 11-12-11	7308-C	N/2SW/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
367	STEDMAN 11-14-12	7507-C	S/2SW/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
368	STEDMAN 11-16-13	7309-C	S/2SE/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
369	STEDMAN 11-1-5	7305-C	E/2NE/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
370	STEDMAN 11-2-6	7347-C	NW/4NE/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
371	STEDMAN 11-3-24	7956-C	NE/4NW/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
372	STEDMAN 11-4-7	7422-C	NW/4NW/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
373	STEDMAN 11-5-8	7306-C	S/2NW/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
374	STEDMAN 11-9-9	7307-C	NE/4SE/4	11-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
375	STEDMAN 13-12-20	7817-C	SW/4NW/4 NW/4SW/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
376	STEDMAN 13-14-21	7818-C	S/2SW/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
377	STEDMAN 13-15-22	7867-C	S/2SE/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
378	STEDMAN 13-1-15	7702-C	NE/4NE/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
379	STEDMAN 13-2-16	7703-C	NE/4NW/4 NW/4NE/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
380	STEDMAN 13-4-17	8147-C	NW/4NW/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
381	STEDMAN 13-6-18	7707-C	SE/4NW/4 SW/4NE/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
382	STEDMAN 13-9-19	7954-C	SE/4NE/4 NE/4SE/4	13-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
383	STEDMAN 1-11-3	7304-C	NE/4SW/4	1-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
384	STEDMAN 1-15-14	7310-C	W/2SE/4	1-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
385	STEDMAN 1-16-4	7393-C	SE/4SE/4	1-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
386	STEDMAN 1-9-1	7392-C	NW/4SW/4	24-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%			52.8125%	52.8125%
387	STOTHART 24-12-1	9608-C	NE/4SE/4	1-19S-9W	100.0000%	84.7273%	1.6364%	86.3636%			56.1364%	56.1364%
388	STOTHART 24-13-2	9609-C	SW/4SW/4	24-19S-9W	100.0000%	86.1136%	0.8182%	86.9318%			56.5057%	56.5057%
389	SULLIVAN 4-11-2	9885-C	N/2SW/4	4-18S-8W	100.0000%	86.6071%	0.0000%	86.6071%			56.2946%	56.2946%
390	THORNHILL 12-13-1	6145-C	S/2SW/4	12-20S-9W	100.0000%	83.5000%	4.0000%	87.5000%			56.8750%	56.8750%
391	TURNER 17-10-1	8090-C	NW/4SE/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
392	TURNER 17-16-1	7348-C	SE/4SE/4	17-18S-8W	100.0000%	87.5000%	0.0000%	87.5000%			56.8750%	56.8750%
393	USX 9-6-20	8171-C	E/2NW/4	9-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
394	USX 14-10-43	9916-C	W/2SE/4	14-18S-8W	100.0000%	80.6188%	0.0000%	80.6188%	76.8600%	09/94	52.4022%	49.9590%
395	USX 14-11-25	6866-C	NE/4SW/4	14-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
396	USX 14-13-37	7158-C	W/2SW/4	14-18S-8W	100.0000%	83.7500%	0.0000%	83.7500%	75.0000%	09/94	54.4375%	48.7500%
397	USX 14-14-44	8996-C	SE/4SW/4	14-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
398	USX 14-3-45	9656-C	NE/4NW/4	14-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
399	USX 14-5-24	7093-C	S/2NW/4	14-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
400	USX 15-13-27	6371-C	SW/4SW/4 SE/4SE/4	15-18S-8W 16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
401	USX 16-11-33	8102-C	NE/4SW/4 NW/4SE/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
402	USX 16-13-34	6579-C	W/2SW/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
403	USX 16-15-35	6580-C	SE/4SW/4 SW/4SE/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
404	USX 16-2A-40	7951-C	N/2NE/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
405	USX 16-4-29	6755-C	N/2NW/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
406	USX 16-5-30	6756-C	S/2NW/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
407	USX 16-7-31	6577-C	SW/4NE/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
408	USX 16-8-28	7672-C	SE/4NE/4	16-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94	52.0000%	48.7500%
409	USX 21-15-11	6280-C	SW/4SE/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%
410	USX 21-16-12	7161-C	E/2SE/4	21-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94	52.0000%	48.7500%

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411 USX 22-11-13	6287-C	NE/4SW/4	22-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
412 USX 22-12-14	6284-C	SW/4NW/4 NW/4SW/4	22-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
413 USX 22-4-36	6277-C	NW/4NW/4	22-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
414 USX 23-4-41	9878-C	NW/4NW/4	23-18S-8W	100.0000%	80.7247%	0.0000%	80.7247%	77.1700%	09/94		52.4710%	50.1605%
415 USX 28-3-15	7162-C	W/2NW/4NE/4 NE/4NW/4	28-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
416 USX 28-4-16	6283-C	NW/4NW/4	28-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
417 USX 28-5-17	6272-C	SW/4NW/4	28-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
418 USX 29-11-7	6274-C	NE/4SW/4	29-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
419 USX 29-13-9	9706-C	W/2SW/4	29-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
420 USX 29-14-10	9707-C	SE/4SW/4 NE/4NW/4	29-18S-8W 32-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
421 USX 29-8-6	6282-C	E/2SW/4NE/4 SE/4NE/4	29-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
422 USX 30-9-18	6757-C	NE/4SE/4	30-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
423 USX 5-10-2	6286-C	NW/4SE/4	5-19S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
424 USX 5-15-3	6366-C	SW/4SE/4	5-19S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	01/94		52.0000%	48.7500%
425 USX 5-7-1	6279-C	SW/4NE/4	5-19S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	02/95		52.0000%	48.7500%
426 USX 8-11-5	6281-C	NE/4SW/4	8-19S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	02/95		52.0000%	48.7500%
427 USX 8-14-39	9850-C	SE/4SW/4	8-19S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	02/95		52.0000%	48.7500%
428 USX 8-6-4	6335-C	SE/4NW/4	8-19S-8W	100.0000%	80.2800%	0.0000%	80.2800%	75.8400%	02/95		52.1820%	49.2960%
429 USX 9-10-22	6865-C	NW/4SE/4	9-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	02/95		52.0000%	48.7500%
430 USX 9-15-23	7899-C	SW/4SE/4	9-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94		52.0000%	48.7500%
431 USX 9-16-38	7900-C	E/2SE/4	9-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94		52.0000%	48.7500%
432 USX 9-7-21	7898-C	W/2NE/4	9-18S-8W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94		52.0000%	48.7500%
433 WEST 11-15-37	5855-C	S/2SE/4	11-20S-9W	100.0000%	80.0000%	0.0000%	80.0000%	75.0000%	09/94		52.0000%	48.7500%
434 WEST 11-1-34	5811-C	NE/4NE/4	11-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
435 WEST 11-2-35	5818-C	NW/4NE/4	11-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
436 WEST 11-4-41	6196-C	N/2NW/4	11-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
437 WEST 11-5-42	6195-C	S/2NW/4	11-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
438 WEST 11-8-36	5819-C	SE/4NE/4	11-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
439 WEST 13-11-6	5580-C	E/2SW/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
440 WEST 13-12-4A	5535-C	NW/4SW/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
441 WEST 13-15-23	5754-C	SW/4SE/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
442 WEST 13-1-15	5598-C	NE/4NE/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
443 WEST 13-2-16	5594-C	NE/4NW/4 NW/4NE/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
444 WEST 13-4-17	5595-C	NW/4NW/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
445 WEST 13-5-3	5500-C	SW/4NW/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
446 WEST 13-6-1	5462-C	SE/4NW/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
447 WEST 13-7-38	5784-C	SW/4NE/4 NW/4SE/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
448 WEST 13-8-14	5596-C	SE/4/NE/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
449 WEST 13-9-9	5592-C	NE/4SE/4	13-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
450 WEST 15-10-88	7744-C	NW/4SE/4	15-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
451 WEST 15-11-89	7745-C	NE/4SW/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
452 INTENTIONALLY OMITTED												
453 WEST 15-13-58	6891-C	S/2SW/4	15-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
454 WEST 15-14-90A	9194-C	SE/4SW/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
455 WEST 15-16-91	7819-C	S/2SE/4	15-19S-9W)	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
456 WEST 15-1-51	6305-C	NE/4NE/4 NW/4NW/4	15-20S-9W) 14-20S-9W	100.0000%	80.7500%	3.6250%	84.3750%				54.8438%	54.8438%
457 WEST 15-1-83	7791-C	E/2NE/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
458 WEST 15-2-52	6887-C	W/2NE/4	15-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
459 WEST 15-3-68	6296-C	N/2NW/4	15-20S-9W	100.0000%	80.7463%	3.6288%	84.3751%				54.8438%	54.8438%
460 WEST 15-3-84	7792-C	NE/4NW/4 NW/4NE/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
461 WEST 15-5-85	7959-C	W/2NW/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
462 WEST 15-6-53	6888-C	SE/4NW/4 NE/4SW/4	15-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
463 WEST 15-6-86	7960-C	SE/4NW/4 SW/4NE/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
464 WEST 15-8-55	6889-C	SE/4NE/4	15-20S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
465 WEST 15-9-87	7743-C	NE/4SE/4	15-19S-9W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
466 WEST 17-12-20	5618-C	NW/4SW/4	17-20S-8W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
467 WEST 17-13-21	5617-C	SW/4SW/4	17-20S-8W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
468 WEST 19-11-13	5589-C	NE/4SW/4	19-20S-8W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
469 WEST 19-12-11	5565-C	NW/4SW/4	19-20S-8W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%
470 WEST 19-1-19	5591-C	NE/4NE/4	19-20S-8W	100.0000%	78.0000%	3.2500%	81.2500%				52.8125%	52.8125%

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531 WEST 7-3-75	8207-C	N/2NW/4	7-19S-8W	100.0000%	78.0000%	3.2500%	0.0000%	81.2500%	52.8125%	52.8125%
532 WEST 7-6-76	8208-C	SE/4NW/4 SW/4NE/4	7-19S-8W	100.0000%	78.0000%	3.2500%	0.0000%	81.2500%	52.8125%	52.8125%
533 WEST 7-8-77	8209-C	SE/4NE/4 NE/4SE/4	7-19S-8W	100.0000%	78.0000%	3.2500%	0.0000%	81.2500%	52.8125%	52.8125%
534 WEYERHAEUSER 5-15-2	9743-C	SW/4SE/4	5-18S-8W	100.0000%	85.0000%	0.0000%	85.0000%	85.0000%	55.2500%	55.2500%
535 WEYERHAEUSER 5-16-1	9742-C	E/2SE/4	5-18S-8W	100.0000%	85.0000%	0.0000%	85.0000%	85.0000%	55.2500%	55.2500%
</TABLE>										

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PART I
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DOMINION BLACK WARRIOR BASIN, INC. – ACTIVE LEASES AS OF 5/1/94
RGC PROSPECT, TUSCALOOSA COUNTY, AL

SCHEDULE A
Part II

LEASE NUMBER	LESSOR	LESSEE	RECORDING BOOK/PAGE	NET # ACRES	LEASE DATE
1	FNB – Tuskaloosa	River Gas Co.	960/240	160.00	09/02/87
2–A	Frank M. Moody	River Gas Co.	960/243	40.00	09/02/87
2–B	Farley M. Galbraith	River Gas Co.	960/246	40.00	09/02/87
2–C	Charlotte B. Marshall	River Gas Co.	960/249	20.00	09/02/87
2–D	Frederick M. Blackmon	River Gas Co.	960/252	20.00	09/02/87
3	Carrie Cunningham, et al	River Gas Co.	960/255	160.00	09/18/87
4	Raiford E. Cunningham	River Gas Co.	960/258	160.00	09/18/87
5–A*	Jack H. McGuire, et ux	River Gas Co.	960/264	170.00	09/24/87
5–B*	William B. McGuire, et ux	River Gas Co.	960/261	170.00	09/24/87
6	Nannie Turner	River Gas Corp.	960/318	80.00	10/20/87
7–A*	First Al. Bank–Alston Est.	River Gas Corp.	960/321	650.00	10/20/87
7–B	Woodrow Hobson, et ux	River Gas Corp.	960/325	70.00	10/23/87
8–A	Walter Lee Howell	River Gas Co.	960/294	17.78	10/12/87
8–B	Billy Jack Howell	River Gas Co.	960/297	17.78	10/12/87
8–C	James Donald Howell	River Gas Co.	960/300	17.78	10/12/87
8–D	Lois Howell Galloway	River Gas Co.	960/303	17.78	10/12/87
8–E	Cyrus Patton Howell	River Gas Co.	960/306	17.78	10/12/87
8–F	Aubery O. Howell	River Gas Co.	960/309	17.78	10/12/87
8–G	Maudeen Howell Palmer	River Gas Co.	960/312	17.78	10/12/87
8–H	Rodney Rozelle Howell	River Gas Co.	960/315	17.78	10/12/87
8–I	Cynthia Howell Holmes	River Gas Co.	960/394	17.78	10/12/87
8–J	Dellavinia S. H. Brasher	River Gas Corp.	1011/492	17.78	08/22/89
9–A	Jessie Ola Sessions	River Gas Co.	960/267	40.00	10/08/87
9–B	Lela B. Clements	River Gas Co.	960/270	40.00	10/08/87
9–C	Susie L. Bolton	River Gas Co.	960/273	40.00	10/08/87
9–D	Walter R. Watson	River Gas Co.	960/276	20.00	10/08/87
9–E	Naomi Ruth Marcum	River Gas Co.	960/279	20.00	10/08/87
10	Mildred L. Davis, et vir	River Gas Co.	960/282	160.00	09/24/87
11	Buster Hallman, et ux	River Gas Co.	960/285	40.00	10/02/87
12	Ella R. Davis	River Gas Co.	960/288	80.00	10/03/87
13	Frank Maxwell Jr., et ux	River Gas Co.	960/291	60.00	10/08/87
16	First Rep. Bank of Corsicana (Davant)	River Gas Corp.	968/040	840.00	02/05/88
17	George Christian, et al	River Gas Co. Inc.	968/026	120.00	01/15/88
18	George S. Wright, et al	River Gas Co. Inc.	968/032	160.00	01/18/88
19	Alice D. Reynolds, et al (Searcy–Christian–Mayfield)	River Gas Corp.	969/295	837.64	12/23/87
20–A	George B. Rayburn, et al (Sam Friedman Estate)	River Gas Corp.	972/278	64.00	04/15/88
20–B	Helen F. Blackshear, et al (Annie L. F. Estate)	River Gas Corp.	972/282	16.00	04/15/88
22	Chevron U.S.A. Inc.	River Gas Corp.	971/437	480.00	03/24/88
23–A	J.J. Mayfield	River Gas Corp.	975/415	40.00	05/19/88

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23-B*	Richard P. Holman, et al	River Gas Co., Inc.	974/294	500.00	01/14/88
25	Lily S. Thornhill, et al	River Gas Corp.	974/247	120.00	04/01/88
26	George Hinton Holman	River Gas Corp.	977/110	80.00	05/12/88
33-A	Francis C. Glisson	River Gas Corp.	991/199	40.00	08/15/88
33-B	Robert P. Colburn	River Gas Corp.	991/202	40.00	08/15/88
34-A	Margie Hayes, et vir	River Gas Corp.	991/193	160.00	08/12/88
34-B	Ervin Z. Foley	River Gas Corp.	991/196	160.00	08/12/88
35	Wood Roe Earnest, et ux	River Gas Corp.	990/585	45.00	08/18/88
40-A	Woodrow Hobson, Jr., et ux	River Gas Corp.	991/069	17.78	09/24/88
40-B	Lena Hobson, et al	River Gas Corp.	991/114	8.89	08/31/88
40-C	Marie Lawler, et vir	River Gas Corp.	991/118	35.56	08/19/88
40-D	George Zik, et ux	River Gas Corp.	991/121	8.89	08/22/88
40-E	Charlotte McEachin	River Gas Corp.	991/124	8.89	08/23/88
42-A	Charles C. Earnest, et vir	River Gas Corp.	991/127	186.06	08/05/88
42-B	Annie M. Earnest	River Gas Corp.	991/136	10.53	08/29/88
42-C	Helen A. Randolph	River Gas Corp.	991/130	21.06	08/29/88
42-D	Jean A. Bryant	River Gas Corp.	991/133	21.06	08/29/88
42-E	Margaret E. Toxey	River Gas Corp.	991/142	16.85	08/29/88
42-F	Herman B. Earnest, et ux	River Gas Corp.	991/163	2.63	08/30/88
42-G	Melba Earnest	River Gas Corp.	991/139	4.21	08/29/88
42-H	Eunice Earnest Crump	River Gas Corp.	991/15	6.15	08/30/88
42-I	Lera Earnest Brazier	River Gas Corp.	991/160	6.15	08/30/88
42-J	Henry F. Earnest	River Gas Corp.	991/148	6.15	08/30/88
42-K	Vera Earnest Reed	River Gas Corp.	991/145	6.15	08/30/88
42-L	William R. Goodman	River Gas Corp.	991/166	6.15	09/12/88
42-M	James A. Earnest	River Gas Corp.	991/154	6.15	08/30/88
42-N	Inez Earnest, et al	River Gas Corp.	991/157	6.15	08/30/88
43-A	Lester Pettus	River Gas Corp.	991/218	40.00	08/31/88
43-B	Katherine C. Grantham	River Gas Corp.	991/221	40.00	09/28/88
50	Chevron USA, Inc.(P)	River Gas Corp.	991/564	80.00	08/31/88
51	Chevron USA, Inc.	River Gas Corp.	991/559	160.00	08/31/88
54-A	W. Bruce Baughman	River Gas Corp.	991/227	82.07	09/07/88
54-B	Nell S. Pearson, et al	River Gas Corp.	991/224	82.07	09/07/88
57	Melvin Pearson	River Gas Corp.	991/209	80.00	08/18/88
58	Richard P. Holman, et al	River Gas Corp.	990/607	440.00	09/16/88
59	Mary Earnest	River Gas Corp.	990/588	20.00	09/22/88
64-A	Susan Herz and Robert Herz	River Gas Corp.	992/523	26.67	09/29/88
64-B	Morris Victor Friedman & Emily Ann Friedman Bliss	River Gas Corp.	1044/107	80.00	02/27/90
64-C	Martha Fehskens	River Gas Corp.	1051/315	13.34	03/06/90
64-D	Lois Hilgeman	River Gas Corp.	1051/318	13.34	04/06/90
64-E	Anne L. Zimmerman	River Gas Corp.	1054/462	20.00	06/04/90
64-F	Arthur L. Stern, III et al, Trustee Molly S. Stern, Estate	River Gas Corp.	1064/252	13.34	08/24/90
64-G	Louise S. Louis	River Gas Corp.	1064/255	13.34	09/11/90
66-A	Bessie L. Poole	River Gas Corp.	990/594	15.00	10/03/88
66-B	Annie Myrtle Livingston	River Gas Corp.	990/597	15.00	10/03/88
66-C	Leslie L. Rhodes	River Gas Corp.	990/600	15.00	10/03/88
66-D	Dorothy P. Lucas	River Gas Corp.	990/604	7.50	10/04/88
68-A	James L. Stothart, AIF for Alice	River Gas Corp.	991/072	8.18	10/06/88

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PART II

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	S. Stothart			
68-B	Kathryn D. Glover			
68-C	Sally Bland Glover, AIF for Williamson Allyn Glover			
68-D	Katherine James Miller			
68-E	Robison Brown James			
68-F	Marion James Bryan			
68-G	Elizabeth James Moffitt			
68-H	Nicholas H. Brown			
68-I	Albert Pinson Carpenter, Jr.			
68-J	Cato Douglas Glover Carpenter			
68-K	Sally Bland Glover Johnson			
68-L	Katherine Williams C. Patterson			
68-M	Ercle Frederick Herbert, III			
68-N	Albert Pinson Carpenter, Sr.			
68-O	Marcia Newsom			
68-P	Harris Waller Seed, Jr.			
68-Q	John Laurence Manning Herbert			
68-R	Aaron McCracken			
68-S	Campbell Dirck Keyser			
68-T	Cordette McCracken Grimsey			
68-U	Randall Brown			
71-A	Edward D. Turner, et ux			
71-B	Evelyn Bagwell, et vir			
71-C	Estelle T. Boyd, et vir			
71-D	Christine T. Colburn, et vir			
71-E	Birtie Foley, et vir			
71-F	Elsie Payne			
71-G	William V. Turner, et ux			
71-H	James U. Doss, et ux			
71-I	Joe D. Turner, et ux			
71-J	Berniece Lewis			
72	James W. Price, et ux			
74-A	Evelyn T. Hinds			
74-B	Roy D. Grammer			
74-C	Vader Venable			
74-D	Jewel Jones			
74-E	Viola Dickey			
74-F	Edelean Pennell			
74-G	Lorene Grammer			
74-H	Patsy Carnaghi			
74-I	Charles Grammer			
74-J	Fred Grammer			
74-K	J.R. Grammer			
74-L	Eddie Grammer			
74-M	Jerry Grammer			
74-N	Jimmy Grammer			
74-O	Phillip Grammer			
74-P	Evis Gray			
74-Q	Pauline Layne			
		River Gas Corp.	991/110	5.45	10/10/88
		River Gas Corp.	991/076	5.45	10/11/88
		River Gas Corp.	991/234	1.09	10/12/88
		River Gas Corp.	991/230	1.53	10/12/88
		River Gas Corp.	991/085	1.75	10/12/88
		River Gas Corp.	992/529	1.09	10/12/88
		River Gas Corp.	1048/085	2.73	03/22/90
		River Gas Corp.	1051/285	0.61	04/04/90
		River Gas Corp.	1048/089	0.61	04/04/90
		River Gas Corp.	1048/093	1.82	04/04/90
		River Gas Corp.	1051/289	0.61	04/04/90
		River Gas Corp.	1055/503	0.91	04/04/90
		River Gas Corp.	1052/298	3.15	04/24/90
		River Gas Corp.	1051/293	1.36	05/01/90
		River Gas Corp.	1058/067	2.73	03/23/90
		River Gas Corp.	1059/114	0.91	04/04/90
		River Gas Corp.	1057/225	2.73	05/01/90
		River Gas Corp.	1059/703	5.45	05/16/90
		River Gas Corp.	1063/432	2.73	03/20/90
		River Gas Corp.	1067/157	2.73	03/22/90
		River Gas Corp.	991/242	16.00	10/12/88
		River Gas Corp.	991/248	16.00	10/14/88
		River Gas Corp.	991/260	16.00	10/15/88
		River Gas Corp.	991/245	16.00	10/15/88
		River Gas Corp.	991/257	16.00	10/15/88
		River Gas Corp.	991/251	16.00	10/15/88
		River Gas Corp.	991/263	16.00	10/15/88
		River Gas Corp.	991/266	16.00	10/17/88
		River Gas Corp.	991/269	16.00	10/18/88
		River Gas Corp.	991/254	16.00	10/20/88
		River Gas Corp.	990/591	15.00	10/14/88
		River Gas Corp.	992/533	17.78	11/01/88
		River Gas Corp.	992/542	17.78	11/14/88
		River Gas Corp.	992/545	17.78	11/14/88
		River Gas Corp.	992/536	17.78	11/14/88
		River Gas Corp.	992/539	17.78	11/14/88
		River Gas Corp.	992/548	17.78	11/15/88
		River Gas Corp.	997/127	17.78	11/15/88
		River Gas Corp.	1004/727	1.37	01/24/89
		River Gas Corp.	1004/721	1.37	01/24/89
		River Gas Corp.	1004/715	1.37	01/24/89
		River Gas Corp.	1004/718	1.37	01/24/89
		River Gas Corp.	1004/733	1.37	01/24/89
		River Gas Corp.	1004/736	1.37	01/24/89
		River Gas Corp.	1004/742	1.37	01/24/89
		River Gas Corp.	1004/730	1.37	01/24/89
		River Gas Corp.	1004/751	1.37	01/24/89
		River Gas Corp.	1004/748	1.37	01/24/89

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

A
PART II

74-R	Carolyn Lewis
74-S	Dorothy Piety
74-T	Shirley Wortman
74-U	May Belle Grammer
74-V	Margaret A.S. Capps
74-W	Glenda S.S. Headley
74-X	Norma Lou Hope
74-Y	Levon S. Seale
74-Z	Carl N. Smith
74-AA	James E. Smith
74-BB	Leonard R. Smith
74-CC	Ruby Alma Smith
74-DD	Will Larry Smith
74-EE	Dorothy R.S. Snow
74-FF	Emma J.S. Staggs
74-GG	Jo Ann Smith
74-HH	Steven Wayne Smith
74-II	Troy David Smith
74-JJ	Ronald Dean Smith
74-KK	Gary Grammer
74-LL	Denice Grammer Cruz
74-MM	James Grammer
74-NN	Debra Ann Engebretsen
74-OO	Nancy McCaffrey
74-PP	Gertrude Turner Barnett Hallman, AIF Roy E. Turner
75	Alabama Power Co.
76	USX Corporation
77	Ludie Mae Price
78	James J. Mayfield IV
79-A	Athial M. Gilbert
79-B	Elgin W. Gilbert
79-C	Clayton B. Gilbert
79-D	Clara E. Stanley
79-E	Mary Alice Burton
79-F	Betty Sue Howton
79-G	Ronald Gilbert
79-H	Gary D. Gilbert, et al Trustees
79-I	Nason Gilbert
80	Maezell C. Hallman
81	Paul C. Naugher, et ux
82	Clayton H. Clements
83	Valeria C. Hallman
85	Kedric Courington, et ux
86-A	Buster N. Hallman
86-B	Myrtle Sellers Falkner
86-C	Mary Bevan
86-D	Wilton L. Christian, et ux
86-E	Myrtle A. Colburn, et al
86-F	Jewell Griffin

River Gas Corp.	1004/724	1.37	01/24/89
River Gas Corp.	1004/745	1.37	01/24/89
River Gas Corp.	1004/739	1.37	01/24/89
River Gas Corp.	1004/754	1.37	02/10/89
River Gas Corp.	1004/781	1.48	03/15/89
River Gas Corp.	1004/787	1.48	03/15/89
River Gas Corp.	1004/775	1.48	03/15/89
River Gas Corp.	1004/772	1.48	03/15/89
River Gas Corp.	1004/763	1.48	03/15/89
River Gas Corp.	1004/757	1.48	03/15/89
River Gas Corp.	1004/760	1.48	03/15/89
River Gas Corp.	1004/778	1.48	03/15/89
River Gas Corp.	1004/766	1.48	03/15/89
River Gas Corp.	1004/784	1.48	03/15/89
River Gas Corp.	1004/769	1.48	03/15/89
River Gas Corp.	1011/480	0.37	05/10/89
River Gas Corp.	1011/483	0.37	05/10/89
River Gas Corp.	1012/712	0.37	05/10/89
River Gas Corp.	1017/075	0.37	07/06/89
River Gas Corp.	1022/066	0.32	08/08/89
River Gas Corp.	1022/069	0.32	08/08/89
River Gas Corp.	1022/072	0.32	08/16/89
River Gas Corp.	1024/003	0.32	08/08/89
River Gas Corp.	1028/440	0.32	08/16/89
River Gas Corp.	1044/09[illegible]	[illegible]	01/08/90
River Gas Corp.	1008/6[illegible]	[illegible]50	01/01/89
River Gas Corp.	1005/2[illegible]	[illegible]38	02/08/89
River Gas Corp.	1001/3[illegible]	80.00	02/07/89
River Gas Corp.	1004/711	160.00	02/07/89
River Gas Corp.	1004/796	13.33	03/16/89
River Gas Corp.	1004/790	13.33	03/16/89
River Gas Corp.	1004/793	13.33	03/16/89
River Gas Corp.	1004/799	13.33	03/16/89
River Gas Corp.	1006/596	13.33	03/16/89
River Gas Corp.	1006/599	13.33	03/16/89
River Gas Corp.	1006/603	13.33	03/20/89
River Gas Corp.	1006/606	13.33	03/30/89
River Gas Corp.	1008/640	13.33	05/10/89
River Gas Corp.	1004/807	64.00	03/20/89
River Gas Corp.	1004/802	52.00	03/20/89
River Gas Corp.	1004/810	8.00	03/23/89
River Gas Corp.	1004/813	8.00	03/23/89
River Gas Corp.	1006/612	8.00	04/07/89
River Gas Corp.	1008/637	20.00	04/27/89
River Gas Corp.	1028/359	20.00	10/18/89
River Gas Corp.	1028/362	0.57	10/20/89
River Gas Corp.	1028/374	1.66	10/20/89
River Gas Corp.	1028/377	3.32	10/20/89
River Gas Corp.	1028/383	0.57	10/20/89

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Tuscaloosa County, Alabama

A
PART II
-4-

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86-G	Ana A. Hallman
86-H	Lottie Powell
86-I	Larry Sullivan
86-J	Nelda Faye Wells
86-K	Dannie H. Yarbrough, et vir
86-L	Billy Ray Dunn, et ux
86-M	Junior Edley Dunn
86-N	Preston Hallman, et ux
86-O	Fannie B. Mitchell, et vir
86-P	Brady Simpson, et ux
86-Q	Clora Moore, et vir
86-R	Lona Morgan, et vir
86-S	Beverly B. Bergen
86-T	Mildred Buchanan, et vir
86-U	Ann B. Creel, et vir
86-V	Ola Frost, et vir
86-W	Eldridge Jackson, et ux
86-X	Mary Ruth Simpson
86-Y	Elmer H. Abston, et ux
86-Z	John Abston by AIF Marlene Abston Simmons
86-AA	Marlene A. Simmons
86-BB	Rosalind G. Henderson, et vir
86-CC	Louise Jones
86-DD	Jean Hudson, et vir
86-EE	Leon Hallman, et ux
86-FF	Allen Boling
86-GG	Wilma Lee Booth, et vir
86-HH	Bertha Lee Dunn
86-II	Mellwynn Morrow Price
86-JJ	James W. Price, et ux
86-KK	Barbara E. Price Lunceford, et vir
86-LL	Claudean Davis, et vir
86-MM	Howell G. Abston
86-NN	William A. Bittner, Jr. et al
86-OO	Wilburn Sullivan
86-PP	Amanda Gail Burroughs, et vir
86-QQ	Tony Dennis Rogers
86-RR	Harvey David Simpson, et ux
86-SS	Cecil L. Simpson, Jr.
86-TT	Darlene Latham, et vir
86-UU	Shaun Cassidy by AIF Bertha Lee Price Dunn
86-VV	Dale Hallman Carter, et ux
86-WW	Cheryl Ann Singley
86-XX	Ruth Hallman McCrary
87	Jerry F. Colwell
88	Margaret Rice Deal, et vir
89	Una M. Clements, et al
90	Leah F. O'Hara

River Gas Corp.	1028/371	4.00	10/20/89
River Gas Corp.	1028/380	2.85	10/20/89
River Gas Corp.	1028/386	0.57	10/20/89
River Gas Corp.	1028/365	0.57	10/20/89
River Gas Corp.	1028/368	4.00	10/20/89
River Gas Corp.	1028/395	0.95	10/23/89
River Gas Corp.	1028/404	0.95	10/23/89
River Gas Corp.	1028/389	3.33	10/23/89
River Gas Corp.	1028/392	0.95	10/23/89
River Gas Corp.	1028/398	2.85	10/23/89
River Gas Corp.	1028/401	3.33	10/24/89
River Gas Corp.	1028/407	3.33	10/24/89
River Gas Corp.	1028/425	1.33	10/25/89
River Gas Corp.	1028/413	5.00	10/25/89
River Gas Corp.	1028/422	1.33	10/25/89
River Gas Corp.	1028/416	5.00	10/25/89
River Gas Corp.	1028/419	5.00	10/25/89
River Gas Corp.	1028/410	0.71	10/25/89
River Gas Corp.	1028/434	0.57	10/31/89
River Gas Corp.	1028/428	0.57	10/31/89
River Gas Corp.			
River Gas Corp.	1028/431	0.57	10/31/89
River Gas Corp.	1032/574	1.66	10/20/89
River Gas Corp.	1031/379	0.57	10/20/89
River Gas Corp.	1031/382	3.33	10/24/89
River Gas Corp.	1031/385	3.33	10/24/89
River Gas Corp.	1031/388	1.33	10/25/89
River Gas Corp.	1031/394	0.47	10/27/89
River Gas Corp.	1031/397	0.47	10/27/89
River Gas Corp.	1031/400	0.47	10/27/89
River Gas Corp.	1031/403	0.47	10/27/89
River Gas Corp.	1031/391	0.47	10/27/89
River Gas Corp.	1031/406	0.57	10/31/89
River Gas Corp.	1031/409	0.57	10/31/89
River Gas Corp.	1031/412	4.00	11/01/89
River Gas Corp.	1028/437	0.57	11/02/89
River Gas Corp.	1031/415	0.24	11/06/89
River Gas Corp.	1031/421	0.35	11/06/89
River Gas Corp.	1031/418	0.71	11/06/89
River Gas Corp.	1031/427	0.24	11/06/89
River Gas Corp.	1031/424	0.35	11/06/89
River Gas Corp.	1031/430	0.47	11/08/89
River Gas Corp.	1032/577	3.33	11/13/89
River Gas Corp.	1032/580	0.24	12/04/89
River Gas Corp.	1034/539	4.00	12/06/89
River Gas Corp.	1011/486	600.00	05/15/89
River Gas Corp.	1011/489	67.60	05/16/89
River Gas Corp.	1011/660	80.00	04/01/89
River Gas Corp.	1014/660	80.00	08/09/89

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J. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

91	Gulna Louise Crunk	River Gas Corp.	1022/075	3.50	08/28/89
92	Lafayette Ruffin, et ux	River Gas Corp.	1022/080	0.13	08/28/89
93	Richard P. Holman, et al	Amoco Production	991/339(A)	100.00	8/26/88(H)
94	Alfa Life Insurance Co.	River Gas Corp.	1025/348	161.35	09/01/89
96-A	Ollie J. Moore	River Gas Corp.	1032/583	10.00	11/14/89
96-B	Rita Mae Moore Welch	River Gas Corp.	1032/586	2.00	11/14/89
96-C	Clara Moore	River Gas Corp.	1032/589	1.67	11/15/89
96-D	Ollie Moore Graves Kyzer	River Gas Corp.	1032/592	20.00	11/15/89
96-E	Louise Theresa Moore Harkey	River Gas Corp.	1032/598	2.00	11/15/89
96-F	Mary Ellen Moore Smith	River Gas Corp.	1032/601	2.00	11/15/89
96-G	Irma Mary Moore Langford Bushelon	River Gas Corp.	1032/595	2.00	11/15/89
96-H	Lou Alma Breland Bamburg	River Gas Corp.	1032/607	5.00	11/16/89
96-I	Irene Glass	River Gas Corp.	1032/604	1.67	11/16/89
96-J	Geraldine Moore	River Gas Corp.	1032/610	1.67	11/16/89
96-K	Inex Breland Jones	River Gas Corp.	1032/613	0.45	11/20/89
96-L	Pauline Breland Crawford	River Gas Corp.	1032/616	0.45	11/20/89
96-M	Betty Margaret Breland Epps	River Gas Corp.	1032/622	0.45	11/20/89
96-N	Lois Breland Nichols	River Gas Corp.	1032/619	0.45	11/20/89
96-O	John Milton Breland	River Gas Corp.	1032/625	0.45	11/20/89
96-P	Elizabeth Breland Martin	River Gas Corp.	1032/628	0.45	11/20/89
96-Q	Jean Breland Josey	River Gas Corp.	1032/631	0.45	11/20/89
96-R	Evelyn Breland Hughey	River Gas Corp.	1032/634	0.45	11/20/89
96-S	Faye Breland Colburn	River Gas Corp.	1032/637	0.45	11/20/89
96-T	William Franklin Breland	River Gas Corp.	1032/640	0.71	11/22/89
96-U	Betty Breland Lovelady	River Gas Corp.	1032/643	0.71	11/22/89
96-V	Lucille Breland	River Gas Corp.	1032/646	0.71	11/22/89
96-W	Phyllis Breland Green	River Gas Corp.	1032/649	0.71	11/22/89
96-X	Wallace Harold Breland	River Gas Corp.	1032/664	0.71	11/22/89
96-Y	Peggy Breland Crews	River Gas Corp.	1032/661	0.71	11/22/89
96-Z	Fannie Breland Riley	River Gas Corp.	1032/658	1.00	11/22/89
96-AA	Otis Wayne Breland	River Gas Corp.	1032/655	1.00	11/22/89
96-BB	Gary Breland	River Gas Corp.	1032/652	0.71	11/22/89
96-CC	C.L. Moore	River Gas Corp.	1032/667	5.00	11/28/89
96-DD	DeLois H. Moore	River Gas Corp.	1032/670	2.00	11/28/89
96-EE	Ludie C. Hill	River Gas Corp.	1032/673	1.25	11/28/89
96-FF	Billy Moore	River Gas Corp.	1032/679	0.50	11/30/89
96-GG	Wayne Moore	River Gas Corp.	1032/676	0.50	11/30/89
96-HH	Manley David Breland	River Gas Corp.	1036/342	0.45	11/20/89
96-II	Alvin C. Breland	River Gas Corp.	1036/341	1.00	11/20/89
96-JJ	Claude Spencer Breland	River Gas Corp.	1036/348	1.00	11/22/89
96-KK	James Shirley Breland	River Gas Corp.	1034/545	1.00	11/22/89
96-LL	William Frank Breland	River Gas Corp.	1034/548	0.11	11/28/89
96-MM	Louise Moore Barnes	River Gas Corp.	1036/368	2.50	11/30/89
96-NN	Virginia Moore Lawson	River Gas Corp.	1034/551	2.50	11/30/89
96-OO	Charles E. Moore	River Gas Corp.	1036/365	2.50	11/30/89
96-PP	Ludie C. Moore	River Gas Corp.	1034/554	2.50	11/30/89
96-QQ	Troy E. Moore	River Gas Corp.	1034/557	2.50	11/30/89
96-RR	Perlie Moore Graham	River Gas Corp.	1034/560	2.00	12/04/89
96-SS	Verlie Moore Winstead	River Gas Corp.	1036/371	2.00	12/04/89
96-TT	Buena Moore Gray	River Gas Corp.	1034/563	2.00	12/05/89

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

96-UU	Betty Ann Moore
96-VV	Dorothy J. Moore
96-WW	Jack Moore
96-XX	James D. Moore
96-YY	Kate Moore
96-ZZ	Rayburn L. Moore
96-AAA	Pat Moore Powell
96-BBB	Mozelle Moore Marchant
96-CCC	Burlia Moore Coleman
96-DDD	Anne W. Moore
96-EEE	Waymon Gerald Moore
96-FFF	Eloise Moore Phelps
96-GGG	Dorothy Jean Moore Smith
96-HHH	Adrain Leon Hartley
96-III	Jesse Gordon Hartley
96-JJJ	Lonnie Oneal Hartley
96-KKK	Van Harltey Shigley
96-LLL	Gerald B. Hill
96-MMM	Ina Ruth S. Murchison
96-NNN	James Ludie Moore
96-OOO	Jimmy Nell Hartley, individually and as Trustee
96-PPP	Kenneth Earl Breland
96-QQQ	Waverly W. Moore
96-RRR	Charles W. Moore
96-SSS	Linda Moore Livingston
96-TTT	Jane Perkins Nichols
96-UUU	Willie Francies Hill
96-VVV	Sue Hill Purkey
96-WWW	Robert L. Moore
96-XXX	Judi Moore Perkins Williams
96-YYY	Connie Moore Long
101-A	Louise McGuire Lamont
101-B	Josephine McGuire Swanson
101-C	Woodrow Hobson, Jr.
104-A	Howell Hubbard
104-B	Jessie Hubbard Green
104-C	Hazel Hubbard Dickey
104-D	Sue Hubbard Williams
104-E	Margaret Hubbard Xanders
104-F	Alma Hubbard
104-G	Betty Hubbard Bryant
106-A	Morris Victor Friedman & Emily Ann Friedman Bliss
106-B	Adele Mills Schweid
106-C	Rose Mills Freedman
106-D	Irene Fox Conn
106-E	Henry Mills Winston
106-F	Harry F. Conn
106-G	Richard L. Conn

River Gas Corp.	1034/566	2.00	12/05/89
River Gas Corp.	1036/374	2.00	12/05/89
River Gas Corp.	1036/354	0.50	12/05/89
River Gas Corp.	1032/682	2.00	12/05/89
River Gas Corp.	1034/569	0.50	12/05/89
River Gas Corp.	1034/572	0.50	12/05/89
River Gas Corp.	1036/351	0.50	12/05/89
River Gas Corp.	1034/575	2.00	12/06/89
River Gas Corp.	1034/581	3.33	12/07/89
River Gas Corp.	1034/584	3.33	12/07/89
River Gas Corp.	1034/587	3.33	12/07/89
River Gas Corp.	1034/578	3.33	12/07/89
River Gas Corp.	1034/590	3.33	12/07/89
River Gas Corp.	1034/593	4.00	12/11/89
River Gas Corp.	1034/596	4.00	12/11/89
River Gas Corp.	1034/599	4.00	12/11/89
River Gas Corp.	1036/357	4.00	12/11/89
River Gas Corp.	1036/360	1.25	12/12/89
River Gas Corp.	1034/602	0.11	12/12/89
River Gas Corp.	1034/605	1.66	12/13/89
River Gas Corp.	1034/608	4.00	12/18/89

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Hardy McCollough Probate Judge
Tuscaloosa County, Alabama

River Gas Corp.	1040/087	0.11	11/28/89
River Gas Corp.	1040/036	2.00	12/05/89
River Gas Corp.	1040/046	2.00	12/05/89
River Gas Corp.	1040/066	1.66	12/13/89
River Gas Corp.	1040/019	1.66	01/18/90
River Gas Corp.	1044/023	1.25	11/28/89
River Gas Corp.	1044/026	1.25	11/28/89
River Gas Corp.	1044/029	2.50	11/30/89
River Gas Corp.	1044/032	1.66	12/07/89
River Gas Corp.	1044/035	1.66	12/13/89
River Gas Corp.	1040/081	20.00	01/19/90
River Gas Corp.	1040/084	20.00	01/19/90
River Gas Corp.	1048/214	20.00	05/01/90
River Gas Corp.	1041/094	40.00	02/05/90
River Gas Corp.	1041/097	40.00	02/05/90
River Gas Corp.	1041/100	40.00	02/05/90
River Gas Corp.	1041/103	10.00	02/05/90
River Gas Corp.	1041/106	10.00	02/05/90
River Gas Corp.	1041/109	10.00	02/05/90
River Gas Corp.	1041/112	10.00	02/05/90
River Gas Corp.	1044/101	6.58	02/27/90
River Gas Corp.	1046/348	10.00	02/28/90
River Gas Corp.	1046/345	10.00	02/28/90
River Gas Corp.	1044/104	2.28	03/08/90
River Gas Corp.	1051/282	3.29	03/07/90
River Gas Corp.	1052/295	2.28	03/08/90
River Gas Corp.	1052/292	2.28	03/08/90

106-H	Victor Winston
109-A	Bernice Edgar Sullivan
109-B	Wilburn Sullivan
109-C	Doris Sullivan Howton
109-D	Scotty Sullivan
109-E	John L. Sullivan
109-F	Patsy Jean L. Sullivan
109-G	Roland Sullivan
109-H	Roxie Sullivan Turner
109-I	Clara Mae Sullivan St. Clair
109-J	Dolly Sullivan Tuberville
109-K	Olen Sullivan
109-L	Daniel M. Sullivan
109-M	Kathy Lynn Sullivan Prevatte
109-N	Bob Burchfield
109-O	Marion Burchfield
109-P	Sidney Weaver
109-Q	Rabon Sullivan
109-R	Laurie Kay Sullivan Schoene
109-S	Carrie Sullivan Foley
109-T	Charles Mitchell Sullivan, Jr.
109-U	Rayford Sullivan
109-V	Barbara Gail Sullivan Billingsley
109-W	Linda Louise Sullivan Hood
109-X	Mary Ruth Sullivan Fortenburg
112-A	First Alabama Bank of Tuscaloosa Executor & Trustee of Robert N. Alston Estate
112-B	Woodrow Hobson, Jr.
113	Madalene Cunningham, et al
114-A	Lona Jackson Thompson
114-B	James Robert Jackson, III
114-C	Wyman Terry Jackson
114-D	Edna Jackson
114-E	Betty Jackson Skelton
114-F	Christopher Brett Rowland
115-A	W. Bruce Baughman
115-B	Marian W. Maxwell
115-C	Nellie Shute Pearson
115-D	Thomas M. White, Sr.
116-A	Gay Nell Dockery Hill
116-B	Ella Mae Sullivan Bailey
116-C	Viola Sullivan Denton
116-D	Clarence Dockery
116-E	Lorene Sullivan Sellers
116-F	Armond Sullivan
116-G	Jack Dockery
116-H	L. J. Bates
116-I	Perry J. Bates
117-A	Karen J. Colwell

River Gas Corp.	1052/289	3.29	03/08/90
River Gas Corp.	1044/047	11.43	02/07/90
River Gas Corp.	1044/044	11.43	02/07/90
River Gas Corp.	1044/050	1.27	02/09/90
River Gas Corp.	1044/053	1.27	02/09/90
River Gas Corp.	1046/336	1.27	02/13/90
River Gas Corp.	1044/056	0.32	02/13/90
River Gas Corp.	1046/333	1.27	02/13/90
River Gas Corp.	1044/059	1.27	02/13/90
River Gas Corp.	1044/062	1.27	02/14/90
River Gas Corp.	1044/068	1.27	02/14/90
River Gas Corp.	1044/065	3.81	02/14/90
River Gas Corp.	1044/074	0.32	02/15/90
River Gas Corp.	1044/071	0.32	02/15/90
River Gas Corp.	1044/077	3.81	02/26/90
River Gas Corp.	1044/080	3.81	02/26/90
River Gas Corp.	1046/339	3.81	02/26/90
River Gas Corp.	1048/070	3.81	02/14/90
River Gas Corp.	1048/073	0.32	02/15/90
River Gas Corp.	1046/342	11.43	03/26/90
River Gas Corp.	1051/276	0.32	02/15/90
River Gas Corp.	1051/279	3.81	02/22/90
River Gas Corp.	1078/566	0.32	10/24/90
River Gas Corp.	1078/560	0.32	02/14/90
River Gas Corp.	1078/563	0.32	10/24/90
River Gas Corp.	1044/113	180.23	03/09/90

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River Gas Corp.	1044/110	60.08	03/09/90
River Gas Corp.	1048/118	12.33	04/19/90
River Gas Corp.	1048/115	40.00	04/16/90
River Gas Corp.	1051/309	8.00	04/20/90
River Gas Corp.	1051/306	8.00	04/20/90
River Gas Corp.	1051/312	8.00	04/23/90
River Gas Corp.	1052/302	8.00	04/23/90
River Gas Corp.	1068/699	8.00	10/05/90
River Gas Corp.	1048/121	15.00	04/17/90
River Gas Corp.	1048/127	15.00	04/17/90
River Gas Corp.	1048/124	15.00	04/17/90
River Gas Corp.	1051/321	15.00	04/17/90
River Gas Corp.	1048/097	2.66	04/16/90
River Gas Corp.	1048/109	8.00	04/17/90
River Gas Corp.	1048/106	8.00	04/17/90
River Gas Corp.	1048/103	2.66	04/17/90
River Gas Corp.	1048/100	8.00	04/17/90
River Gas Corp.	1048/112	8.00	04/17/90
River Gas Corp.	1051/303	2.66	04/25/90
River Gas Corp.	1068/694	0.75	10/05/90
River Gas Corp.	1068/691	0.75	10/05/90
River Gas Corp.	1051/330	43.74	04/26/90

117-B	Thomas W. Daniel, Jr.	River Gas Corp.	1051/324	28.36	04/26/90
117-C	Dayton F. Hale, Jr.	River Gas Corp.	1051/327	29.29	04/26/90
117-D	Dayton F. Hale, Sr.	River Gas Corp.	1051/336	131.13	04/26/90
117-E	Woodrow Hobson, Jr.	River Gas Corp.	1051/333	43.74	04/26/90
117-F	David G. McGiffert	River Gas Corp.	1052/311	43.74	04/26/90
118-A	Mary Kathryn Helfin & Ann Kaldrovics	River Gas Corp.	1054/468	240.00	04/26/90
118-B	Ann Pendleton Hawkins Cross	River Gas Corp.	1059/700	120.00	07/02/90
119	Bean Family Partnership Ltd. No.4	River Gas Corp.	1050/001	40.00	05/14/90
120-A	Jerry F. Colwell	River Gas Corp.	1052/314	20.00	05/17/90
120-B	First Alabama Bank of Tuscaloosa Executor & Trustee of Robert N. Alston Estate	River Gas Corp.	1052/317	60.00	05/17/90
121	Bureau of Land Management				
122	Weyerhaeuser Company	Joe Stephenson	1063/426	360.00	08/01/90
126	James Jefferson Mayfield IV by AIF, Dan M. Gibson	River Gas Corp.	1068/679	140.43	09/17/90
127	State of Alabama	River Gas Corp.	1073/129	80.00	11/06/90
128	Hawkeye Oil & Gas, Inc.	Taurus Exp.,Inc.(G)	1077/030(G)	62.57 (G)	
130	State of Alabama	Meridian Oil, Inc.	1014/299(T)	60.00	05/23/89
131	State of Alabama	Taurus Exp.,Inc.(U)	1077/328(C)	2.36 (C)	
		Hawkeye Oil & Gas, Inc. (V)	1082/021	19.80 (B)	
2-FO	Alabama Basic Land Enterprise	W.B. Newberry	846/272	480.00	04/01/82
3-FO	Frances Fies Alcus	TRW, E&P	913/374	40.00	01/06/85
4-FO	Robert Colburn	TRW, E&P	910/476	75.50	11/22/85
5-FO	Alan Hofheimer	TRW, E&P	913/372	40.00	01/06/86
6-FO	FAB-Agent for Robert Alston	W.B. Newberry	846/261	640.00	06/10/82
7-FO	Friedman & Loveman	W.C. Daly	790/069	3200.00	07/20/79
10-FO	J.J. Mayfield	W.B. Newberry	846/210	179.00	03/25/82
11-FO	E.P. McDaniel	W.B. Newberry	846/288	120.00	03/25/82
14-FO	Frank Rice	W.B. Newberry	846/240	40.00	03/25/82
17-FO	Wesley West Estate	TRW, Inc.	904/255	6120.00	09/01/85
18-FO	Stedman Trust	TRW, Inc.	904/242	1440.00	09/01/85
19-FO	Charles Cassidy	(6)	966/358	6793.50	2/3/88(1)

FOOTNOTES:

(1) U.S. Steel originally leased on 4/24/75 with expiration date of 4/24/2005. (See Short Form Mining Lease filed in DB701, P261 and also see Memorandum of Coal Seam Gas Sublease to The River Gas Corporation filed in DB966, P358).

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(2)-(5) Footnotes deleted

(6) Note: That unrecorded Sublease Agreement is in the name of The River Gas Corporation; the recorded memorandum of Coal Seam Gas Sublease is in the name of The River Gas Company. (This is clarified in Affidavit of Corporate Identity filed in DB1024/P010)

(A) – Amoco Production Company assigned to The River Gas Corporation 100.00 net acres from the original lease which described 560.00 net acres. Assignment dated 8/29/89 recorded DB1038/P231.

(B) – The State of Alabama, Department of Conservation and Natural Resources, executed a lease (Lease No. 724) to Hawkeye Oil & Gas, Inc. on November 29, 1988, said lease recorded in DB1003/P354; Hawkeye executed an assignment dated May 23, 1989 to Meridian Oil Inc., said assignment recorded in DB1014/P023; Meridian executed an assignment dated June 26, 1990 to Taurus Exploration, Inc., said assignment recorded in DB1069/P410. Taurus assigned a portion of the leasehold to The River Gas Corporation on February 12, 1991, said assignment recorded in DB1082/P021. (There is a 5.0% ORR to Hawkeye on this tract).

(C) – The State of Alabama, Department of Conservation and Natural Resources, executed a lease (Lease No. 716) to Taurus Exploration, Inc. on September 20, 1988, said lease recorded in DB997/P194; Taurus assigned a portion of that leasehold to The River Gas Corporation (WITHOUT reserving any ORR) on December 21, 1990, said assignment recorded in DB1077/P328.

(D)–(F) – Footnotes deleted

(G) – The State of Alabama, Department of Conservation and Natural Resources, executed a lease (Lease No. 694) to Taurus Exploration, Inc. on May 24, 1988, said lease recorded in DB981/P645, and executed another lease (Lease No. 695) to Taurus on May 24, 1988, recorded in DB981/P651; Taurus executed an assignment dated March 8, 1989 to Amoco Prouction Company on both of these leases, said Assignment recorded in DB1004/P700; Amoco assigned a portion of their leasehold to The River Gas Corporation (reserving a 5.0% ORR) on October 17, 1990, said assignment recorded in DB1077/P030.

(H) – This is an Assignment of some of the Holman mineral leased by Amoco via DB991/P339. The lease dated 8/26/88 was an OGM form similar to ours but with a 3/16 royalty. Our Assignment from Amoco dated 8/29/89.

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A
PART II

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SCHEDULE B

Behind Pipe Recompletion Wells and Values

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SCHEDULE B

WELL NAME	VALUE ($)
Stothart No. 24-12-1	149,850
Stothart No. 24-13-2	123,495
Davant No. 21-16-16	148,638
Friedman No. 22-4-52	95,619
Friedman No. 22-12-53	129,302
Friedman No. 22-15-54	114,732
Friedman No. 22-16-55	72,130
Mills No. 22-14-1	135,911
Moody No. 22-6-1	119,242
Cassidy No. 25-3-11	38,493
Cassidy No. 25-4-66	69,923
Cassidy No. 25-5-67	63,007
Cassidy No. 25-6-13	54,847
Cassidy No. 25-10-1	77,588
Cassidy No. 25-12-14	58,403
Cassidy No. 25-14-21	48,924
Cassidy No. 25-15-20	50,856
Cassidy No. 25-16-1	54,847
Cassidy No. 30-12-15	102,733
Cassidy No. 30-13-1	88,456
Cassidy No. 30-14-1	56,513
Cassidy No. 30-15-12	85,822
Cassidy No. 31-1-17	66,111
Cassidy No. 31-2-10	70,799
Cassidy No. 31-3-16	50,645
Cassidy No. 31-4-1	61,949
Cassidy No. 31-5-1A	55,814
Cassidy No. 31-6-18	48,720
Cassidy No. 31-8-70	84,561
Cassidy No. 31-10-124	87,350
Cassidy No. 31-12-125	82,725
Cassidy No. 31-14-65	90,951
Cassidy No. 36-1-19	32,654
Cassidy No. 36-2-1	33,912
Cassidy No. 36-3-23	53,054
Cassidy No. 36-4-22	74,717
Cassidy No. 36-5-24	56,046
Cassidy No. 36-7-25	68,692
Cassidy No. 36-8-4	122,346
Cassidy No. 36-9-71	56,046

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WELL NAME	VALUE ($)
Cassidy No. 36-10-28	56,628
Cassidy No. 36-11-27	43,348
Cassidy No. 36-12-26	52,722
Cassidy No. 36-13-29	77,671
Cassidy No. 36-14-30	54,393
Cassidy No. 36-15-31	69,453
Cassidy No. 36-16-3	105,502
Chevron No. 23-16-18	96,989
Chevron No. 25-2-1	80,474
Chevron No. 25-8-2	89,268
Chevron No. 25-11-3	49,373
Chevron No. 30-10-8	121,239
Earnest No. 24-13-1	111,691
Cassidy No. 5-2-126	103,166
Cassidy No. 5-4-49	70,460
Cassidy No. 5-5-50	87,029
Cassidy No. 5-6-61	67,278
Cassidy No. 5-11-56	72,620
Cassidy No. 5-13-48	63,523
Cassidy No. 6-2-64	89,824
Cassidy No. 6-3-44	57,202
Cassidy No. 6-7-129	57,202
Cassidy No. 6-9-47	76,253
Cassidy No. 6-10-52	76,253
Cassidy No. 6-11-54	76,602
Cassidy No. 6-13-51	102,632
Cassidy No. 6-14-55	81,360
Cassidy No. 8-4-63	60,141
Cassidy No. 8-5-60	69,342
Cassidy No. 8-12-58	60,141
Cassidy No. 8-13-59	76,710
Cassidy No. 31-16-69	77,831
Cassidy No. 32-2-41	101,781
Cassidy No. 32-4-33	69,055
Cassidy No. 32-6-40	111,420
Cassidy No. 32-7-39	68,769
Cassidy No. 32-8-34	121,204
Cassidy No. 32-9-37	123,799
Cassidy No. 32-10-45	61,452
Cassidy No. 32-11-35	82,809

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WELL NAME	VALUE ($)
Cassidy No. 32-12-62	99,126
Cassidy No. 32-13-46	51,852
Cassidy No. 32-14-36	74,943
Cassidy No. 32-15-38	64,530
Mayfield No. 8-3-1	87,640
USX No. 5-7-1	123,799
USX No. 5-10-2	123,799
USX No. 5-15-3	122,215
USX No. 8-6-4	122,215
USX No. 8-11-5	122,215
Cassidy No. 19-1-72	94,116
Cassidy No. 19-2-73	71,745
Cassidy No. 19-3-74	63,996
Cassidy No. 19-6-96	68,484
Cassidy No. 19-7-75	45,976
Cassidy No. 19-9-76	75,759
Cassidy No. 19-10-77	71,719
Cassidy No. 19-11-97	95,877
Cassidy No. 19-13-78	77,375
Cassidy No. 19-15-79	48,263
Cassidy No. 19-16-80	62,476
Cassidy No. 20-3-81	65,230
Cassidy No. 20-5-82	75,444
Cassidy No. 20-6-83	69,667
Cassidy No. 20-7-84	102,312
Cassidy No. 20-8-85	97,489
Cassidy No. 20-10-86	79,494
Cassidy No. 20-12-87	52,185
Cassidy No. 20-14-88	69,879
Cassidy No. 21-3-116	60,946
Cassidy No. 21-6-103	63,948
Cassidy No. 21-10-105	67,916
Cassidy No. 21-11-106	74,819
Cassidy No. 21-14-118	97,085
Cassidy No. 22-13-112	52,396
Cassidy No. 22-14-113	76,230
Cassidy No. 28-1-114	98,139
Cassidy No. 29-2-98	52,833
Cassidy No. 29-3-90	55,234
Cassidy No. 29-4-91	90,688

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WELL NAME	VALUE ($)
Cassidy No. 29-5-92	63,730
Cassidy No. 29-6-93	70,830
Cassidy No. 30-2-119	73,707
Cassidy No. 30-4-120	119,700
Cassidy No. 30-8-121	106,151
Chevron No. 24-16-16	101,365
Davis No. 24-7-1	88,565
Davis No. 24-8-2	78,580
Davis No. 24-9-3	64,552
Davis No. 24-10-4	104,761
Deal No. 27-4-1	142,049
Holman No. 24-1-26	71,685
Holman No. 24-3-27	113,732
USX No. 21-15-11	70,244
USX No. 21-16-12	89,996
USX No. 29-8-6	101,463
USX No. 29-11-7	108,634
USX No. 29-13-9	58,903
USX No. 29-14-10	43,206
USX No. 30-9-18	80,748
Davant No. 7-13-6	70,070
Davant No. 7-14-1	62,388
Friedman No. 13-13-3	114,687
Friedman No. 18-2-5	100,832
Friedman No. 18-3-31	61,011
Friedman No. 18-7-30	115,794
Friedman No. 18-8-2	57,668
Friedman No. 18-9-1	78,889
Friedman No. 18-15-4	96,111
McDaniel No. 18-5-2	65,526
McDaniel No. 18-6-3	90,211
Searcy No. 7-15-15	88,656
Searcy No. 17-14-9	140,948
Searcy No. 18-11-18	70,924
Searcy No. 18-13-6	70,924
Searcy No. 18-14-5	81,026
Searcy No. 19-4-1	61,394
Searcy No. 19-10-3	46,288
Searcy No. 20-3-10	69,332
Searcy No. 20-4-11	61,394

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WELL NAME	VALUE ($)
Searcy No. 20-5-12	151,137
Searcy No. 20-6-13	125,396
Searcy No. 24-1-2	68,845
West No. 13-1-15	108,666
West No. 13-2-16	43,884
West No. 13-5-3	37,666
West No. 13-6-1	48,750
West No. 13-7-38	0
West No. 13-8-14	45,980
West No. 13-9-9	90,256
West No. 13-11-6	70,190
West No. 13-12-4A	62,061
West No. 13-15-23	76,243
West No. 17-12-20	0
West No. 17-13-21	66,107
West No. 19-1-19	105,099
West No. 19-2-10	78,922
West No. 19-3-7	90,395
West No. 19-6-18	79,626
West No. 19-8-12	63,140
West No. 19-11-13	124,091
West No. 19-12-11	124,091
Alcus No. 12-4-1	31,247
Alcus No. 12-5-2	36,631
Davant No. 7-4-2	76,208
Davant No. 7-5-3	59,777
Davant No. 7-11-4	122,954
Davant No. 7-12-5	74,169
FNB No. 1-3-1	89,034
Friedman No. 2-1-15	120,597
Friedman No. 2-9-16	37,536
Friedman No. 6-4-11	124,736
Friedman No. 6-5-12	100,196
Friedman No. 6-12-13	82,554
Friedman No. 6-13-14	106,995
Friedman No. 11-10-8	57,910
Friedman No. 12-1-9	75,820
Friedman No. 12-2-50	83,458
Friedman No. 12-8-10	98,815
Friedman-Rosenau No. 2-16-3	53,840

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WELL NAME	VALUE ($)
Mayfield No. 12-9-2	52,601
Mayfield No. 12-10-5	127,310
Searcy No. 7-6-17	135,901
Searcy No. 11-9-14	61,055
Searcy No. 12-3-16	34,140
Searcy No. 12-6-19	61,055
West No. 1-1-24	63,769
West No. 1-2-25	78,735
West No. 1-6-39	78,735
West No. 1-8-27	87,597
West No. 1-9-28	91,062
West No. 1-10-29	92,779
West No. 1-11-30	80,291
West No. 1-13-31	51,192
West No. 1-14-32	60,839
West No. 1-16-33	58,011
West No. 11-8-36	32,024
West No. 11-15-37	0
Davant No. 23-2-9	70,468
Davant No. 23-7-7	108,105
First Alabama Bank No. 27-9-	55,597
First Alabama Bank No. 27-16	130,469
Friedman No. 22-14-38	124,165
Friedman No. 22-15-39	100,093
Friedman No. 23-4-41	152,994
West No. 21-8-71	128,827
West No. 27-1-59	64,081
West No. 27-2-60	146,963
West No. 27-4-62	98,727
West No. 27-5-65	83,645
Alabama Basic No. 34-3-14	105,290
Bean No. 14-15-1	99,056
Colburn No. 15-9-1	76,682
Colburn No. 15-15-2	83,740
Cunningham No. 10-1-1	77,910
Cunningham No. 10-2-2	77,910
Cunningham No. 34-8-2	116,498
First Alabama Bank No. 34-13	55,763
Friedman No. 2-5-42	83,752
Friedman No. 2-12-21	1181 6[illegible]22

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WELL NAME	VALUE ($)
Friedman No. 2-14-22	22,477
Friedman No. 3-6-23	50,710
Friedman No. 3-15-26	91,497
Friedman No. 10-10-28	67,148
Friedman No. 10-15-29	35,447
Friedman No. 11-11-17	52,923
Friedman No. 11-13-18	63,323
Friedman No. 14-6-33	93,046
Friedman No. 14-12-34	59,898
Friedman No. 14-13-35	98,034
Friedman No. 34-10-57	76,066
Friedman No. 34-15-58	70,894
Friedman-Rosenau No. 2-7-2	56,212
Friedman-Rasenau No. 2-15-1	24,812
Holman No. 10-11-1	64,424
McGuire No. 34-9-5	51,356
Rice No. 2-6-1	0
West No. 3-2-44	68,275
West No. 3-3-22	29,419
West No. 3-8-48	106,050
West No. 3-10-49	89,432
West No. 3-13-50	46,906
West No. 11-2-35	20,076
West No. 11-4-41	124,534
West No. 11-5-42	106,050
West No. 15-1-51	36,610
West No. 15-2-52	61,044
West No. 15-3-68	0
West No. 15-6-53	27,398
West No. 15-8-55	0
West No. 15-13-58	66,783
Cunningham No. 28-15-3	74,680
West No. 33-2-112	30,972
West No. 33-3-120	32,842
West No. 33-6-114	22,849
West No. 33-8-115	36,177
West No. 33-10-116	33,088
West No. 33-16-119	48,179
Cassidy No.26-8-122	86,696
Cassidy No. 26-10-123	113,802

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WELL NAME	VALUE ($)
Chevron No. 26-5-9	118,747
Chevron No. 27-1-10	145,735
Clements No. 34-11-1	68,420
Clements No. 34-15-1	83,289
Clements No. 34-16-2	75,981
FGLIC No. 26-2-1	92,137
FGLIC No. 26-6-3	82,944
First Alabama Bank No. 34-1	71,830
First Alabama Bank No. 34-12	130,125
First Alabama Bank No. 35-2	112,132
First Alabama Bank No. 35-3	119,608
First Alabama Bank No. 35-5	78,303
Holman No. 35-12-4	86,502
McGuire No. 26-12-6	64,255
McGuire No. 26-13-3	62,281
McGuire No. 26-16-1	115,507
McGuire No. 27-9-4	103,667
Sessions No. 35-8-1	106,167
Sessions No. 35-9-2	94,423
Sessions No. 35-15-3	139,724
Alabama Basic No. 36-4-1	65,072
Alabama Basic No. 36-5-9	45,604
Alabama Basic No. 36-9-3	36,409
Alabama Basic No. 36-13-10	81,149
Alabama Basic No. 36-14-11	77,089
Alabama Basic No. 36-16-12	67,481
Cunningham No. 35-12-1	83,084
First Alabama Bank No. 25-1	78,249
First Alabama Bank No. 25-2	74,843
First Alabama Bank No.25-4	137,912
First Alabama Bank No. 25-7	81,606
First Alabama Bank No. 25-10	97,751
First Alabama Bank No. 25-11	64,280
First Alabama Bank No. 25-12	137,912
First Alabama Bank No. 25-14	84,918
First Alabama Bank No. 25-15	91,428
First Alabama Bank No. 25-16	97,345
Friedman No. 30-4-45	111,190
Friedman No. 30-5-46	111,875
Friedman No. 30-12-47	106,159

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WELL NAME	VALUE ($)
Friedman No. 30-13-48	107,645
Friedman No. 31-12-49	89,125
Friedman No. 36-1-43	82,066
Friedman No. 36-3-1	40,757
Friedman No. 36-11-56	67,341
West No. 31-5-82	74,834
West No. 35-2-105	73,194
West No. 35-4-106	76,071
West No. 35-6-107	75,757
West No. 35-8-108	59,228
West No. 35-9-109	78,255
West No. 35-10-110	59,916
West No. 35-14-111	110,407
Alabama Basic No. 23-10-4	117,446
Alabama Basic No. 23-14-5	58,431
Alabama Basic No. 23-16-6	85,346
Alabama Basic No. 26-1-7	107,413
Alabama Basic No. 27-16-8	99,827
First Alabama Bank No. 26-16	80,526
West No. 23-3-93	111,836
West No. 23-5-94	108,700
West No. 23-6-95	71,278
West No. 23-7-96	69,728
West No. 23-8-92	111,372
West No. 27-8-101	73,555
West No. 27-13-103	96,213
West No. 27-14-104	67,140
Christian No. 12-5-2	104,482
Davant No. 1-12-10	150,564
Davant No. 1-13-11	87,524
Davant No. 3-1-12	151,193
Davant No. 3-2-13	151,193
Hinds No. 12-6-1	83,637
Mayfield No. 1-3-3	151,193
Mayfield No. 1-7-4	138,698
Price No. 1-1-1	101,567
Stedman No. 11-1-5	120,568
Stedman No. 11-16-13	129,468
Bigham No. 4-13-1	Above
Federal No. 9-4-5	Above

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

WELL NAME	VALUE ($)
Sullivan No. 4-11-2	98,366
USX No. 15-13-27	99,413
Baughman No. 18-3-2	93,038
Baughman No. 18-6-3	81,610
Baughman No. 18-7-4	88,197
Hallman No. 8-14-1	102,080
Hallman No. 17-2-2	94,242
Hayes No. 7-16-2	94,242
Hayes No. 18-13-3	97,806
Hayes No. 18-14-4	140,873
Holman No. 13-7-19	91,055
Holman No. 17-12-15	100,946
Holman No. 17-13-16	78,254
Moore No. 13-1-1	107,618
Moore No. 13-9-2	88,708
Pettus No. 8-5-3	86,207
Pettus No. 8-6-2	97,350
Sealy No. 18-1-1	77,929
Weyerhaeuser No. 5-15-2	113,567
Weyerhaeuser No. 5-16-1	65,385

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

SCHEDULE C

Minimum Pratt Recompletion Schedule

Period Ending	Minimum Pratt Recompletions
December 1994	115
March 1995	144
June 1995	173
September 1995	204
December 1995	234
March 1996	264
June 1996	294
September 1996	324
December 1996	353
March 1997	374

1181 704
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Tuscaloosa County, Alabama 13:55:45
Cashier: MAM Total: 159,536.05
Bk/Pg: 1181-644

DFE DEED FEES	157,000.00
MTX MINERAL TAX	1,667.55
REC RECORDING FEES	458.50
SOT SOURCE OF TITLE	408.00
PJF PROBATE FEES	2.00

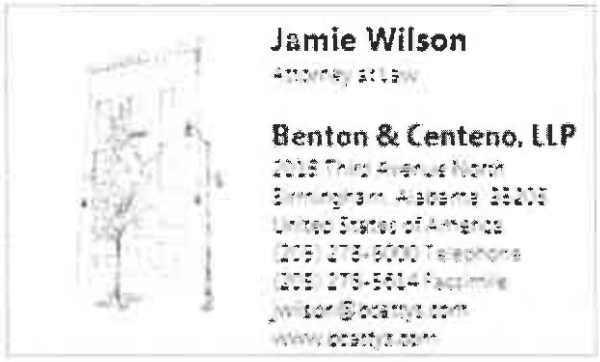
FILED
2015 Sep-24 PM 01:53
U.S. DISTRICT COURT
N.D. OF ALABAMA

From: Darby, Patrick
To: "Jamie Wilson"; Black, Dylan
Cc: Bender, Jay; Moore, Cathy; Lee Benton; Hancock, Tye C.; Bain, Joseph E.
Subject: RE: Production of Documents
Date: Thursday, August 13, 2015 6:34:00 PM

Applicable Bank Accounts is defined as accounts the debtor believes currently hold or have held proceeds of the Alabama Gas payments. The only two accounts that we can confirm hold or have held those proceeds are the two accounts we have produced documents for, 8671 and 8630. Once in 8360, the funds are commingled with funds from other sources. Accordingly, the debtor has no way to trace the proceeds beyond 8360.

From: Jamie Wilson [mailto:jwilson@bcattys.com]
Sent: Thursday, August 13, 2015 6:10 PM
To: Black, Dylan
Cc: Darby, Patrick; Bender, Jay; Moore, Cathy; Lee Benton; tye.hancock@tklaw.com; joseph.bain@tklaw.com
Subject: Production of Documents

All- upon review of the documents produced this afternoon, we did not receive all of the documents responsive to Interrogatory # 3 and RFP # 2. Specifically, we are looking for any account of the Debtors (Applicable Bank Accounts) which received transfers from account #8630 from April 1 through August 6, 2015.



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EXHIBIT C

FILED
2015 Sep-24 PM 01:53
U.S. DISTRICT COURT
N.D. OF ALABAMA

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re:	Chapter 11
WALTER ENERGY, INC., *et al.*,[1]	Case No. 15-02741-TOM11
Debtors.	Joint Administration Requested

ORDER (A) (I) APPROVING CONTINUED USE OF THE DEBTORS' EXISTING CASH MANAGEMENT SYSTEM; (II) AUTHORIZING USE OF EXISTING BANK ACCOUNTS AND CHECKS; (III) WAIVING THE REQUIREMENTS OF 11 U.S.C. 345(b); (IV) GRANTING ADMINISTRATIVE EXPENSE STATUS TO CERTAIN POSTPETITION INTERCOMPANY CLAIMS; AND (V) AUTHORIZING THE CONTINUATION OF CERTAIN INTERCOMPANY TRANSACTIONS; AND (B) GRANTING RELATED RELIEF

Upon consideration of the motion (the "Motion")[2] of the Debtors, pursuant to sections 105(a), 345(b), 363(c), 364(a), 503(b)(1) and 553(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004; this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. § 157; venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); proper and adequate notice having been given and no other or further notice being required; and a hearing having been held to consider the relief requested in the Motion; and upon the record of the hearing and all of the proceedings had before the Court; and the Court having found and

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Walter Energy, Inc. (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); J.W. Walter, Inc. (0648); Jefferson Warrior Railroad Company, Inc. (3200); Jim Walter Homes, LLC (4589); Jim Walter Resources, Inc. (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); Walter Black Warrior Basin LLC (5973); Walter Coke, Inc. (9791); Walter Energy Holdings, LLC (1596); Walter Exploration & Production LLC (5786); Walter Home Improvement, Inc. (1633); Walter Land Company (7709); Walter Minerals, Inc. (9714); and Walter Natural Gas, LLC (1198). The location of the Debtors' corporate headquarters is 3000 Riverchase Galleria, Suite 1700, Birmingham, Alabama 35244-2359.

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

EXHIBIT D

determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED, ADJUDGED, and DECREED that:

1. The Motion is GRANTED to the extent provided herein.

2. The Debtors are authorized and empowered, pursuant to sections 105(a), 345(b), 363(c), 364(a), 503(b)(1) and 553(a) of the Bankruptcy Code, to continue to maintain, operate and make transfers under their Cash Management System, and, subject to paragraph 17, to continue all Intercompany Transactions between and among the Debtors, Walter Canada and non-Debtor affiliates in a manner consistent with the Debtors' prepetition practices and this Order.

3. The operation of the Cash Management System in accordance with the Debtors' normal and customary practices is adequate and sufficient, and may be continued after the Petition Date. Subject to paragraph 17, the Debtors are authorized to continue using the Cash Management System to manage their cash, to pay intercompany payables (if any), to extend intercompany credit (if necessary) and to continue all other Intercompany Transactions between and among the Debtors, Walter Canada, Walter UK, Cardem and other non-Debtor affiliates in a manner consistent with the Debtors' prepetition practices. The Debtors are authorized to continue netting and setting off obligations arising from Intercompany Transactions, whether arising prepetition or postpetition, provided that such transactions occur in the ordinary course of business.

4. The Debtors are authorized to continue to maintain the Bank Accounts with the same account numbers following the commencement of the Chapter 11 Cases.

5. JPMorgan, BofA, Regions, BB&T and Scotia are authorized and directed to continue to treat, service, and administer the Bank Accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course and to receive, process and honor and pay any and all postpetition checks, drafts, wires, or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be; provided JPMorgan, BofA, Regions, BB&T and Scotia are authorized and directed to continue to treat, service, and administer the Bank Accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course and to receive, process and honor and pay any and all postpetition checks, drafts, wires, or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be, provided that sufficient funds are available in the applicable accounts, whether deposited prepetition or postpetition, to make the payments.

6. The Debtors may maintain a minimum balance in the Master Regions Disbursement Account (account number ending in -7949) of $20 million (the "Minimum Balance") and for so long as the Debtors maintain the Minimum Balance in the Master Regions Disbursement Account, Regions shall continue to link any "zero-balance accounts" that were linked with the Master Regions Disbursement Account prior to the Petition Date (the "Linked Accounts") and to allow automatic funds transfers from the Master Regions Disbursement Account to the Linked Accounts. In the event the Debtors do not maintain the Minimum Balance in the Master Regions Disbursement Account, Regions shall be entitled and shall have relief from the automatic stay of Bankruptcy Code Section 362(a), without further order of this Court,

to "de-link" the Linked Accounts from the Master Regions Disbursement Account and terminate any automatic funds transfer arrangements with respect to the Master Regions Disbursement Account and the Linked Accounts.

7. The Debtors are authorized to make and implement such modifications to the Cash Management System as may be necessary or appropriate, including, but not limited to, the establishment of new bank accounts. The Debtors can and will identify all prepetition checks and other forms of payment outstanding on the Petition Date and notify their banks not to pay such checks or obligations.

8. The Debtors will provide ten (10) days' advance written notice to counsel to the Steering Committee prior to opening or closing any Bank Accounts (which Bank Accounts shall constitute Cash Collateral) at or with the Cash Management Banks which notice details the reasons for doing so, and will not open any new Bank Account at a financial institution other than the Cash Management Banks without obtaining the prior consent of the Steering Committee..

9. The Debtors are authorized, but not obligated or directed, in the reasonable exercise of their business judgment and in the ordinary course of business, to pay and honor amounts on account of the Cash Management Fees.

10. Notwithstanding anything to the contrary in any other order of this Court, JPMorgan, BofA, Regions, BB&T and Scotia (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires or ACH transfers should be honored or dishonored, consistent with any order of this Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated prior to, on, or subsequent to the Petition Date,

and (b) have no duty to independently inquire as to whether such payments are authorized by an order of this Court.

11. JPMorgan, BofA, Regions, BB&T and Scotia shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) an innocent mistake made despite implementation of reasonable item handling procedures.

12. JPMorgan, BofA, Regions, BB&T and Scotia are authorized and directed to honor the Debtors' requests to open or close, as the case may be, any existing Bank Accounts or additional bank accounts effective as of the Petition Date; provided, however, that any new account that is a domestic account shall be with a bank (a) insured by the FDIC or the FSLIC and (b) that is organized under the laws of the U.S. or any State therein, or in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, a financial institution that is sufficiently secure to justify a waiver of the requirements of section 345(b) of the Bankruptcy Code.

13. The Debtors are authorized to continue to use their preprinted checks, substantially in the form existing immediately before the Petition Date, without reference to their status as debtors-in-possession; provided, however, if the Debtors need to purchase new preprinted checks during the pendency of the Chapter 11 Cases, such checks will include a legend referring to the Debtors as "Debtors-in-Possession" or "DIP"; and provided further that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor-in-Possession" legend on such items within twenty (20) days of the entry of this Order.

14. The Debtors are authorized to deposit and invest their cash and cash equivalents in the Bank Accounts consistent with their prepetition practices and the Cash Management System. The Debtors are relieved from the obligations under section 345(b) of the Bankruptcy Code to obtain a bond from any entity with which money is deposited or maintained in the Bank Accounts, and the requirements of section 345(b) of the Bankruptcy Code are waived.

15. Any payment made or to be made under this Order, and any authorization contained in this Order, shall be subject to the terms of the Interim Cash Collateral Order and related final order.

16. All Intercompany Claims arising from postpetition intercompany transfers between and among the Debtors shall be entitled to administrative expense priority pursuant to section 503(b)(1) of the Bankruptcy Code. The Debtors shall maintain current records with respect to all transfers of cash so that all transactions, including Intercompany Transactions, may be readily ascertained, traced, and recorded properly on applicable intercompany accounts. The Debtors may engage in Intercompany Transactions with their non-Debtor affiliates, including but not limited to BW Methane, consistent with prepetition practice, subject to paragraph 17 of this Order.

17. Notwithstanding anything contained herein, the Debtors will not transfer any funds to or for the benefit of any direct or indirect foreign subsidiary or non-Debtor affiliate of the Debtors, including, without limitation, in connection with any professional fees and expenses incurred with respect to any restructuring of such subsidiary or affiliate, unless such transfer is (i) in accordance with the terms of the Interim Cash Collateral Order and related final order or (ii) made with the prior consent of the Steering Committee ("Permitted Non-Debtor Affiliate Payments") and, other than with respect to any payments made to or for the benefit of BW

Methane and BW Transmission, any such Permitted Non-Debtor Affiliate Payments will be made pursuant to senior secured notes, which notes will be pledged to the first lien debt holders. For the avoidance of doubt, in the event that any Permitted Non-Debtor Affiliate Payment is made to any one or more Canadian Entity (as defined in the Interim Cash Collateral Order), each such Canadian Entity shall grant liens against all of its present and future property, assets and undertaking, and all other Canadian Entities shall (i) guarantee repayment of such Permitted Non-Debtor Affiliate Payment and (ii) grant liens against all of their respective present and future property, assets and undertaking as security for such guarantee obligations, and each such Permitted Non-Debtor Affiliate Payment and all of such guarantees and security shall be assigned and pledged by the maker of such Permitted Non-Debtor Affiliate Payment in favor of the First Lien Secured Parties, and in each such case, the form of the note(s), security and guarantees shall be in form and substance satisfactory to the Steering Committee in its sole discretion.

18. The Debtors shall maintain a matrix summarizing any Intercompany Transaction between (a) a Debtor and non-Debtor (excluding BW Methane and BW Transmission) and (b) a Debtor and any direct or indirect subsidiary of a Debtor that is not a guarantor of the Debtors' prepetition secured indebtedness, the amount paid on account of such Intercompany Transaction and the parties to such Intercompany Transaction, and shall provide such matrix on monthly basis to the Steering Committee's advisors; provided that the Steering Committee's advisors shall keep the matrix confidential and shall not disclose any of the information in the matrix to any party, including any member of the Steering Committee, without obtaining the prior written consent of the Debtors, such consent not to be unreasonably withheld or delayed. In addition to the matrix, the Debtors shall provide to the Steering Committee's advisors, on the 15th business

day or 20th of each month after the entry of this Order a separate report relating to BW Methane and BW Transmission, which will include any amounts paid directly to Jim Walter Resources, Inc. from any third party relating to gas provided by BW Methane and BW Transmission, amounts paid by BW Methane and BW Transmission to Jim Walter Resources, Inc. and any amounts incurred by Jim Walter Resources, Inc. on behalf of BW Methane and BW Transmission, as applicable.

19. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

20. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief in the Motion is necessary to avoid immediate and irreparable harm.

21. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

22. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: July 15, 2015

/s/ Tamara O. Mitchell
TAMARA O. MITCHELL
United States Bankruptcy Judge

FILED
2015 Sep-24 PM 01:53
U.S. DISTRICT COURT
N.D. OF ALABAMA

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ALABAMA

IN RE:	Case No. 15-02741-TOM
WALTER ENERGY, INC., et al.,	
Debtors.	
DOMINION RESOURCES BLACK WARRIOR TRUST BY AND THROUGH ITS TRUSTEE, SOUTHWEST BANK,	Case No. 15-00102-TOM
Plaintiffs,	Robert S. Vance Federal Building
	1800 Fifth Avenue North
v.	Birmingham, AL 35203
WALTER BLACK WARRIOR BASIN, LLC,	
Defendants.	August 18, 2015
	10:03 a.m.

TRANSCRIPT OF HEARING
BEFORE HONORABLE TAMARA O. MITCHELL
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Debtor:

Bradley Arant Boult Cummings LLP
By: PATRICK DARBY, ESQ.
DYLAN BLACK, ESQ.
One Federal Place
1819 Fifth Avenue North
Birmingham, AL 35203

Paul, Weiss, Rifkind, Wharton & Garrison LLP
By: CLAUDIA R. TOBLER, ESQ.
1285 Avenue of the Americas
New York, NY 10019-6064

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EXHIBIT E

APPEARANCES (CONT'D):

For the Bankruptcy Administrator:	Office of the Bankruptcy Administrator By: TOM CORBETT, ESQ. 1800 5th Avenue North Birmingham, AL 35203
For the Steering Committee:	Burr Foreman By: MICHAEL L. HALL, ESQ. D. CHRISTOPHER CARSON, ESQ. 420 North 20th Street Birmingham, AL 35203 Akin, Gump, Strauss, Hauer & Feld, LLP By: MAURICE L. BRIMMAGE, JR., ESQ. One Bryant Park Bank of America Tower New York, NY 10036-6745
For Cowin & Company, Inc., Nelson Brothers, LLC, and W.H.H. Real Estate, LLC:	Christian & Small LLP By: BILL D. BESINGER, ESQ. 505 North 20th Street Suite 1800 Financial Center Birmingham, AL 35203
For United Mine Workers of America and D.R. Parks Senior Real Estate Holding, LLC:	Rumberger Kirk & Caldwell By: JENNIFER B. KIMBLE, ESQ. Renasant Place, Suite 1300 2001 Park Place North Birmingham, AL 35203
For Arch Insurance Company and Aspen American Insurance Company:	Jones Walker LLP By: C. ELLIS BRAZEAL, III, ESQ. One Federal Place, Suite 1100 1819 5th Avenue North Birmingham, AL 35203
For Wilmington Trust:	Ropes & Gray LLP By: PATRICIA I. CHEN, ESQ. 1211 Avenue of the Americas New York, NY 10036-8704
For Belch, Jr. Private Foundation No. 3, Comerica Bank, Frontier Enterprises:	Balch & Bingham, LLP By: JESSE S. VOGTLE, JR., ESQ. 1901 Sixth Avenue North Suite 1500 Birmingham, AL 35203-4642

APPEARANCES (CONT'D):

For BOKF, N.A.:	Norman, Wood, Kendrick & Turner By: MARK P. WILLIAMS, ESQ. 1130 22nd Street, South, Suite 3000 Birmingham, AL 35205
For Dominion Resources Black Warrior Trust and Ramsay McCormack Land Co., Inc.:	Benton & Centeno, LLP By: LEE BENTON, ESQ. 2019 Third Avenue North Birmingham, AL 35203 Thompson & Knight, LLP By: ROBERT L. PADDOCK, ESQ. TYE C. HANCOCK, ESQ. 333 Clay Street Suite 3300 Houston, TX 77002 Maples, Tucker & Jacobs, LLC By: SAMUEL MAPLES, ESQ. 2001 Park Place North, Suite 501 Birmingham, AL 35203
For Dominion Resources Black Warrior Trust By and Through Its Trustee Southwest Bank:	Cockrell & Cockrell By: BOBBY HILL COCKRELL, JR. ESQ. 1409 University Blvd. Tuscaloosa, AL 35401 Walding, LLC By: BRIAN R. WALDING, ESQ. 2227 First Avenue South, Suite 100 Birmingham, AL 35233
For NLRB:	National Labor Relations Board By: KATHERINE CHAHROURI, ESQ. Ridge Park Place, Suite 3400 1130 22nd Street South Birmingham, AL 35205

TELEPHONIC APPEARANCES:

Proposed Counsel for Official Committee of Unsecured Creditors:	Morrison & Foerster By: JENNIFER MARINES, ESQ. 400 Capital Mall Suite 2600 Sacramento, CA 95814

TELEPHONIC APPEARANCES (CONT'D):

For Dominion Resources Black Warrior Trust and Ramsay McCormack Land O., Inc.:	Thompson & Knight, LLP By: JOSEPH BAIN, ESQ. 333 Clay Street Suite 3300 Houston, TX 77002

- - -

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MS. CHEN: Patricia Chen, on behalf of Wilmington Trust, the first lien indenture trustee, and my colleague Mark Somerstein will be on the phone.

THE COURT: If we get the phone working. Thank you. If not, you're on your own.

MR. HALL: Mike Hall and Chris Carson for the Steering Committee, we're from Burr Foreman.

THE COURT: Thank you.

MS. CHAHROURI: Good morning, Your Honor.

THE COURT: Good morning.

MS. CHAHROURI: Katherine Chahrouri from the National Labor Relations Board Region 10.

THE COURT: Spell your name for me one more time.

MS. CHAHROURI: No problem. C-h-a-h-r-o-u-r-i.

THE COURT: Thank you.

MR. BRIMMAGE: Good morning, Your Honor. Maurice Brimmage, also known as Marty, here with the law firm of Akin, Gump, Strauss, Hauer & Feld here on behalf of the Steering Committee.

THE COURT: Mr. Brimmage?

MR. BRIMMAGE: Yes, ma'am.

THE COURT: Thank you.

MR. BRIMMAGE: Thank you.

MR. CORBETT: Judge, Tom Corbett, Bankruptcy Administrators.

THE COURT: Thank you. Any other counsel present in the courtroom who wish to make an appearance on the record?

(No audible response)

THE COURT: Okay, folks. Mr. Darby, let's see if we can dispose of maybe a couple of matters in the main case first, and then we'll proceed to the more contested matters.

MR. DARBY: Thank you, Your Honor.

THE COURT: Do you want to take up the -- what you call the utility motions first, which I think is our Proceeding Number 24.

MR. DARBY: Proceeding Number 24, it's first on the docket this morning. We have resolved all the objections and have a consent order that we're prepared to submit that's been signed off on by everyone who objected. And we're prepared to submit that and proceed.

THE COURT: Anybody have any objection or wish to be heard with respect to the utilities motion, which is our Proceeding Number 24?

(No audible response)

THE COURT: Then that consent order will be entered when submitted. If you have not seen the consent order and you wish to see it, let Mr. Darby know in the next 30 minutes or so, okay. You want to take up the bond motion next?

MR. DARBY: Yes, Your Honor. And that's Proceeding 31, same, we've had some discussions with everyone who had

comments to the order. I think we've reached an agreement on a consent order, and we would submit that to the Court.

THE COURT: Anybody have an objection or wish to be heard with respect to the Proceeding Number 31, which is the debtors' motion for a final order authorizing the debtor to continue the surety bond program?

(No audible response)

THE COURT: Then that motion will be granted when the consent order is submitted. Again, if you have not seen the order and you want to, let Mr. Darby know in the next 30 minutes or so.

MR. DARBY: Your Honor, 182 is the objection of Appalachian Power to the 366 motion. That's taken care of in our consent order.

THE COURT: Okay.

MR. DARBY: Your Honor, the 224 debtors' motion for an order authorizing retention and compensation of ordinary course of professionals, it's a standard ordinary course motion that's been approved by this Court, many times in other courts. Mr. Corbett has seen it and I think has no objection.

MR. CORBETT: And I have also read the proposed attorney declarations and have no objection.

THE COURT: Now, Mr. Darby, on this motion there are a number of ordinary course professionals whose applications have been filed and were sent in the ordinary course based on

the case management order that are already I think on the second. And I'm thinking that if this order -- if this motion is granted and this order entered that maybe saving, except your firm and the other DIP counsel, New York counsel, that all those others will come off that non -- as I understand the motion and the proposed order, you do not anticipate that those would be set in the ordinary course. So, anybody on this list would be deemed an order course professional, and would not get set for a hearing, but just approved.

MR. DARBY: I think that's correct, Your Honor. We'll need to cross-reference it. There are a couple of special cases of matters we've identified.

THE COURT: Which I'm going to come to shortly.

MR. DARBY: Okay. And I don't think that's caught up in this, and I think what you just said is correct for everything that's currently in front of the Court. If there's not, if there's some issue out there I'm not aware of, we'll clear that up before the second.

THE COURT: Anybody have any objection to this motion?

(No audible response)

THE COURT: So, that order will be entered when submitted, and then all except the two primary DIP counsel that are set on the second will come off based on the entry of this order. And then do you envision a separate order approving

each of those, or you think this -- I'm assuming that these -- those applications are merely notice that they are employed and they are employed pursuant to this sort of omnibus order that we're entering on the motion.

MS. TOBLER: Your Honor, Claudia Tobler from Paul, Weiss, Rifkind, Wharton & Garrison on behalf of the debtors. Very briefly, Your Honor, the ordinary course professionals procedures have a monthly fee cap and an aggregate fee cap. My understanding is that many of the applications currently filed to be heard on the second will not fall --

THE COURT: Okay.

MS. TOBLER: -- into those procedures. And the -- they need a separate hearing.

THE COURT: So, those are separate special counsel not necessarily coinciding with this list.

MS. TOBLER: That is correct.

THE COURT: Okay.

MS. TOBLER: That's my understanding.

THE COURT: But, you all do envision that any application or pleading that is filed by a professional on this list we will not set for hearing.

MS. TOBLER: That is correct, Your Honor.

THE COURT: Okay. The other thing that -- one of the references Mr. Darby made -- and so, I might as well use this opportunity to disclose. I anticipate that the jointly

administered debtors will be at some point filing applications to employ special counsel out of Mobile who are handling BP claims for various Walter Energy entities. I will disclose to all of you that that Mobile law firm includes my brother. Many of you who are local know him.

So, what will happen in those cases is if and when any applications to employ come in on behalf of the Cunningham Bounds law firm out of Mobile, those applications will be set and heard by Judge Mahoney. She is on recall for the Southern Division. The rule in Birmingham is and always has been if there's a conflict with a matter or a case as to a Southern Division judge, it gets automatically reassigned to the other Southern Division judge.

As luck would have it Judge Mahoney is on recall here until we have a successor. She's from Mobile, she will understand the situation and be familiar with all counsel. Anybody have any questions about that now? If you have an objection or problem with that, please tell me now.

(No audible response)

THE COURT: Then that's the procedure we will follow, and this motion will be granted and the order entered. And again, if any of these orders are ones you want to see, you let Mr. Darby know within the next few minutes.

MR. DARBY: Thank you, Your Honor. Your Honor, the -- Item 5 on the Court's docket is Proceeding 225. That's the

debtors' motion for an order modifying the automatic stay to allow workers' comp and Black Lung claims to proceed. This is a compliment to our first day order authorizing the debtor to process and pay worker's comp and Black Lung claims in the ordinary course of business. We realized after the fact that some of these matters are being litigated in state court, the stay applies to those matters.

We were not satisfied that the order we submitted on the first day clarified that the stay was modified to allow those to proceed. But, we're seeking authority to let those go forward in the ordinary course of business so we can continue to process and pay these limited workers' comp and Black Lung claims. For the reasons set forth in the motion including our statutory obligations to meet those obligations to continue operating under state law, we think we have demonstrated (indiscernible) of the order. There were some comments from our insurers and others including the lenders, and we had worked through those and have a consent order.

THE COURT: Anybody have any objection to this motion?

(No audible response)

THE COURT: Anybody wish to be heard with respect to this motion?

(No audible response)

THE COURT: Yes, sir?

MR. MAPLES: Your Honor, Samuel Maples. I'm designated counsel for District 20, UMWA. And it may be premature at this point to make this statement. We're all in favor of workers' comp being paid, but the concern we had is there was apparently an independent audit made by their own company. They said $44 million in that motion was set for accounting purposes to fund the -- apparently the compensation -- workers' compensation claims.

And we're concerned a year down the road something happens and the Chapter 11 ends up getting converted to Chapter 7. Then you have to go into the self insured fund. And what our concern is is the self-insured funding, the guarantee associated isn't properly funded. And I've had a couple conversations with the state auditor. It would not -- all the claims wouldn't come in at one time obviously.

But, over a period of time they would come in. I don't think it's adequately funded as we sit here today if there were a Chapter 7 situation. And they're operating as a self-insured entity that requires adequate funding. I guess it could be done by -- the Court could order at some appropriate time -- I'm not saying it's now, but at some appropriate time an independent audit outside of Jim Walter's employment, come in and see exactly what the workers' compensation claims are. And I just want the Court to realize these are talking points that may raise ahead at a later date. And it may be premature,

but I just wanted the Court --

THE COURT: Well, if and when it becomes necessary I'm sure somebody will file something and ask for that relief.

MR. MAPLE: That's all I wanted to let the Court know. Thank you.

THE COURT: Thank you. Anything else from anybody?

(No audible response)

THE COURT: Then that motion is granted.

MR. DARBY: Thank you, Your Honor. We might skip ahead to Item 9 on the docket, which is Proceeding 444, motion for relief from stay filed by Jewel Chaney.

THE COURT: Mr. Cockrell?

MR. COCKRELL: Yes, ma'am?

THE COURT: Okay.

MR. COCKRELL: Yes. Judge, this is just a motion for relief from stay to mediate. We had a prior mediation date set. There's multiple parties, some of which not involved in this bankruptcy. And there's equity insurance to help me settle the case. And got set for August 26th, and we just want relief from stay to mediate.

THE COURT: And you are?

MR. WOODS: Brian Woods, Your Honor, I'm the other attorney on the plaintiff's case.

THE COURT: Okay.

MR. COCKRELL: There's a wrongful death case been

pending for a long time.

MR. WOODS: November 23rd, 2009 the gentleman died.

THE COURT: The motion says any settlement reached at mediation between the movant, the debtor and other defendants will be paid from the defendants' liability insurance policy and will not negatively impact the bankruptcy estate of the debtor. It doesn't have the magic language that says you're pursuing it only to the extent of insurance.

MR. COCKRELL: Yes, ma'am, we are. I can say that.

THE COURT: Mr. Darby, does that change the debtors' position?

MR. DARBY: Your Honor, no, we object to this motion. We think it's premature. We filed this case just a month ago. We have a lot of litigation pending, some of which is insured, some of which is not. We're not prepared to mediate this case. We think it's too early, and we think that this claim comfortably falls within the general rule that supports consolidation of claims administration in front of this Court.

The motion does not allege or discuss the various factors that Courts have discussed in considering stay relief for litigation. I'd like to cite to the Court the Court's opinion in the Carraway Methodist case, 35 B.R. 853. The Court considered the so-called Marvin Johnson's Auto Service factors test for modifying the stay. It's a several factor test set forth by the Court in 1996.

Pleading does not address these factors, and as in the Carraway Methodist case, there's a lot of litigation that the debtors have to work through. It's only a month into the case and we feel it's premature to piecemeal litigation to proceed at this time and force the debtors to divert energy and resources defending various non-bankruptcy court litigation.

So, as evidenced by the last motion the Court considered, we are working through this, and we are seeking stay relief on our own at the appropriate time to administered the debtors' corpus of litigation in and a fair and efficient way taking into account the interest of all parties. And we think that this particular stay relief is premature and it has not established calls for relief from the stay.

THE COURT: Do any other counsel in the courtroom have a position on the motion before I hear any reply from Mr. Cockrell?

(No audible response)

THE COURT: Mr. Cockrell?

MR. COCKRELL: Your Honor, I apologize my pleadings were not exactly perfect or whatever. I'm not a bankruptcy lawyer. But, I have -- I believe this case was been agreed to, but this defendant was represented by Maynard Cooper, they dismissed. And we all sat down, we had a meeting and we agreed to have this mediation. We set it for the 26th with other defendants with other insurance policies.

THE COURT: You know, Mr. Cockrell, I understand all that. And so, I think at this point you have two choices with respect to the mediation. Either you continue it and have further discussions with Mr. Darby and the bankruptcy counsel, or you proceed with the mediation without this defendant. I'm not going to require Mr. Darby -- they have not even done all the schedules.

I suspect if I ask Mr. Darby how many lawsuits were pending against the 20 some odd debtors, he couldn't tell me yet. So, unless and until he has a better handle on the number of cases that are pending, where they're pending, what's involved in them, I don't think I could properly assess as to whether or not I'm going to lift the stay in any one of those how many other cases there are.

So, I set it on an expedited manner as you requested because of the mediation date, but at this point you can have two choices, A and B. (A) is I'm continuing on down the road with the stay to remain in effect, or (b) I can deny it without prejudice, and you have further discussions with Mr. Darby and come back later if you think you can get him to agree.

MR. WOOD: Your Honor, we'll talk to Mr. Darby.

MR. COCKRELL: That's correct.

THE COURT: So, you want it balked, just continued down the road?

MR. WOOD: Yes, ma'am, and we'll talk to Mr. Darby.

MR. COCKRELL: Yes, Your Honor.

MR. WOOD: I'm going to see if Mr. Smith and Mr. Darby can get the counsel we've been working with for the debtor can get together with Mr. Darby and maybe we can work together and get that worked out I hope.

(Court/clerk discussion)

THE COURT: The stay is to remain in effect until otherwise ordered, and I'll reset the motion for September the 29th at ten?

MR. WOOD: Yes, ma'am.

THE COURT: Okay. Thank you all very much.

MR. COCKRELL: Thank you.

MR. DARBY: Your Honor, unless I'm mistaken I think that's all of the non-Dominion matters set today. I will note that in addition to the AP and the motion for TRO there is still a motion to alter or amend that's pending in the main case. And I'll take those up at the Court's pleasure.

THE COURT: Okay. Thank you. Anything else in the main case that we need to take up this morning other than the motion to alter or amend the cash management order?

(No audible response)

THE COURT: Okay. Then we're going to change, Jenn and put the rest of the recording into the AP. So, you all give us just a second.

(Audio off)

THE COURT: Okay. We're going to take up the adversary proceeding that has been filed by Dominion against the debtor. And in conjunction with it the Court will also consider the motion to alter or amend that was hard preliminarily I think on August the third and reset for today. So, any and all testimony, evidence, arguments that are offered in the adversary proceeding will also be considered for the purposes of the motion to alter or amend, which I am treating as a final hearing on that today. I think that was what I indicated I would do. So, Mr. Hancock? You all are the plaintiff in this.

MR. HANCOCK: Tye Hancock on behalf of Dominion Resources Black Warrior Trust. Your Honor, it may make sense to take up the motion to intervene that's been filed by the Steering Committee first to see what the Court would like to do with that before we proceed. Does the Court think that's appropriate?

THE COURT: That's fine. I've seen the motion. Do you all have an objection?

MR. HANCOCK: We do, Your Honor. Mr. Benton is going to address this.

MR. BENTON: Your Honor, Lee Benton on behalf of Dominion. We do have an objection. We filed it this morning. I apologize for the late filing, but of course the motion to intervene was very recently filed itself. Our opposition we of

course note that they have joined in the position earlier expressed by the debtor with respect to the cash management, but that begs the question of the ability to intervene in the adversary proceeding itself, which follows more under Rule 702-4 or Rule 24 of the federal rules.

Albeit, Subsection (a), intervention of right, Subsection (b) permissive. Intervention of right presupposes some actual existing interest in the matters that are at issue. And it's the position of Dominion that the Steering Committee does not presently have -- or I guess Secured Creditors does not presently have an interest in the adversary proceeding itself or the proceeds for the leases at this point in time.

Obviously, ultimately we believe that the assets are not assets of the estate, which is one of the very positions that will be expressed in a moment. But, at this point in time the Steering Committee or the Secured Creditors Bond Creditors, we do not believe have an actual interest in the specific items that are in question. I might also point out that as we've address in our response -- and I'm not sure Your Honor's had a chance to see it, but in our response we note various cases that identify that in point of fact if that interest is adequately represented, then there's a duplicity and there's no need for this duplication.

I think everyone here will be hard-pressed to state that the debtor through both New York counsel and local counsel

is not in a position to adequately address these issues. I will also note for the Court that literally the identical positions are being expressed by the Steering Committee, i.e. that it's an interest. It's not an interest in land, that it is an interest just a -- an unsecured claim interest in honor of that nature.

So, it literally is the identical argument being raised a second time by the Steering Committee. And we believe that that argument, albeit incorrect, is adequately presented to the Court by the debtor and through its counsel. I point out specifically Page 11 of the presentation by the Steering Committee which sets forth their position vis-a-vis that it's not land, that's a contract right. That is identical to what the position is that the Court has seen in the response by the debtor to the -- both to the temporary restraining orders as well as to the cash management.

Turning to the 702-4 Rule 24(b) permissive, I'll say it's late because it did not come in until very late. That's why we were not able to address and the Court hasn't had a chance to see our response. That's been pending for a while, and they could have easily filed this earlier. But, as importantly or more importantly, Dominion should not be caused to have to respond to two different entities, two different groups with the Steering Committee being actually a group for literally the same cause of action and the same point,

particularly when they're raising the same defenses. We just don't think that they are -- that it is an appropriate use of Rule 24 to intervene in this particular adversary proceeding.

THE COURT: Thank you.

MR. BRIMMAGE: Your Honor, Marty Brimmage here on behalf of the Steering Committee and the movant, by the way, on the motion to intervene. Just some procedural background. On August the 11th is when Dominion filed its adversary proceeding. Yesterday on August the 17th is when we filed our motion to intervene. So, it's roughly six days later. I don't know if the Court has seen the response that they filed this morning.

But, I want to kind of rely on it in my argument, because basically with regard to 24(a) the permissive -- I'm sorry, the intervention is a mater of right. They basically say we cannot meet the second and third requirements out of four, so I'm not going to talk about one and four because we don't need to. They say we basically -- the Steering Committee cannot meet those elements because it can't prove it has an interest in the property or the stuff that's at issue.

Your Honor, they go on to say and I quote, if Dominion is successful if proving that the catch proceeds from the sale the debtors get is not property of the estate, the Steering Committee will not have any interest to protect. The Steering Committee cannot lose what it does not have. That's

precisely the point. The Steering Committee has an interest in the property or the stuff that's issued, the cash, the money in two different respects.

One is they have a first lien security interest through the first lien debt instruments and documents that happened before the filing of the bankruptcy. The second one is the adequate protection provided in the cash collateral order. So, there's two independent ways. And nobody can protect the Steering Committee's interest and rights in that whatever is.

Nobody can protect that interest better or more efficiently or more effectively than the Steering Committee. So, with respect to "as a matter of right", Your Honor, we would respectfully say it is absolutely timely, it was six days later. That we cannot rely on the debtors, and absolutely the debtors have great counsel. And it looks like today for a lot of the issues we are saying similar things. But, that doesn't mean we're going to say similar things tomorrow.

There's going -- in this adversary there will be depositions, there will be discovery, there will be documents exchanged, there will be arguments made. I don't know what the debtors' arguments are going to be, or what they will flesh out at depositions or documents or so forth. But, I know the Steering Committee is the only entity that has this particular interest in mind. And nobody has a greater interest in

protecting it than we do.

So, we think without a doubt, Your Honor, we have the right to intervene under Rule 24(a). With regard to permissive, they basically make two arguments. One they say is we delayed to long in filing our motion to intervene. Your Honor, I think as a matter of judicial notice six days is not too long. Nothing has really happened in this case that makes that prejudicial to them.

The second thing they say is it would be unduly burdensome for Dominion to respond to duplicitous discovery. I think they mean duplicative discovery. I clench to the Court we will not issue any discovery that's deceitful or treacherous, we won't do that. So, but with regard to the duplicative discovery, I think there is definitely going to be some overlap. Depositions, we're probably going to want to take the same ones, documents.

But, that proves my point. It's very efficient. The same depositions will be taken. Different parties will ask the same -- or ask the same witness different questions.

THE COURT: For those of you on the phone, we had some technical difficulties. We have finished the main case and have started on the AP. I will get your appearances later. So, if you'll just all mute your phones so that we don't hear any feedback from you, and we'll finish until we get to the starting point to take your appearances. Go ahead, Mr.

Brimmage.

MR. BRIMMAGE: Your Honor, let me conclude, I think it will not be burdensome on Dominion. I think the discovery will be similar, the issues will be similar, the documents will be similar, the depositions will be similar. Let me just conclude unless the Court has any questions. I want to reiterate the Steering Committee has a first lien security interest in this. And nobody has -- no party in interest in this bankruptcy has a greater interest in protecting that than the Steering Committee.

THE COURT: Thank you.

MR. BRIMMAGE: Thank you.

THE COURT: If I could again ask those of you on the phone to please mute your phones. If I continue to hear feedback, I unfortunately will have to end the call. So, please mute your phones. Mr. Darby, do you have a position? I will come back to you last, Mr. Benton.

MR. DARBY: Your Honor, I think the motion aught to be granted. I'm not up here trying to vindicate the lenders' lien, I'm up here trying to clarify what is and is not estate property. If it's estate property, the lenders' liens may attach, the Unsecured Creditors' interest may come into play. And we also have over 30,000 lease holders out there that I think their interests are not unrelated to what the Court might do on this.

So, I don't believe the debtor can be said to be standing in the same shoes as the Steering Committee. I think they have an independent interest that derives from the estate's interest. But, our position is that Dominion's interest derives from the estate's interest. So, I don't view myself as representing lenders, and I think that the motion is well stated.

THE COURT: Thank you. Anybody else have a position? Mr. Benton?

MR. BENTON: Your Honor, it would be my understanding of the debtors' position that he has a fiduciary obligation to all the creditors, particularly counsel for the debtor. And I believe that would bear out both with respect to the Steering Committee as well as any other creditor. I think -- candidly I think the counsel for the Steering Committee identified precisely the problem, not duplicitous, but duplicative.

When in point of fact he did identify that there will be the same discovery, and we have to go through it twice, and that's unfair candidly, when the exact same rights are being addressed and raised by the debtor itself with respect to this adversary proceeding. I do think that they're putting a little bit of the cart before the horse by claiming that they have a security interest in these items, which is -- obviously we'd say is not the position.

Most importantly, the debtor is who is expressing

this very point, and expressing it adequately. With respect to six days, okay, it is six days. I agree, the case is on a fast track right now, but they waited until the day before the day of the hearing. Hence Your Honor hadn't had a chance even to read my response to that. I did raise points two and four. There are four points on any intervention of right that are raised.

The first is an application to intervene as timely. The second is an interest relating to the property or the transaction which is the subject of the action. That's one we object to. The third is he -- the intervene order -- so situated the disposition of the action as a practical matter may impede or impair his ability to impact -- to protect that interest.

Fourth is the interest is represented inaccurately. The third -- excuse me, the second and third, as I've addressed, are precisely what's at point here. They are not situated in such a position that as a practical matter it made any resolution of the adversary proceeding they, quote, impede or impair their ability to protect their interest. They either -- it either is property of the estate, or it's not. And it's either personal to you and they have an interest or they don't.

I just don't think that forcing Dominion to take -- to basically double its discovery efforts is appropriate in a situation of this type when the debtor adequately protects

these interests.

THE COURT: So, let me see if I can couch it in different terms. At least pre-petition and immediately post-petition the lender believed it had a security interest in this stuff.

MR. BENTON: I don't know that to be the case on pre-petition candidly. I don't know that they claimed pre-petition that they had a security interest in these proceeds at all. I've never seen that. Excuse me for interrupting, Your Honor.

THE COURT: For argument's sake, let's assume that they did or they would not be having such a tizzy-fit at this point. Clearly if you -- if that's true, arguably, if that's true, then this AP seeks to take away from them something that they thought they had if arguably that's what they thought they had, correct?

MR. BENTON: It's a huge if, but I guess that would be the case. But, let me take the flip of that, Your Honor. If not true, why are they seeking the super priority now on these same items?

THE COURT: That's a good question, Mr. Benton --

MR. BENTON: And --

THE COURT: -- but, until we get to the end we won't know that, will we?

MR. BENTON: Well, and similarly, if it's not an asset of the estate, then they have no interest in it at all.

And that's the interest that the debtor is protecting.

THE COURT: I understand, thank you.

MR. BENTON: Thank you.

THE COURT: Anything else from anybody?

(No audible response)

THE COURT: Well, as I understand the rule and the case law is discretionary, but if there's going to be err, you err on the side of allowing everybody to participate that should participate. So, I'm going to, to the extent the response with an objection, overrule the objection and grant the motion and allow the Steering Committee to intervene. With the understanding that there will not be discovery or depositions or other issues that take place that are not done jointly. And to the extent it becomes a problem, I assume that somebody will let me know. Okay. Any other preliminary matters that we need to take up in this adversary proceeding?

MR. HANCOCK: Your Honor, there are some things -- Tye Hancock again for the record for a few what I would consider to be housekeeping matters. I think counsel's made an agreement on exhibits, and we're like to go ahead and offer those.

THE COURT: Okay.

MR. DARBY: Your Honor, I hate to interrupt, but we do have a stipulation on the exhibits. But, before we start admitting any evidence I would like two minutes to address the

legal concerns here.

THE COURT: Okay.

MR. DARBY: I don't want to repeat our brief, but I do have a point I want to make to the Court.

THE COURT: Okay.

MR. HANCOCK: And I want to make an opening too, Your Honor. My thought was just to do the housekeeping, and then make our statements and proceed.

MR. DARBY: I'm going to argue that the Court shouldn't hear any evidence. We do stipulate to the admission of the exhibits, but just before they go in -- and we're prepared to stipulate if the Court goes forward as I expect it will. I just want to address a legal issue on whether or not we even need to have a trial.

THE COURT: All right. Then we'll do -- I'll give you each two minutes in terms of opening arguments.

MR. DARBY: Thank you.

MR. HANCOCK: Your Honor, I won't rehash what's in our papers. The debtor filed a response yesterday afternoon. The first time in which pen has been put to paper. And --

THE COURT: Okay. I'm going to stop you right there, and let's make clear right now, folks, and I'm not going to make this part of your two minutes. I don't want to hear any more about the time. Everything in this case in this AP is on a fast track. Everybody is doing everything on a fast track.

You all, me, my staff, everybody. So, let's just get past that and let's just move on to the merits.

MR. HANCOCK: Yeah, Your Honor, and that wasn't intended in any kind of pejorative way. My point is that we haven't included that in our papers. These are -- this is issues that aren't in my papers that I want the Court to understand.

THE COURT: Okay.

MR. HANCOCK: The -- one, the debtors' argument is fairly surprising from the standpoint of it number one, doesn't intend to distribute the production proceeds that were due on August 14th. But, is taking a position that it doesn't intend to distribute production proceeds going forward. And not only that, but that our interest is actually their property, not our property. So, that's a real pretty shocking position in our view.

But, apart from that, their main argument is this. That because Alabama cases say that this is a non-ownership theory state, that therefore our royalty interest cannot be a real property interest -- cannot be an ownership interest in an oil and gas lease. They are confusing fundamental issues, both the Steering Committee and the debtors, on oil and gas law. This is something that's not in our papers, and I want the Court -- I want to make sure this is on the Court's radar.

The ownership -- the non-ownership theory and the

theory regarding ownership in place of minerals relates to when hydrocarbons that are subject to an oil and gas lease are capable of being owned. It has nothing to do with whether an interest in that least is a real property interest or an ownership interest. Ownership and place states say that hydrocarbons are capable of being owned in place underneath the soil.

States that recognize non-ownership theories say that hydrocarbons are capable of being owned when they are reduced to possession. So, that fundamental question makes no difference regarding the characterization of an overriding royalty interest. Because by definition the override is a proportionate share of production if as and when produced. So, in an ownership and place state the share of production, if as and when produced, is the same as in an non-ownership theory state, when production occurs those hydrocarbons can be reduced to possession and owned.

And so, that issue just has nothing to do with the character of this interest. We would be happy to submit further briefing on that issue if the Court believes it's necessary. In the NCNB case, the case the debtors cite and the Steering Committee cites, the non-ownership theory is referenced, the rule of capture is referenced, which relates to this specific issue.

And what it says basically is that in non-ownership

theory states what the debtor owns is the exclusive right to explore for and reduce minerals to possession. That is the real property interest that is owned in a non-ownership theory state. And what NCNB says that, that the ownership of real property is -- going back to law school -- a bundle of sticks that can be carved up, the entitlements to real property can't -- are distinct, can be conveyed away to suit the owner.

So, this notion that because Alabama is a non-ownership theory state, oh, this can't be a real property interest. That is absolutely wrong. I don't want the Court to be confused about that. The Court really need only go to the Alabama statute that we've cited in our papers to understand that the legislature intended these interests to be interests in a real property. There is language in that statute that refers to these interests, as ownership interest, as ownership interest and production.

And it refers to parties entitled to receive interest under real property law, Your Honor. So, the language of that statute, I want the Court to pay particular attention to that statute as it interprets these cases. I think it's very important in the Court's analysis. And when the cases are read together and the statute is read together I do think it is very clear regarding what this interest is. It's an interest in real property, it's a vested ownership interest in minerals. And this -- I just want to make sure that the Court understands

the distinction here with non-ownership theory versus ownership and place, because this is the entire crux of their argument. Secondly, Your Honor, what they -- the other argument they say is because there's not a safe --

THE COURT: You've long used up your two minutes, Mr. Hancock, so move quickly please.

MR. HANCOCK: There's a safe harbor under the bankruptcy code for production payments. And the debtors argue that if there's not a safe harbor, then essentially anything that's not safe harbor is property of the estate. Your Honor, I think that is really a non-started because it flies in the face of all kinds of precedent including United States v. Butner that says you look to applicable state law to decide whose property is whose.

There's lots of oil and gas interests that are not safe harbored, working interest, other types of royalty interest, carried interest. None of those are safe harbored, Your Honor, but applicable state laws say that those are interests in real property. So, I wanted to point that out, Your Honor. I thin the evidence is going to show here, Your Honor, that the debtor segregates production proceeds associated with production from their leases in the specific account.

All the production they sell is paid by Alagasco, Alabama Gas Company, into an account. We can identify our

proportionate share of that money in any given production month based on the royalty calculations that are provided. We're going to go through that -- hope to go through that with the Court today depending of course on the Court's ruling with respect to the evidence.

But, we believe that these production proceeds are identifiable and should be segregated going forward. There's a couple of points here, one thing is the debtor didn't even mention -- I'm wrapping up, Your Honor, moving quickly. The debtor didn't even mention the issue that even if the debtor is correct that the non-ownership theory means that this is just a true lease, a rental agreement and a real property, that we would still be an undivided -- our interest is carved out of the debtors' interest.

Our interest would be an undivided -- indivisible interest in a real property rental agreement. So, they don't even address the fact, under Section 365(d)(3) an issue that the Court raised on August 3rd, that they're non-performing. The bankruptcy code requires them to continue to perform. So, I think they're wrong on that issue. Don't get me wrong, I think these are real property interests.

But, even if they're not, they have to continue to perform under Section 265, and they're not doing that. They're saying they're not going to do it. And I just -- it goes to the likelihood of chance of success. I believe it's clear that

this is a real property interest. We believe that Alabama statute provides that the debtor is required under statutory law to distribute our proportionate share.

But, even if that's wrong and we're off base on that and the debtor is right that this is just a rental agreement, then the debtor has to continue to perform. And so, I think the Court aught to think about that in the context of our likelihood of succeeding on the merits in this matter. Because it seems to me that no matter how this is characterized that the debtors' required to perform -- required to continue distributing royalties to us.

THE COURT: Thank you, Mr. Hancock.

MR. DARBY: Very briefly, Your Honor. I think the preemption issue is a very serious issue. I think that Section 541 tells us what types of production payments are in the estate and what types aren't. These things can look very different, they can vary from state to state. And I think 541 has preempted that issue by saying there's one type that's accepted from the estate. And I would suggest that we could dispose of this on the narrowest grounds possible and avoid a lengthy and complicated analysis of state law that I don't think we have to decide to dispose of this preliminary injunction.

And my concerns are rulings on the nature of these interests under state law potentially could have an effect down

the road on other parties who are not here including tens of thousands of lease holders. So, that's my only point. I'd like the Court to consider that either before or after you take evidence. I would urge disposing of this on the narrowest grounds. It's a preliminary hearing on the TRO. The next payment to them is not due until November. I don't think we have to decide all of the state law, and I think we can dispose of it on Section 541.

THE COURT: Thank you. Mr. Hall?

MR. HALL: Your Honor, I will be brief, and I'll try not to be repetitive. I have a little demonstrative chart that I think just -- it just helps when we're talking about the parties. It's a simple chart if I may. And I don't offer this as evidence or anything else. I just think it's easy to -- it helps. The relationship we're talking about today is the relationship at the top between Walter Black and Dominion.

There are a lot of "me too" parties in this case that have said, hey, what's good for Walter -- I mean, excuse me, what's good for DOM is also good for me. Those people are land owners over here on the far left. The "me too" people, they're not "me too" people, they're different. The brief that -- or the position statement that DOM has taken until just now is we've got a real property interest and we need that real property interest to prevail, okay.

Now, they want to switch and say something else.

But, whether it's real property or personal property, DOM has no ownership interest in this gas under any law including Alabama law indeed. The bundle of sticks is correct. But, if you have ownership, you would expect to have more than DOM has. DOM by contract cannot take gas in kind, it can't participate in the selection of the drilling contract or it can't propose the drilling of the well, it can't determine the timing or sequence of drilling operations.

They cannot take over operation, they cannot decide when to start or shut down production. It can never even take possession of the gas. That's not ownership of any gas. The Alabama statute that he likes, Chapter 17 of Title 9, is nothing more than an attempt by Alabama to grab as much cash as it can grab from severance taxes and making more people liable for the severance taxes.

The statute recognizes that contracts in the natural gas arena are basically enforceable. But, it does not and cannot say what happens to those contracts in bankruptcy, as DOM's filings with the SEC confirm. The Alabama statute treats Walter Black as both an owner and producer of gas. It treats DOM as a producer only. The Chapter also recognized that the term royalty can be -- it don't have to be, but can be nothing more than a simple right to payment.

The Chapter doesn't protect DOM. DOM's not in the safe harbor. I submit -- I don't agree with Mr. Darby entirely

on this, but I submit that this Court should not expand the safe harbor definition that Congress elected not to do. Congress just said, these kind of orders are protected, these aren't. And DOM is clearly not in a protective category.

DOM is asking today for segregation of the monies. When the original DOM deal was done it was between DOM and DOM. They could have written the contract any way they wanted to. But, they didn't write the contract -- but, the wrote the contract the way they did, they did not provide for segregation, they did not provide for a lockbox, they didn't provide that the money was held in trust. They didn't provide for a direct pay. It's just a simple right to pay. And I've got a lot more, but for opening, that will do.

MR. BENTON: I'd like to take just a moment, Your Honor, on behalf of Ramsey McCormick, albeit having joined in the opposition of the motion to reconsider not in the adversary proceeding itself. Ramsey McCormick has a royalty lease with the debtor for three-sixteenths on the royalty payments. We've asked the Court to segregate the monies. Our payments are not -- are due before November. They're due on a monthly basis. And we believe we have an undivisible -- or indivisible three-sixteenths interest in the oil -- or excuse me, the gas as it's pumped out and hence the proceeds as they come back in. I think the case was cited actually by Mr. Hancock in his memorandum by the United States Supreme Court that says there's

a resulting trust in those kinds of proceeds. We've asked the Court to segregate the monies. Our payments are not -- are due before November, they're due on a monthly basis and we believe we have an undivisible or indivisible three-sixteenths interest in the oil -- or excuse me, the gas as it's pumped out and, hence, the proceeds as they come back in. I think the case was cited actually by Mr. Hancock in his memorandum by the United States Supreme Court that says there's a resulting trust in those kinds of proceeds and, hence, the funds should be segregated and not just some 503(b) claim.

I do point the Court to 365(d)(3) in the nature of this kind of proposition but, again, to be simplistic, as Mr. Hall has tried to be, if we own a piece of property jointly and it is sold, then, albeit, a husband and wife before Your Honor in a Chapter 7, and only the husband files the Chapter 7 but the home is owned joint, survivorship or tenants in common, whichever and the trustee has the right, the trustee here, the debtor, has the right to sell the house, but still that was proceeds that belong to the co-tenant to the joint spouse who did not file a petition, she has a resulting trust, she or he, has a resulting trust on those proceeds and those are to be carved out, not just a debt by the trustee to her. They are to be carved out from the proceeds of the sale. That's what we're asking here. The funds, as they come in, be segregated as the proceeds from that jointly owned asset. Thank you.

THE COURT: Thank you. To the extent that Mr. Darby has indicated a shortcut and/or opposition to offering of evidence or testimony, I'm going to overrule that objection and allow the plaintiff to put on -- plaintiff and the movant, since there is a motion pending as well in the main case, put on whatever they deem appropriate with respect to their request for a TRO and their motion to alter or amend the case management order. Mr. Hancock, you indicated you all have a stipulation as to certain exhibits?

MR. HANCOCK: Thank you, Your Honor. Do you have exhibits of the Dominion Resources Trust in front of you?

THE COURT: Yes.

MR. HANCOCK: Your Honor, we would offer Dominion Exhibits 1 through 17, 29 and 32.

THE COURT: Okay. Without objection?

UNIDENTIFIED ATTORNEY: No, Your Honor, there's no objection from us.

THE COURT: Okay.

UNIDENTIFIED ATTORNEY: No objection.

THE COURT: Okay.

MR. HANCOCK: And, Your Honor, we have three witnesses that we intend to call today. The first is Mr. Hooper, who is the representative of the trustee of our client and we call Ron Hooper at this time.

THE COURT: Mr. Hooper.

RONALD HOOPER, WITNESS, SWORN

COURTROOM DEPUTY: Please state your name and address for the record.

MR. HANCOCK: Your Honor, may I approach and hand the witness exhibits?

THE COURT: Sure.

THE WITNESS: My name is Ron Hooper, I work with Southwest Bank and the business address is 2911 Turtle Creek, Dallas, Texas.

DIRECT EXAMINATION

BY MR. HANCOCK:

Q Thank you, Mr. Hooper, what is your position currently?

A I'm senior vice president at the bank and royalty trust manager of the Royalty Trust Group.

Q What's the scope of your position at Southwest Bank?

A The scope is to manage all aspects of the various royalty trusts that we have in our department.

Q And is it common for Southwest Bank to serve as trustee for royalty trusts?

A It is at this moment, yes.

Q How many royalty trusts does Southwest Bank administer or manage?

A We have seven publicly traded trusts and one semi-private trust.

Q What's your experience individually in managing royalty

trusts?

A My years of experience is 30 plus years, mainly through the royalty trusts and 20 plus years for specifically the Dominion trusts.

Q And what generally is a royalty trust?

A A royalty trust is an entity that's created by a grantor to carve out certain interest for whatever reason, for preservation of assets or an IPO or even for generated capital or, in this case it was to generate an IPO and monetize certain tax credits. But in that sense, a royalty trust is set up with a third party trustee so that the trustee is going to be in charge of preserving the assets on behalf of the unit holders. The unit holders are going to be somewhat shareholders of the trust and they look to the trustee to preserve those assets.

Q And the assets in this case were what?

A It started out 532 wells in the Black Warrior basin.

Q An overriding royalty, correct?

A Yes.

Q And you're the individual at Southwest Bank that takes responsibility for managing the trust?

A Yes.

Q And have you been involved in management of the trust since its inception?

A Yes.

Q What's generally the scope of Southwest Bank's duties and

responsibilities as trustee of the trust?
A Primarily to work with the grantor, in this case Walter Black Warrior to collect the revenues on a quarterly basis and do various filings, 10-Qs, 10-Ks, tax filings and then make distributions to the unit holders on a quarterly basis.
Q And would you turn, you have a notebook in front of you, sir, could you turn to Exhibit 3 please.
A Would that be Tab 3?
Q Yes, sir, Tab 3. That's the trust agreement, correct, that governs the trust?
A Yes.
Q That's essentially the trust charter document, right?
A Yes.
Q Who are the economic beneficiaries of the trust and its assets?
A The economic beneficiary of the mutual trust, that was Dominion Resources, Inc., and by way of Dominion Black Warrior Basin, Inc.
Q And who are the unit holders of the trust?
A The unit holders were the individuals who bought into the initial IPO for a share price of $20 a unit and then, in essence, the proceeds of that went to Dominion Resources, Inc.
Q And can you turn to Exhibit 1, please?
A Yes.
Q What is this document?

A It's an overriding royalty conveyance of the assets.
Q And what's the trust receive on account of this overriding royalty conveyance?
A They receive their real interest ownership of the various wells included in the trust.
Q And it receives distributions, correct?
A Yes.
Q Could you please explain what those distributions -- when they come in and what they consist of?
A Well, the come to us on a quarterly basis, but they're earned on a monthly basis. And when they come into us, attached to the summary report stating what the trust interest is and the 8/8ths interest or the overall production proceeds are. Supporting that is a month-by-month, well-by-well detailed listing of the gross numbers, the gross production proceeds and then the trust's share of those proceeds, coming down to a net to the trust.
Q Okay. We'll talk about that, those statements here, in a little bit more detail but who distributes the trust its proportionate share of production?
A We receive that from Walter Black Warrior.
Q And what is Walter Black Warrior Basin LLC's interest in the underlying properties that are subject to the override?
MR. BLACK: Your Honor, I'm going -- Dylan Black, may it please the Court. I'm going to interpose an objection to

the extent that this question is calling for the determination of a legal question and I don't think the witness has the capability to provide that legal answer and I'm not sure that even if he did that would be helpful to the Court so I object on foundation and relevance.

MR. HANCOCK: I can rephrase, Your Honor.

THE COURT: Okay.

Q What's your understanding of Walter Black Warrior Basin LCC's interest in the properties?

MR. BLACK: Objection, relevance. I don't think that fixed the problem.

THE COURT: Any response Mr. Hancock?

MR. HANCOCK: Your Honor, I think the witness is -- in terms of the trust being party to an instrument that the debtor is bound by, their understanding regarding the instrument I think is relevant and will inform the Court's judgment.

THE COURT: It really doesn't matter what his understanding is, Mr. Hancock. I'm going to sustain the objection.

MR. HANCOCK: Okay.

Q What is the trust's net revenue interest under the royalty?

A It will be 65 percent of Walter Black Warrior Basin's interest in each individual well.

Q And what is your understanding of what that net revenue interest is?

A It comes out --

MR. BLACK: Your Honor, I have to interpose the same objection. I think the series of questions is essentially taking the witness through a document which has been admitted into evidence, which the Court is perfectly capable of reading itself and the interpretations and understandings that are being questioned here and testified about are not relevant.

THE COURT: Mr. Brimmage, you have an objection?

MR. BRIMMAGE: Yes, Your Honor. I second that objection and would add that the document speaks for itself. Whatever it says it says regardless of what the witness says it says.

THE COURT: Mr. Hancock, any response?

MR. HANCOCK: Your Honor, I think if we're permitted to let the witness -- I will strike certain points to the Court with respect to the conveyance that it would be helpful, but if the Court has an issue with that, then we can move on.

THE COURT: Let's move on.

Q Would you please turn to Exhibit 10, please?

A You said ten?

Q Ten.

A Okay.

Q What is this document?

A This is a summary of the quarterly report we received from Walter Black Warrior each quarter.

Q And can you please explain to the Court what's represented by the top box in Exhibit 10, first page?

A The top box is a summary of the following detail behind it. What the MMBtu's, the average price, the revenues generated by that and the severance tax of -- essentially the trust's portion of the gross proceeds.

Q And so what's represented by the MCFs for April, May and June in that top box?

A That will be the production that Walter had been paid for on our behalf.

Q Okay. And what about the gross revenues line?

A The gross revenue is simply the quantity of production times the pricing that was received, and that'll come to the gross revenues.

Q And so the amounts represented in the gross revenues box, those are the trust proportionate share for the months referenced, correct?

A Yes.

Q Can you please look down at the second box down below, what does that represent?

A That would represented the 8/8ths numbers, essentially all the production, all the interest included. Walter Black Warrior has presented that to us so we can sort of keep track

of what's going on. It also talks back to the supporting schedules.

Q And so, the MCFs for April, May and June, what do those represent?

A Well, that would be the production of those wells.

Q And what does MCF mean?

A It means thousand cubic feet.

Q And that's a volume of gas, correct?

A Yes.

Q And what is MMBtu's mean?

A That will be a million Btu's, Btu being the British thermal unit that's used to measure the heat component of any type of energy.

Q And the gross revenues lines for April, May and June, what do those represent?

A That will represent the quantity of production times the pricing that was received during that month, before severance tax is taken out.

Q And so if the debtor is being paid production proceeds into a specific account for a given month, do you believe it'd be possible to identify your proportionate share in the debtor's 8/8ths interest with respect to the funds in that account?

A I don't see how they can do it otherwise. As in the oil and gas industry, you work with checks coming in from

purchasers and stuff, they don't simply pay you a lump sum, they have to break it down on well-by-well basis and the quantity of production allocated to that well. And that's important, even the reporting to the state authorities of what your production is. So we get that -- that detail comes to us, they would have to have that detail to generate that information to us.

Q And if you take the trust proportionate share of 983,828 and divide it by the net revenues referenced in the lower box, what percentage do you get in that revenue?

A I believe that would be about 52 percent.

Q Okay.

A And that's going to vary each month -- well, it'll vary from the initial creation of the trust when they carved that up in 32 wells, that we had different interests in each of those wells and our 65 percent would apply to that different interest of Walter. So as those wells perform differently, that number is going to change. That's not a constant 52 percent.

Q Okay. So there are a number of statements after Page 1. Can you explain to the Court generally what these statements are?

A Well, we would refer to these as rem statements. To us this is what Walter uses to designate to us on a well-by-well basis how much the gross production was, what our proportionate share of that was and you'll see on the far right-hand side an

owner decimal and that would represent the trust ownership to the gross members.

Q And so on Page 1 it references production months for April, May and June, these statements correspond April, May and June, correct?

A Yes.

Q So when you look at production date on the left side of Page 2, is that referring to the production month?

A Yes.

Q What's property number?

A On Page 1 of the schedules?

Q Yes, the second page of the exhibits.

A What was your question again?

Q What's property number, what does that represent?

A That would, I would assume that's Walter Energy's property numbers for them to account to that, to account on those systems when it comes in. They have additional wells besides these so once again I assume that they have an accounting in place to keep track of all their other proceeds besides these proceeds.

Q Okay. And the property name, what is that?

A That will be the legal name that's assigned to the well.

Q So each of these relate to a particular well, correct?

A Yes.

Q Okay. And so what sales volume for MMBtu's and MCFs?

A You want me to read the numbers?
Q No, sir, just could you explain what those represent?
A Well, once again, you can have different gas at different heating capabilities and you want to more or less be sure you're paying on just not the volume of gas but the heating quality of the gas. So they will measure it at MMBtu, once again, the heating aspect of that gas and also the MCF, the actual quantity of gas.
Q And what sales value, what does that reflect?
A That will represent the pricing times the quantities.
Q And each of these columns that we've been discussing has two really sub-columns, if you will, for -- one says gross, one says trust, what does that mean?
A Well, the gross represents what Walter is receiving across the board and then the trust will be our percentage applied against that.
Q Okay. And what's -- production taxes are, I guess taxes that are deducted?
A Yeah. That's the set percentage set by the state.
Q And then what's net revenue?
A Net revenue will the gross minus the severance tax.
Q And this, again, represents a gross share and the trust proportionate share, correct?
A Yes.
Q What is decimal owner?

A That, once again, will be our percentage of ownership of the Walter's interest, of an overall lease, I should say because once you take the 65 percent of Walter's interest it comes down to this amount.

Q Okay. And so, the decimal ownership percentage is the trust's respective revenue interest in each well.

A That's correct.

Q And can this be tied back to the conveyance?

A Yes. If you go back to the conveyance you can see that it is identical down to the six decimal place.

Q So to take one as an example, the first item on the list Alabama Basic 364-1.

A Yes.

Q If you turn back to Exhibit 1, the conveyance, and if you will turn to Schedule A, Part 1, do you see Alabama Basic 364-1 listed on the Schedule A to the conveyance?

A Want to mark the pages for me please? Yes, it'll be about 13 lines down.

Q Item 13 on the list, correct?

A Yes.

Q And if you follow it across can you see what the royalty interest, APO interest is?

A It's going to be the 45 -- let's see if I can line this up. It's going to be 45.4594.

Q Okay. And the point is, is you can tie this back to the

royalty statements of the conveyance and you can see exactly what your revenue interest per well is, correct?

A Yes.

Q And so, if you'll turn to Exhibit 9, that's another royalty statement, correct?

A Yes.

Q That's for a period through March 31, 2015, correct?

A Yes.

Q And there's a typo there, it says 2014 but it's actually 2015, right?

A Yes.

Q And turn to Exhibit 8. And that's the royalty statement for the quarter ending December 31, 2014, right?

A Yes.

Q Do you have an understanding as to how the royalty is calculated?

A Well, I assume that they go back to their own statements -- excuse me, from Alabama Gas and put it into their accounting system and then whether this is a separate spreadsheet or whether it's a portion of their accounting, and I'm not familiar enough, but we do receive this as an Excel file so I assume it's a separate spreadsheet.

THE COURT: Mr. Brimmage?

MR. BRIMMAGE: Your Honor, I'll object, it's not based on personal knowledge. He said he'll assume and then he

went on to explain. He doesn't apparently know.
A We do receive --
THE COURT: Stop.
THE WITNESS: Okay.
THE COURT: Mr. Hancock, do you want to rephrase your question?
MR. HANCOCK: Yes, Your Honor, if I can.
Q Mr. Hooper, do you know exactly how this royalty interest is calculated?
A As far as the steps that they go through, no.
Q Do you know generally how it --
A I know generally how the royalty interest is calculated.
Q Okay. Could you explain that please?
A Well, you'd have the quantity of production, you'd have the pricing that it's been produced at and sold, in general, and then you take the percentage against that to determine what the pro rata share is to the royalty interest number.
Q Exhibit 1 is, again, the conveyance, if you'd flip back to that, there's an entity referenced as the assignor, Dominion Black Warrior Basin, Inc.
A Yes.
Q What's your understanding regarding the relationship between that entity and Walter Black Warrior Basin, LLC?
MR. BLACK: Your Honor, I've got an objection. I think that calls for speculation and, perhaps, a legal

conclusion.

THE COURT: Any response, Mr. Hancock?

MR. HANCOCK: I can lay a predicate for Your Honor.

THE COURT: Okay, go ahead.

Q You've been involved in administering this trust for some time, correct?

A Yes.

Q Since its inception.

A Yes.

Q So you've been administering the trust since Dominion Black Warrior Basin, Inc., assigned this interest, correct?

A Yes.

Q And so, do you know generally what the relationship is between Dominion Black Warrior Basin, Inc., and Walter Black Warrior Basin LLC?

A I understand that Walter has, through acquisition, acquired the various --

THE COURT: Stop. Do you have personal knowledge of who these entities are?

THE WITNESS: I have personal knowledge of who I've worked with over the years and how it has progressed from Black Warrior Basin.

THE COURT: I think you -- I think Mr. Hooper has to limit his answers to what he knows of his own personal knowledge, not what he understands or has heard or might have

seen or read.

Q You've done research on this, correct, and this is the type of information that has been disclosed in filings made by the trust, correct?

A Yes.

Q Okay. So based on what you have reviewed and the research you've done, what is your understanding of our new relationship?

A Over the years I've been working on this we've been notified that this interest of Dominion Black Warrior Basin was sold first to Highmount Black Warrior Basin and then sold onto Walter Black Warrior Basin.

Q Okay. The trust recently did not receive a royalty distribution that was due, correct?

A As of August 14, yes.

Q Okay. And what's the effect of that on the trust?

A In essence a trust is setup with these as the sole assets, sole source of income so when that does not come across, the unit holders of the trust will not receive any distributions nor will there be any funds available to pay any of the expenses of trust on an ongoing basis.

Q If the trust doesn't receive another distribution, when is the next -- strike that. When is the next scheduled distribution?

A It should be November 13th.

Q And if that distribution is not made, what will be the effect on the trust?

A There is a trigger --

MR. BLACK: Objection, calls for speculation.

THE COURT: Overruled.

A There is a trigger clause in the trust documents that once the trust expenses become, essentially, equal to the revenue that's coming in for two consecutive quarters, then you are to liquidate the trust.

Q You touched on this a little bit, but could you explain your understanding regarding how the production proceeds are distributed under the terms of the trust?

A They are distributed to the trust on a quarterly basis, but they represent monthly transactions.

Q And if you turn to Page 8 of Exhibit 1, Provision 3.01, is that the provision that provides for distributions of gross proceeds of production?

A Yes, it is.

Q And this includes certain defined terms, gross proceeds and computation period, right?

A Yes.

Q And those terms are defined on Page 3 and 4 of the conveyance, right?

A Yes.

Q And if you'll turn to Page 1 of the conveyance, Page 1 is

where it describes the 65 percent that's been conveyed, correct?

A Yes.

Q Can you explain to the Court your understanding of just the basic attributes of this document?

A Well, this document --

MR. BLACK: Objection, Your Honor, that's overly broad for one. It's also back to the same objection as we were raising earlier about his general characterization or understanding of a document that's already in evidence that the Court can interpret for itself.

MR. HANCOCK: Your Honor, the document speaks for itself.

MR. BRIMMAGE: Your Honor, the document speaks for itself.

THE COURT: Mr. Hancock --

MR. HANCOCK: I'm going to go on, Your Honor.

THE COURT: Okay, go ahead.

Q How long have you -- how long has the trust been receiving distributions of production proceeds from Walter Black Warrior Basin, LLC?

A From Walter Black Warrior?

Q Uh-huh.

A That would be since May of 2010.

Q And so, how long has it been receiving distributions under

the conveyance?
A Since June 1994.
Q Has the trust ever not received its proportion share of production proceeds?
A No.
Q When did the trust first receive notice that the debtor does not intend to distribute production proceeds according to the conveyance?
A I received written notice in the mail on the 27th of July by letter dated July 20th.
Q And that document is in our exhibit notebook, correct? That's Exhibit 7?
A Yes.
Q You mentioned the provision in the trust that could potentially force the trust to terminate, correct?
A Yes.
Q And if you would turn to Exhibit 3, Section 9.02.
A Which one was that, again?
Q It's 9.02.
A 9.02.
Q Page 38 in Exhibit 3.
A Yes.
Q That's the termination provision that you're referring to, correct?
A Yes.

Q 9.02(b)?
A Yes.
Q You understand that the order granting the debtor's cash management motion was entered on July 15th, 2015, correct?
A Yes.
Q Did the trust receive notice of nay kind regarding the debtor's cash management motion before the order granting the motion was entered?
A Not that I'm aware of.

MR. HANCOCK: Pass the witness, Your Honor.

THE COURT: Mr. Black?

MR. BLACK: Thank you, Your Honor, Dylan Black from Bradley, Arant for Walter Black Warrior Basin.

CROSS EXAMINATION

BY MR. BLACK:
Q Mr. Hooper, it's true, isn't it, that in the entire time that you've been involved with the trust, 100 percent of the gas production has been sold to a single purchaser, isn't that correct?
A In various sums, yes.
Q Initially -- the initial purchaser of the hundred percent of the production was Sonad (phonetic), I believe, is that correct?
A I understand that to be correct, yes.
Q And since then it's been a couple of other entities and

today it's Alagasco, would you agree with that?
A Yes.
Q So today Alagasco buys 100 percent of the production of all the wells, not just Dominion's well, but all of them.
A I'll have to quantify by saying I don't know that firsthand knowledge, but I understand that to be the case.
Q Okay. Do you have any reason to believe that anything different is being done today with regard to invoicing Alagasco for the gas production than was done before the bankruptcy was filed?
A I'd have no knowledge of that.
Q Do you have any reason to believe that anything different is being done today with regard to the method in which Alagasco pays for gas production than was done before the bankruptcy was filed?
A I have no knowledge of that.
Q Mr. Hooper, you have signed the SEC Forms 10k for Dominion Resources Black Warrior Trust, correct?
A Yes.
Q Including the one for the fiscal year ended December 31, 2014?
A Yes.
Q And the one for the fiscal year ended December 31, 2013?
A Yes.
MR. BLACK: Your Honor, I'd like to mark the Forms

10k for Dominion Resources Black Warrior Trust as, I guess, Debtor's Exhibits 1 and 2 in this hearing.

THE COURT: I think they -- are they not already --

MR. BLACK: They're in our witness list -- I mean our exhibit list that we filed last evening. I don't think we've given you copies, although maybe we have. Excerpts from those were attached to our brief. I have the full form which I'd like to introduce as evidence.

THE COURT: I've seen those, where have I seen those? Maybe -- they weren't in your exhibits, Mr. Hall?

MR. HALL: Not -- not the SEC filings, Your Honor.

THE COURT: I've seen the 10k's from somebody.

MR. BLACK: I'm told that they were in a binder that was delivered to you yesterday, but I'm sorry, I didn't have knowledge of that. Regardless, I'd like to move that they be entered into evidence.

THE COURT: I don't think they're in that one. Okay. Let's just mark them separately. Shall we mark them -- do you want to mark them Debtor's 1 and 2 or Debtor's A and b or what?

MR. BLACK: One and two is fine with me.

THE COURT: Okay.

MR. HANCOCK: Your Honor, I just have a limited objection in that I'd like these to be presented to Mr. Hooper first since he can verify whether these are correct.

THE COURT: Sure.

MR. BLACK: Oh, sure, may I approach?

THE COURT: Sure. I think parts of them are attached to the debtor's objection.

MR. BLACK: Yes, Your Honor, and so I have offered the entirety of the Forms 10k for the fiscal years ended December 31, 2013 and 2014 as exhibits, but first we'll ask Mr. Hooper.

Q Mr. Hooper, would you please look at the 10k for the year ended December 31, 2014?

A Okay.

Q Do you have it in front of you now?

A Yes.

Q Do you recognize that to be the Form 10k that you signed on or about March 23, 2015?

A Yes.

Q And you see your electronically conformed signature on the last page of it?

A Yes.

MR. BLACK: I'd like to move the entry of this exhibit as Debtor's Exhibit 1.

THE COURT: Any objection?

MR. HANCOCK: No objection, Your Honor.

THE COURT: Mark it in.

Q Now, Mr. Hooper, would you look at the Form 10k for the

fiscal year ended December 31, 2013?

A Yes.

Q Do you recognize that to be the Form 10k that you signed on or about March 10, 2014?

A Yes.

Q And you see your electronically conformed signature on the last page of that document?

A Yes.

MR. BLACK: I'd like to move this be entered as Debtor's Exhibit 2.

THE COURT: Any objection?

MR. HANCOCK: No objection, Your Honor.

THE COURT: Mark it in.

Q Mr. Hooper, the information that's included in the Form 10k that we've marked as Exhibits 1 and 2 contains the disclosures required by law, correct?

A Yes.

Q Was the information in those disclosures correct when you signed them?

A I believe them to be so.

Q And do they contain the information that you thought it was appropriate for the investing public to have with regard to Dominion Resources Black Warrior Trust?

A Yes.

MR. BLACK: No more questions.

THE COURT: Thank you. Mr. Brimmage?

MR. BRIMMAGE: Your Honor, no questions.

THE COURT: There are technically no other parties to this AP. Is it fair that no one else has questions for this witness?

(No audible response)

THE COURT: Do you have any redirect, Mr. Hancock?

MR. HANCOCK: Your Honor, just a couple items.

REDIRECT EXAMINATION

BY MR. HANCOCK:

Q Mr. Hooper, what happens if the trust terminates?

A We will seek a thirty party advisor to try to evaluate these assets and sell them to the highest bidder.

Q We talked a little bit about the expense ratio provision. If the next distribution isn't made, what will -- how will that affect the expense ratio?

MR. BLACK: Your Honor, I object. It's beyond the scope of my cross.

THE COURT: Mr. Brimmage?

MR. BRIMMAGE: Join in the objection, Your Honor.

THE COURT: Overruled anyway. You can answer.

A The trust will seek termination/liquidation of the assets terminating distribution of those proceeds, if there are any.

Q And why will that occur?

A Because if we do not receive two quarters to cover our

expenses, it triggers the termination.

Q And is the trust incurring expenses in connection with this matter?

A Extreme expenses.

MR. HANCOCK: Thank you.

THE COURT: Thank you, Mr. Hooper, you may step down.

THE WITNESS: Thank you.

THE COURT: Mr. Hancock, who is your next witness?

MR. HANCOCK: Your Honor, if I could call William Harvey.

THE COURT: Okay. If we could just take one quick second and -- for those of you who are on the phone, if you want to make appearances on the record, we'll do that now. If you don't want to make an appearance, that's fine, too. Anybody on the phone?

MS. MARINES: Hi, Your Honor, this is Jennifer Marines --

THE COURT: Hang on one second.

MS. MARINES: -- Morrison & Foerster, proposed counsel for the Official Committee of Unsecured Creditors.

THE COURT: I'm sorry, hang on one second. Let me turn the volume back up. One more time.

MS. MARINES: Sorry, this is Jennifer Marines from Morrison & Foerster, proposed counsel for the Official Committee of Unsecured Creditors.

THE COURT: Thank you.

MR. BAIN: Yes, Your Honor, good morning, this is Joseph Bain with the law firm of Thompson & Knight on behalf of Dominion Resources Black Warrior Trust.

THE COURT: Thank you. Anybody else on the phone?

(No audible response)

THE COURT: Okay. Thank you very much.

COURT OFFICER: Would you raise your right hand, please?

WILLIAM HARVEY, WITNESS, SWORN

COURT OFFICER: Please state your name and address for the record.

THE WITNESS: William Harvey, 4233 Stone River Road, Mountain Brook, Alabama.

DIRECT EXAMINATION

BY MR. HANCOCK:

Q Hello, Mr. Harvey. Mr. Harvey, you're the current CFO of Walter Energy, Inc., correct?

A Yes.

Q You're a Canadian and a U.S. citizen?

A Yes.

Q You moved to the United States in 1998, correct?

A Yes.

Q You attended Queens University in Kingston, Ontario?

A Yes.

Q And you graduated 1982 with a degree, a bachelor of science in engineering, right?
A What did you say, 1982?
Q Yes, sir.
A Yes.
Q Then you received an MBA in 1985 from the University of Toronto, correct?
A Yes.
Q You started working for Bowater, Inc. in 1998, correct?
A Yes.
Q You served as CFO and treasurer of that company?
A Yes, at various times.
Q And Bo Water was a pulp and paper company, correct?
A Yes.
Q And through a merger Bowater retained Resolute Forest Products, right?
A Yes.
Q And you served as CFO for Resolute Forest Products, correct?
A Yes.
Q And you started as CFO of Walter Energy, Inc., in 2012?
A Yes.
Q And you don't know if you are the CFO of Walter Black Warrior Basin, correct?
A That is correct.

Q You don't know if you hold a formal title at Walter Black, correct?
A Yes.
Q You don't know whether you hold a formal title, that's correct?
A Yes.
Q But as the CFO of Walter Energy, Inc., you provide certain services for the benefit of Walter Black, correct?

MR. BLACK: Your Honor, I'm going to object to the leading. And, frankly, I'm objecting a little bit to the relevance of this as well.

THE COURT: I understand, but I'm going to overrule it because it is moving a little quicker and Mr. Harvey seems to be able to handle himself quite well under the circumstances. Go ahead, Mr. Hancock.

Q I don't think you answered that last question.
A I don't remember it.
Q As CFO of Walter Energy, Inc., you provide certain services for the benefit of Walter Black, right?
A Yes.
Q And the cash management for the debtors is within your responsibility as CFO, correct?
A Yes.
Q And you don't have any experience managing oil and gas properties, right?

A Yes.
Q You've never been employed by an oil and gas exploration and production company, correct?
A That's correct.
Q And prior to your employment with the debtors, you've never worked for a mining company, correct?
A Yes.
Q And you have no knowledge regarding the type or nature of interests that are owned by Walter Black in any oil and gas leases, correct?

MR. BLACK: Objection. Again, we're leading and I think we're close to issues that are legal issues rather than issues that would be within this witness' purview.

THE COURT: Mr. Hancock, any response?

MR. HANCOCK: Your Honor, just -- I'm asking if he has any knowledge. I don't know that that's asking for a legal conclusion.

THE COURT: Overruled.

A Could you repeat the question?
Q Yes, sir. You have no knowledge about either the type or nature of interests that are owned by Walter Black in any oil and gas leases, correct?
A That is correct.
Q But as CFO you have a significant role in determining what relief the debtors are seeking from this court, correct?

MR. BLACK: Your Honor, I object. I'm not sure what is meant by significant role.

THE COURT: I will sustain that objection. I'm a little unclear on that one, too, Mr. Hancock. Perhaps you can rephrase the question.

Q A cash management motion was filed with the court, correct?

A Yes.

Q You had a role in determining to what extent cash management relief should be sought in the case, correct?

A I had a role.

Q And you executed a sworn declaration in support of the debtor's cash management motion, right?

A Yes.

Q And you understood that when you signed that declaration that the court was going to rely upon it for purposes of considering certain motions, including the cash management motion, right?

A Yes.

Q And that declaration was filed with the court on July 15th, 2015?

A Yes.

Q And so, let's talk about that for a moment. Please turn to Exhibit 13 for me. Are you there, sir?

A Yes.

Q Now, you swore in your declaration on Page 1 that you are familiar with the day-to-day operations of the debtors, including Walter Black, its business, financial affairs, books and records, correct?

A Yes.

Q But you have no knowledge regarding the day-to-day operations of Walter Black, correct?

A I have knowledge of the opera -- day-to-day operations.

Q You have knowledge regarding --

A Some knowledge.

Q That's not what you said in your deposition, is it?

A I don't remember.

Q Your deposition is Exhibit 32.

A Uh-huh.

Q I'm going to read from it and you can verify if I've read correctly.

MR. BRIMMAGE: Your Honor, I'll object as improper attempt at impeachment.

THE COURT: I'm sorry I didn't hear the last of that.

MR. BRIMMAGE: Improper attempt at impeachment.

THE COURT: Overruled. Page Mr. Hancock?

MR. HANCOCK: Page 74, Line 22.

Q Question: Do you have knowledge regarding the day-to-day operations of Walter Black? Answer: No. I read that correctly, right?

A Yes. I thought you said -- I thought you had said you have some knowledge in the previous statement.

Q Do you know who's responsible for the day-to-day operations of Walter Black?

A No.

Q You don't know whether Walter Black engages in expiration activities, do you?

A I --

MR. BLACK: Your Honor, objection, relevance.

THE COURT: Mr. Hancock?

MR. HANCOCK: Your Honor, he filed the declaration in support of the motion that we're seeking, asking the Court to reconsider and he's testifying that he doesn't have knowledge of anything that he swore to in his declaration in support of the motion.

THE COURT: That's not exactly what he said, Mr. Hancock. Let's be careful how we characterize it, but --

MR. HANCOCK: That's what the relevance is, Your Honor, is that I'm trying to get to the fact that the witness who's testified that he --

THE COURT: I'm going to overrule the objection because, candidly, I think Mr. Harvey can handle the question. So he's going to testify what he knows and what he doesn't know. If you'll repeat the question for Mr. Harvey to answer.

MR. HANCOCK: Thank you, Your Honor.

Q You don't know whether Walter Black engages in gas exploration activities, correct?

A I believe it to be -- it's a develop -- we just develop an existing gas field. That's all I -- that's what I believe. I don't believe it's, as I understand it, exploration.

Q Do you recall in your deposition that you testified that you didn't know whether Walter Black engages in gas exploration activities?

A I believe I think -- I believe I had said I don't understand what you mean by exploration, but I don't have that page in front of me.

Q Okay. Would you please turn to Page 54, Line 20. And the question is, Okay, and so you don't know if Walter Black actually engages in expiration activities? Answer, I do not.

A I point to Line 16, I was confused about what you mean exploring for new or new areas of oil and gas versus I'm not sure if we explore for new areas of oil and gas versus an existing field.

Q Right, correct. And you don't know whether Walter Black is drilling any wells to develop any existing fields, correct?

A I'm not aware.

Q And you don't know how many employees Walter Black has, correct?

A That is correct.

Q And you don't know the name of a single employee, manager

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or officer of Walter Black, correct?
A I believe Carol Farrell, I'm not sure if she's an officer of Walter Black but she heads the group that Walter Black reports to.
Q Do you recall in your deposition that you couldn't recall a single employee, officer or manager in Walter Black?
A Because the fellow that ran Walter Black resigned from the company in late July, Bob Singleton.
Q Right, but the answer to my question --
A That's correct. I can't remember. I don't know who replaced him.
Q And Ms. Farrell works for Walter Coke, right?
A She had Walter Coke in Walter Black. She's primarily responsible for Walter Coke but she's taken over the responsibility, as well, for Walter Black.
Q You don't know whether Dominion owns an interest in oil and gas leases of Walter Black, correct?
A That is correct.
Q You don't know if any other parties own an interest in oil and gas leases operated by Walter Black, correct?
A That is correct.
Q You don't know anything about interest held by Walter Black in any oil and gas leases, correct?
A That is correct.
Q You don't know whether Walter Black has any agreements in

place relating to its oil and gas leases, right?
A I have not seen or no opinions to sign the agreements.
Q You don't know whether -- you don't know where in Alabama Walter Black's oil and gas leases are located, correct?
A I do now, that it's in Tuscaloosa County.
Q Do you recall in your deposition that you did not know?
A I did not recollect at that -- no -- point.
Q Do you know -- you don't know what the term working interest means in the context of oil and gas lease, correct?
A That is correct.
Q You don't know what the term net revenue interest means in the context of oil and gas leases, correct?
A That is correct.
Q You don't know what the term gross production means in the context of production from oil and gas leases, correct.
A That is correct.
Q You don't know whether there are joint operating agreements in place relating Walter Black's oil and gas leases, correct.
A That is -- I don't recall.
Q Do you recall during that your deposition you said you didn't know whether there were joint operating agreements in place relating to those leases?
A I don't recall whether there are not. I don't remember or don't recall.

Q Sorry, sir. You don't remember testifying to that or you don't recall whether there are joint operating agreements?
A I don't recall whether there's joint operating leases.
Q You don't know how many acres of oil and gas leases that Walter Black owns, correct?
A I believe it was two -- 230,000 acres because I did read my sworn testimony that -- to corroborate it.
Q And do you recall that during your deposition, you did not know the answer to that question?
A That is correct.
Q You don't know any particular projects relating to oil and gas leases that are owned by Walter Black, correct?
A That is correct.
Q And if you could turn to Page 14 of your declaration, which is the end Exhibit 13. If you can look over the information that's in Paragraphs 42 through 44. You didn't have knowledge of that information at the time you signed your declaration, did you, sir?
A I -- we reviewed the declaration with many people. I was part of -- and I was part of a group. I reviewed the information with the right people around me.
Q But you didn't -- you personally didn't have knowledge of that, did you?
A I did not.
MR. BLACK: Objection. That's asked answered. He's

badgering the witness on this.

THE COURT: Overruled.

A I involved all the right people to make sure that the number of wells and the number of acres in all the other areas was correct as far as best I -- we knew as a company.

Q You don't know if this information is correct as you sit here today, do you?

A I believe it's correct.

Q You believe it's correct, sir, but you don't know, right?

A I believe it's correct.

Q Because you didn't have knowledge of any of it, correct?

A I believe the information is correct.

Q You don't know who owned the house that the debtors decided not to distribute production proceeds attributable to Dominion's royalty, correct?

A Could you repeat the question?

Q You don't know who owned the house that the debtors decided not to distribute production proceeds attributable to Dominion's royalty, correct?

A I believed we listened to legal counsel. Legal department supported us.

Q You don't know any internal peoples -- any individuals internally who made the decision not to distribute production proceeds attributable to Dominion's royalty, correct?

A That is correct. I don't know the specific person.

Q And you can't tell me who would know, who made that decision, can you?
A I believe the chief legal counsel would be able --
Q Do you recall that when I asked you that question during your deposition, you did not know?
A I don't recall. I don't recall. I believe I pointed to legal counsel.
Q Well, if you turn to Page 62, sir, starting at Line 7, do you know what individuals that any of the debtors, if any, were involved in making that decision? No. Who would know? I'm not sure. That was your testimony, correct?
A I'm not there yet.
Q Pardon?
A I'm not there yet.
Q Oh, okay. Sorry. Starting at Line 7.
A I pointed -- I think if you go on, I think -- as I understand what I said reading it, I think if you go on, I said, outside legal counsel, internal legal, I don't specifically related to Walter Black lines.
Q Well, counsel will have a chance to take you through that. You understand that? Did I read that correct -- that statement correctly?
A You read a piece of it correctly.
Q Okay. And you don't know whether Walter Black intends to distribute production proceeds to Dominion going forward,

correct?
A I do not know that.
Q Would you please turn to Exhibit 1 for me, please and I showed you a copy of this during the deposition, right? This is an overriding royalty conveyance?
A I believe so.
Q But you don't have an understanding whether Dominion holds an overriding royalty interest in the properties that are referenced in Exhibit 1, correct?
MR. BLACK: Objection. Relevance.
THE COURT: Okay.
MR. HANCOCK: Your Honor, the relevance is that he has signed a declaration in support of cash management and was involved in the debtor's decision to seek that relief and yet has no idea regarding the royalty interest, how it affects Dominion or how it could affect, Dominion's rights. That's the relevance.
MR. BLACK: My point is that whatever his understanding may be, it's not relevant. It's -- the document speaks for itself as we've mentioned a couple times this morning.
MR. DARBY: Your Honor, could I throw in here and add, remind the Court, that the cash management motion did nothing to alter or change our prior practice. So, he had no reason to know about all this stuff when he was part of the

decision to file the cash management motion. This -- what happens to this money is simply not relevant to that motion.

THE COURT: I understand.

MR. DARBY: So, I don't think this line of questioning -- he's already established --

MR. BENTON: First of all, he's arguing his case.

MR. DARBY: I'm arguing --

MR. BENTON: Supposed to be an objection or not?

MR. DARBY: I'm arguing the objection that he's -- yes ma'am?

THE COURT: The objection's overruled. Repeat your question.

BY MR. HANCOCK:

Q You -- you don't know -- you don't have an understanding whether Dominion holds an overriding royalty interest in the properties referenced in Exhibit 1, correct?

A I do -- I do not.

Q You don't know who calculates the net revenue attributable to Dominion's royalty, do you?

A I do not.

Q You don't know how it's calculated, correct?

A That's correct.

Q You don't have an understanding as to whether Dominion, Black Warrior Basin, Inc., the assignor, is the assignor in Exhibit 1, do you?

A Could you repeat the question?
Q You don't have an understanding as to whether Dominion, Black Warrior Basin, Inc., is the assignor under Exhibit 1, do you?
A I've never read Exhibit 1.
Q Do you recall in your deposition that I've asked whether you had an understanding of whether Dominion Black Warrior Basin, Inc. is the assignor under this document and that you couldn't tell me whether it was?
A I -- I've never read the document.
Q Okay. But that's not -- you didn't answer my question, sir. Do you recall that that was your answer in the deposition?
A I believe it was.
Q Okay. Do you believe that Walter Black Warrior Basin, Inc., is the successor to Dominion Black Warrior Basin, Inc., the assignor?
A Could you repeat the question?
Q Sure. Do you believe that Walter Black Warrior Basin is the successor to Dominion Black Warrior Basin, Inc.?
A I don't know.
Q Until last Friday when I took your deposition, you'd never seen statements of the quarterly distributions royalty's to Dominion, correct?
A That is correct.

Q But you testified in your declaration that Dominion's net revenue interest is 65 percent, right?
A Yes.
Q And you testified that Walter Black's net revenue interest is 20 percent, right?
A Yes.
Q But those figures aren't correct, are they?
A I don't -- I don't know. I believe they were at the time of the declaration.
Q And prior to the filing of the debtor's cash management motion, you don't recall ever analyzing the nature of Dominion's interest to decide whether it was appropriate to sweep cash from the Walter Black accounts to Walter Energy, Inc., correct?
A Could you repeat the question?
Q Sure. Prior to filing of the cash management ocean -- motion -- excuse me -- you don't recall ever analyzing the nature of Dominion's interest to decide whether it was appropriate to sweep cash from Walter Black to the accounts of Walter Energy, Inc., correct?
A That is correct.
Q And Alabama Gas Company purchases all of the production from the oil and gas leases that are owned by Walter Black, right?
A I believe so.

Q And it pays sale proceeds to Walter Black on or about the 25th of the month that immediately follows the production month, correct?

A I believe so.

Q And so, proceeds from gas produced during the month of July would be paid on or around August 25th, right?

A I believe so.

Q And so, please turn to Exhibit 30 for me. Strike that. It's 29. And so, the account statements that are Bates labeled 20 counting backwards through 14, those are statements from the accounts that receive production proceeds paid by Alabama Gas Company, correct?

A Would you repeat the question, please?

Q Sure. Those Bates labels as I just recited, those are copies of account statements for the account of Walter Black that receives payments of -- from the sale of proceeds -- from the sale of gas, that is, to Alabama Gas Company, correct?

A I believe so.

Q And the only bank account that you are aware of that Walter Black owns is this account ending in 8671, correct?

A That's the only one I'm aware of.

Q But actually there are two other accounts referenced as Walter Black accounts in the debtor's cash management motion. Are you aware of that?

A I was -- I don't recall that.

Q So, Bates labels also within Exhibit 29, Bates labels 22 through 35, those are the account statements for the account into which funds for account number 8671 are swept, right?
A Could you repeat that again, please?
Q Yes. Those Bates labels that I've just recited, those are the statements for the account into which funds from the Walter Black account that ends in 8671 are swept, right?
A I believe that's correct.
Q Okay. All right. And so, if you look back at the bank statements for Walter Black, the account ending in 8671, those are for -- they are statements for April, May, June and July 2015, right?
A Yes.
Q And Alabama Gas pays the sales proceeds through an ACH transfer into this account on or about the 25th of the month following the production month, right?
A A fedwire credit ACH, it looks like.
Q Pardon me?
A A fedwire credit.
Q A fedwire credit, thank you. And if you'll turn to Bates 18 and 19 in Exhibit 30, that's the account statement for May, right?
A Exhibit 30?
Q 18 and 19. That's the May statement, right?
MR. DARBY: Exhibit 23.

THE COURT: I think he's still on Exhibit 29.

THE WITNESS: Oh, okay.

Q Sorry. Exhibit 29, Bates labels, which is the number at the bottom right, 18 and 19.

A Mm-mm.

Q That's a statement for May, right?

A I see the statement for May, yes.

Q Okay. And so the fed-credit wire dated 5/26, that's a payment from proceeds from gas produced in the month of April, right?

A What page are you on? I'm confused now.

Q I'm sorry. I'm still on Exhibit 29 and I'm looking at the document that is Bates label 18.

A Mm-mm.

Q That transfer, that fedwire credit, that's reference is dated 5/26, that's a payment from Alabama Gas on account on April production, right?

A Let me just -- I apologize. Dated 5/26 of May, yes.

Q Okay. And so look at the next page, which is Bates label 16, 17, that's the account statement for June?

A So, the previous pages?

Q Well, the numbering's off. That's the confusion there.

A Okay.

Q They were produced out of chronological order.

A Yeah. But -- but I --

Q But it's actually the next page. Do you see that label 16, 17?
A Yeah, I'm at 16. Yeah. The amount is, I believe, it's for June.
Q It's the -- that's the June statements are the fedwire credit dated June 26th, is actually a payment for May production, correct?
A Can I take a look? June 25th.
Q Right. It's a June 25th payment, but it's on account of the prior month's production, right?
A Right.
Q May production?
A I believe so.
Q Okay. And the gas proceeds paid to the account ending in 8671 they're transferred to the account we were discussing before it ends in 8630, right?
A I believe so.
Q And so for the account statements for May and June, you'll see that there are corresponding transfers of funds to Walter Energy in account 8630. Do you see that?
A On Page --
Q Yeah, we're talking about Bates labels 18, 19 and 16 and 17. Those are the statements for May and June. Right?
A (No audible response).
Q And each of those have transfers referenced from this

account to the account ending 8630, right?
A There are transfers, not exactly the same amounts, but there are transfers.
Q Right. But for the July statement, if you look at that. That's Bates label 14, 15.
A Mm-mm.
Q There's no corresponding transfer out of that account into the account ending 8630, right?
A That is correct.
Q Do you know whether the money that's referenced -- the balance that's referenced there in account number 8671 has since been transferred or swept into account number 8630?
A I do not know.
Q Aside from the interest paid on deposits, you're not aware of any other cash paid into this account ending in 8671 besides the proceeds from the sale of gas to Alabama Gas Company, correct?
A I'm not aware of any other.
Q And so, the account statements next in Exhibit 29 that we were discussing, it referenced account number 8630. Are you there?
A Twenty-nine? I'm not sure I'm there. What page? Page number is --
Q It's the -- the Bates labels 22 through 35.
A Twenty-two.

Q Mm-mm.
A I'm on Page Dominion 22.
Q Yes, sir. These -- this is the statement, again, that we were talking about earlier to which funds are transferred from, the account ending in 8671, right?
A Yes.
Q And once the funds are transferred into this account, they get commingled with other funds from other sources of the debtor's right?
A They get commingled, yes.
Q And the funds from this account are transferred into other accounts of Walter Energy, Inc., right?
A I believe so.
Q And because the information is redacted in these documents in terms of the transfers, we can't see where the funds are going from this account, correct?
A That is correct.

MR. HANCOCK: Pass the witness.

THE COURT: Mr. Black?

CROSS EXAMINATION

BY MR. BLACK:

Q Mr. Harvey, is anything being done differently to your knowledge with regard to how Walter Black Warrior Basin is invoicing Alagasco for gas production today, as opposed to before the bankruptcy?

A Not to my knowledge.
Q To your knowledge, is there anything different about how Alagasco is paying for gas production today versus before the bankruptcy?
A Not to my knowledge.
Q When you prepared the first day declaration that you were questioned about, did you do so based upon, in part, your personal knowledge?
A In part to my personal.
Q Did you also do so in part based on information supplied to you by other members of the debtors management and professionals?
A Yes.
Q And did you also do so in part based on information you learned from your review of relevant document?
MR. HANCOCK: Your Honor, I'll object to this as leading.
THE COURT: Overruled. I let you lead. I'll let him lead, too.
THE WITNESS: Yeah --
Q Would you like to hear it again?
A Yes.
Q Did you prepare that declaration in part based on information you learned from your review of relevant documents?
A Yes.

Q Did you prepare that declaration in part based upon your -- excuse me -- based upon your experience and knowledge of the debtor's industry operations and financial conditions.
A Yes.
Q Did you believe your declaration to be true when you signed it on -- or when it was filed on July 15th, 2015?
A I did.
Q And you believe it to be true today?
A I do.

MR. BLACK: No -- no other questions.

THE COURT: Mr. Brimmage?

CROSS EXAMINATION

BY MR. BRIMMAGE:
Q Good afternoon, Mr. Harvey.
A Good afternoon.
Q I was going to say good morning, but it's not anymore. I just want to follow up. What exhibit is your declaration that both counsel have been talking to you about? I kind of got them late in the game and I'm not sure what exhibit it is?
A I think it was Exhibit 13.

MR. BLACK: Thirteen.

Q Thirteen? If you could turn to Exhibit 13, Mr. Harvey?
A Yes.
Q I want to follow up on the questions Mr. Black asked you. If you would read Paragraph 5, which I believe is on Page 2 of

Exhibit 13.

A Except as otherwise indicated all --

Q Yes, sir. If you would just read that to yourself for a second.

A Okay. Yes.

Q Was that true at the time you signed your declaration?

A Yes.

Q And is it true today?

A Yes.

MR. BRIMMAGE: Pass the witness, Your Honor.

THE COURT: Mr. Hancock, any redirect?

MR. HANCOCK: No, Your Honor.

THE COURT: Thank you. You may step down, Mr. Harvey.

MR. BRIMMAGE: Your Honor, Mr. Harvey was here pursuant to subpoena. May he be excused?

THE COURT: May he be excused, Mr. Hancock? I assume it was Mr. Hancock's subpoena?

MR. HANCOCK: Yes. Absolutely.

THE COURT: Thank you. Who's your last witness, Mr. Hancock? You said three, I think, at the beginning.

MR. HANCOCK: My colleague, Mr. Paddock is going to take this examination but we're going to James Lattimer. He's an expert witness, Your Honor.

THE COURT: Okay. And how long do you anticipate

this testimony's going to take?

MR. HANCOCK: Twenty minutes.

THE COURT: Okay. Let's go ahead and see if we can finish up with him, then.

COURT CLERK: Raise your right hand, please.

J A M E S R O B E R T L A T T I M E R, III, WITNESS, SWORN

THE WITNESS: My name -- my formal name is James Robert Lattimer the III. My professional location is with Blackhill Partners, the address of which is 2651 North Harwood Street, Suite 120, Dallas, TX 75201.

MR. PADDOCK: And, Your Honor, I'll introduce myself again. My name is Robert Paddock here on behalf of Dominion Black Warrior Trust.

DIRECT EXAMINATION

BY MR. PADDOCK:

Q Mr. Lattimer, who are you employed by?

A Blackhill Partners.

Q And what kind of company is Blackhill Partners?

A It's a company that has had an active role in both mergers and acquisition work, as well as distressed businesses, both in and out of bankruptcy.

Q And is there any particular industry that Blackhill Partners is involved in?

A We've had a particular focus in the energy business, particularly the exploration and protection sector.

Q And what is your position at Blackhill Partners?
A Founder and managing director.
Q And can you tell the Court briefly about your educational background?
A I have my -- I have a bachelors in economics from Yale University and have a masters in business administration from Harvard.
Q With respect to your employment as it relates to the exploration in production business, can you give the Court an overview of what your experience has been in the oil and gas exploration production business.
A This is the sector I've been actively involved in for, I would say, the last 34 years. I have been with independent operators that I've been the leader of, independent oil and gas companies, as well as I've been an advisor to some much larger ones. I've been a chief restructuring officer in various cases, instances, in the oil and gas business beginning in 1998.
Q So, you've been a restructuring officer in various business from 1998 forward?
A In the exploration and production business.
Q And do you distinguish the exploration and production business from other aspects of the oil and gas industry?
A Yes, customarily, the industry in the past three years, the exploration and production sector being considered the

upstream sector, the transportation gathering transmission business is the midstream sector, the refining and marketing of refined products would be the downstream sector. So, the focus I've had has been in the upstream exploration and production sector.

Q And maybe to state the obvious, but when you served as a chief restructuring officer, is that in the context of distressed companies?

A Yes, it has.

Q And has that been both inside and outside of bankruptcy?

A Both sides, yes.

Q Okay. And in that role as the chief restructuring officer in bankruptcy cases, have you testified in court before?

A Yes, I have.

Q Let's talk about -- a little bit about oil and gas leases. In your job, or in your experience in the oil and gas industry, have you become familiar with oil and gas leases?

A Yes, I have.

Q And can you describe generally the terms of an oil and gas lease?

MR. BLACK: Objection, Your Honor. Relevance. Generally, oil and gas leases are not at issue here. There are particular instruments at issue here. I don't know what relevance the witness' understanding about oil and gas leases could have to what we're about today.

MR. PADDOCK: Your Honor, actually in the objections filed by both the Steering Committee and the debtor, they cite a number of leases as evidence as to what sort of conveyances were involved in exactly this case and so his general -- a description of the way leases operate in conjunction with then how an override is created is relevant to this case.

THE COURT: I'll overrule the objection so long as the witness makes it brief.

THE WITNESS: I'll be honored to comply.

BY MR. PADDOCK:

A An oil and gas lease is -- there's a lessor, which typically would be a Merrill interest owner. There is a lessee which for a conventional understanding would be an oil and gas company or someone desiring to exploit the hydrocarbon potential on the -- of a property and the -- those essentially it's a document that determines how much of the land owner's hydrocarbons are to be used and taken by the cost bearing interest, which would be the oil and gas company.

Q And generally what type of interests are created by an oil and gas lease? You just mentioned the cost bearing interest.

A They're --

MR. BLACK: Objection. Same objection I made earlier about relevance. It's also a legal --

THE COURT: I'm going to sustain the objection, not based on relevance but I think it's calling for a conclusion on

his part that I'm not sure he's qualified to give.

MR. PADDOCK: Well, I can go back and further develop his experience with oil and gas leases.

THE COURT: I still think you're asking him for a legal conclusion and I didn't hear a JD in that description.

MR. PADDOCK: Well, there was not a JD in that description. You're correct, Your Honor.

BY MR. PADDOCK:

Q With respect to -- describe for me what you meant by a cost bearing interest?

A Well, a -- there would be two -- generally, these things have two kinds of interest, one in which the -- a cost bearing interest that would bear the cost of identifying and producing the hydrocarbons. There would be -- that's generally called a working interest. There would be a non-cost bearing interest which in -- and would be called a royalty interest.

Q And are you familiar with an overriding royalty interest?

A Yes.

Q And in your experience in dealing and being an executive of oil and gas company or as a chief restructuring officer, how often have you dealt with overriding royalty interest?

A Frequently and routinely.

Q Has there been a part -- have overriding royalty interests been a part of adversely every matter that you've handled as a chief restructuring officer?

A In one way or another, yes.

Q And can you describe for the Court what your understanding of an overriding royalty interest is?

MR. BLACK: Your Honor, I'm objecting. It calls for a legal conclusion. I still haven't heard what he's being proffered as an expert in and, therefore, I question whether he has the opportunity to answer questions like that, but I object because it calls for a legal conclusion.

MR. PADDOCK: I don't think because he's been in the industry for 30 years, he's dealt with overriding royalty interest for that period of time. He's qualified to say generally what an overriding royalty interest is.

THE COURT: So, maybe you can give us a clue, Mr. Paddock --

MR. PADDOCK: Sure.

THE COURT: -- as to the reason you're using this expert witness.

MR. PADDOCK: Sure.

THE COURT: That might be helpful to all of us?

MR. PADDOCK: Certainly, Your Honor. We're calling Mr. Lattimer as an expert to talk about the prudent -- the operations of an executive in a company that handles overriding royalty interest and other royalty interest.

In this case, there's a question -- there's a standard of a reasonably prudent operator that's in the

conveyance itself and how a reasonably prudent operator would handle overriding royalty interests in -- and how they're handled in a typical oil and gas company.

MR. BLACK: Your Honor, I think the question as to how overriding royalty interest would be handled is a question of law for you with respect no matter what this witness has experienced outside the courtroom today may have been.

THE COURT: I'm going to overrule the objection. I'm going to allow them to put on whatever testimony they deem appropriate. Go ahead, Mr. Paddock.

MR. PADDOCK: Thank you, Your Honor.

BY MR. PADDOCK:

Q I think the question that we left off on, I believe, if it's a question that's allowed to be asked is, can you describe generally what an override royalty interest has been in your experience?

A An overriding royalty interest is a non-cost bearing interest that is essentially carved out of the interest, at least, conveys to the -- to a -- for shorthand, an oil company, the cost bearing interest. It is a -- it's something that is carved out of that interest if an oil company is entitled to a certain percentage of hydrocarbon revenues that interest would be carved out of the share that's due to the oil and gas company as a -- as an example.

MR. PADDOCK: May I approach the witness, Your Honor?

THE COURT: (No audible response).

MR. PADDOCK: I'm showing the witness a chart that was just for (indiscernible) when it was handed out by counsel earlier today.

Q And Mr. Lattimer, let me give you a second to take a look at this chart. With respect to -- there's a line between land owner and overriding royalty interest. In your experience, would you agree that the land owner makes a payment or has an obligation to an overriding royalty interest owner?

A In my experience, there's essentially no relationship at all between an overriding royalty interest holder and a land owner -- land owner royalty interest. They -- the -- they are parallel royalty interests and are treated as such by way or a means is handled.

Q If you were to reformat this chart, where would you draw the line of where the overriding royalty interest is carved out of or created?

A It would -- presumably the operator is being paid for all proceeds of production. The lines that now go from the land owner to the overriding royalty would go from the WBWB box to the override in the same manner as those that are -- that are -- is -- the obligations will be the same as to the land owner.

Q So, are you saying where it says WBWB --

A Yeah.

Q -- where it says payment royalty to land owner, if you

were drawing this, you would draw a direct line from WBWB to the overriding royalty interest owner?

A Yes.

Q Okay. And is it your understanding in this case that Dominion is a -- holds an overriding royalty interest?

A That's my understanding.

Q When you've been either a chief restructuring officer or an officer of any oil and gas exploration production company, when the hydrocarbons are produced from the oil and gas properties, are those hydrocarbons treated as property of the operator?

A What -- the -- there's an allocable share of those that would go to the operator and an allocable share that would go to the royalty.

Q And when you say royalty, do you mean -- okay, royalty owner and an overriding royalty owner?

A A royalty's a royalty.

Q Okay. Just to clarify, do you see any distinction between a land owner royalty and an overriding royalty?

A No.

Q When production is sold by an operator to a first purchaser, do oil and gas operators always take possession of all the proceeds from the sale?

A If an operator is -- arrangements among the parties is such that the operator receives the proceeds, they are -- there

are a certain share of it, then it would be a property of the company and it would be handled through the company's financial records and so on.

Those that might -- that are attributable to the royalty are not considered part of the property of the company and, they're paid -- paid-out pursuant to the terms of the -- of a lease or other conveyance documents.

Q From an accounting standpoint, are you familiar how oil and gas companies that you worked for have accounted for royalty payments on the books?

A They don't go through the books of the company. They're not the property of the company and they -- the company is essentially a responsible party -- the party responsible to the royalty owners to pay the proper amount those royalty owners are due but it's not an amount -- it's not an amount that's taken into the books of a company and then conveyed out in a -- pursuant to a payment arrangement.

Q So, those monies, in your experience, aren't listed as revenue from the company's standpoint?

A That's correct.

Q And they're not listed as income from the company's standpoint?

A That's correct.

Q Well, you served as a CRO of a company that's been in bankruptcy. How have you dealt with overriding royalty

interest?
A The -- they have been paid in the normal course in the same manner they were paid previously. The authorization to do that has typically been contained in the first day orders -- in a -- in big company case and it proceeds forward in a manner no different than it did prior to the filing.
Q Are you --
THE COURT: What was the name of the case?
THE WITNESS: Oh, there's a number --
MR. PADDOCK: I didn't ask him for a specific case name but certainly --
THE COURT: I thought he said he referenced a specific case.
THE WITNESS: I --
MR. PADDOCK: No.
THE WITNESS: -- I did not.
THE COURT: Okay.
THE WITNESS: I just said that in my experience, it's a matter of first day orders which -- in which that authorization is provided to the chief restructuring officer or the responsible management group to pay royalties as has been done in the past and to do it in the normal course.
Q Can you identify a couple of cases where that's occurred, that you had been involved in?
A Sure. ATP Oil and Gas is a company which -- that the

royalties have been provided in the normal course. Cano Petroleum, Crusader Energy, there's a couple of other -- you know, there's a couple of others that I can keep going back, but those are examples of matters where the -- this topic was handled and -- in the first day orders.

Q Do you have a notebook in front of you?

A Yes, I do.

Q Would you turn to Exhibit 1, please?

A Sure.

Q And have you seen Exhibit 1 before?

A Yes, I have.

Q Okay. And in your prior experience, have you seen documents similar to Exhibit 1?

A Some are thicker than others, but this one is a -- it accomplishes substantively the conveyance of an interest and that's --

Q Okay.

A -- that's a routine manner.

Q And could you move to Page 14 of that?

A Yes.

Q And in Section 6.01, there's a phrase -- a section entitled reasonably prudent operator standard?

A Yes, I see it.

Q Have you read this 6.01 before?

A Yes, I have.

Q Okay. In this particular case?
A Yes.
Q And in your experience in the oil and gas business, have you come across this reasonably prudent operator standard?
A Yes, I have. It's a widely used term and widely understood.
Q Okay. Tell me what you understand the term, reasonably prudent operator to mean?
A Well, in an oil and gas active situation, the reason -- the operator, just to speak to the operator itself, the operator becomes the responsible party for -- is responsible to other owners who may be owners of cost bearing interests.

He is responsible to -- if a -- if the operator is taking royalty money, he's responsible for payment of the royalty money, he's responsible to the regulators and he's responsible, frankly, to the vendors on whose behalf -- responsible to vendors. He is incurring costs on behalf of all the other cost bearing interest owners for drilling or production or any of those kinds of things.

So, the operator is the decision-maker, ultimately, and is the party responsible to all the -- all of the folks involved in an oil and gas operating situation.

Q Can you describe what situations where it would be prudent to segregate the proceeds from the sale of oil and gas for the payment of royalty payments for an oil and gas company that was

in distress?

A Well, since the royalty money is not the company's money, there would be two. One was -- would be if the capacity of the company to pay the royal -- royalty as due is impaired. One of those would be if the company, perhaps imprudently, uses that money for operations, a second if its threatened by some exterior -- external force, a lien or some other matter in which the segregation and explicit identification in that manner would be in the prudent course to assure the royalty owners got what they were due.

MR. PADDOCK: Excuse me for a second, Your Honor. Pass the witness, Your Honor.

CROSS EXAMINATION

BY MR. BLACK:

Q Mr. Lattimer, in the testimony you just gave, you mentioned three cases involving oil and gas companies. I think you mentioned cases, I guess, they were Chapter 11 bankruptcy cases?

A Yes.

Q ATP Oil and Gas, Cano Petroleum, Crusader Energy?

A Yes.

Q And did any of those companies have gas fields located in the State of Alabama?

A No.

MR. BLACK: No more questions.

CROSS EXAMINATION

BY MR. BRIMMAGE:

Q Mr. Lattimer, Marty Brimmage here on behalf of the Steering Committee. I just have a couple of quick questions for you. You've been involved, as you say, in a lot of dealings with instruments, such as the one as -- in Exhibit 1, correct?

A I have.

Q And you would agree with me that the instrument and the language of the instrument determines the relative rights and obligations of the parties, right?

A Generally, that's accurate.

Q Okay. And to determine that, an analysis has to be done, right?

A (No audible response).

Q What the document says and how it compares to state law or bankruptcy code and -- or so forth, right?

A Most of it were drafted before the -- certainly with the existence of state law and before a bankruptcy, so --

Q Right.

A -- so, it's -- sensitivity to those points is -- it can vary.

Q But to determine the relative rights and obligations, how it works, you have to look at state law, bankruptcy code and other law, right?

A Yes, you do.
Q And compare it to the actual terms of the conveyance instrument or the document at issue, correct?
A Yes.
Q You don't have any personal knowledge of the cash management system of the debtors pre-petition, right?
A I do not.

MR. BRIMMAGE: Pass the witness, Your Honor.

THE COURT: Mr. Paddock, anything else?

MR. PADDOCK: No further questions, Your Honor.

THE COURT: Thank you. You may step down.

THE WITNESS: Thank you, Your Honor.

THE COURT: Mr. Hancock, that conclude your testimony?

MR. HANCOCK: Your Honor, it does. We don't have further witnesses.

THE COURT: Mr. Darby, Mr. Black, you all anticipate calling any witnesses?

MR. DARBY: We don't think so, Your Honor. Could we just take two minutes to confer?

THE COURT: Sure.

MR. DARBY: Thanks.

THE COURT: Mr. Black?

MR. BLACK: Your Honor, we rest.

THE COURT: Thank you.

MR. HALL: Intervener rests.

THE COURT: Thank you, Mr. Hall. My thought would be, maybe take a short lunch break, let you all sort of collect what arguments you want to make and then come back and let you do that, unless you want to do it now. But if you do it now, it will be shorter than you want probably. So it's up to you all.

MR. DARBY: I think short's fine for us. We do have a housekeeping matter on a protective order that we need to try to work out among ourselves. If we don't we may have to submit a question to you.

THE COURT: Okay.

MR. HANCOCK: Your Honor, I don't mind being brief at closing. I think the Court understands the issues here, so I think we can be brief in closing.

THE COURT: I think I'd rather take the lunch break and review my notes and some of the documents, if that's acceptable to all. It's 12:35. There's not much around here, but what there is, choke it down. Let's come back at 1:30. Thank you.

(Recess)

THE COURT: ...it relates to the motion in the main case with respect to the cash management order that was entered. I think had a short lunch break or other break. So, Mr. Hancock, any closing remarks?

MR. HANCOCK: Thank you, Your Honor. Your Honor, I appreciate being here, haven't been to Birmingham much. We've enjoyed it. I think you have beautiful facilities here. Certainly -- well I better not say that, they're not compared to Houston. Your Honor, I think the evidence has been that Dominion owns an overriding royalty interest, certainly on a prima facie basis -- understand that the Court will need to look at it. You heard from Mr. Lattimer that he believes it's an overriding royalty interest. The conveyance on its face is an overriding royalty interest and I think if the Court reviews the case law as it relates to the attributes of an override, it will quickly get comfortable that it is indeed an overriding royalty interest.

I think the evidence has demonstrated that Dominion really had no notice of the cash management motion, didn't have an opportunity to present evidence, that the debtor filed the cash management motion without considering the nature of Dominions interest, at least, based on Mr. Harvey's testimony. He -- in fact, Dominion was essentially treated like a pre-petition unsecured creditor when we have urged that it certainly isn't. That it's an owner of royalty interest and not a creditor, until of course if its production proceeds is taken. Then it would be a creditor, but only then.

Mr. Harvey really has no experience managing oil and gas assets. It had no knowledge regarding the nature of

Dominion's interest and just no frame of reference for, to make an informed decision regarding whether the cash management procedures that are set forth in the motion, in the order that was ultimately entered or appropriate under the circumstances. You heard from Mr. Lattimer that it is entirely appropriate to segregate royalties in certain circumstances and I think if the Court, you know, thinks about it and considers the issues that it'll probably conclude that it doesn't absolutely have to segregate royalty interest in every bankruptcy case.

But if there's not an order in place or some mechanism in place to protect royalty owners interest in those production proceeds then it absolutely is appropriate to segregate those monies to ensure that other parties aren't being granted rights in the funds. And as we argue that the proceeds are not property of the estate. Mr. Lattimer testified that there's certainly commonly viewed in the industry as not being property of the operator of or any other interest owner other than the holder's royalties in an oil and gas lease.

We don't believe the Court was adequately informed regarding the nature of these interests in connection with this consideration of the cash management motion. The evidence was that it, based on the bank statements that the production of proceeds attributable to June production are still in Walter Blacks bank account. It's -- Mr. Harvey testified that he didn't know whether those funds had been swept. But certainly

based on the accounts it still appears that they're there and there's really no evidence it was put on by the debtor that it does not have the ability to locate the production proceeds that were swept from the Black Warrior account.

So it is our view that the Court ought to order the segregation of those funds that are attributable to April, May and June production. And in the context of, you know, ordering, we've asked the Court and I think it's appropriate for the Court to order, once it gets comfortable regarding the nature of our interest, that the debtor should be required to distribute a proportionate share of production proceeds going forward in the ordinary course pursuant to the conveyance because the proceeds are not property of the estate. The evidence is that there is another payment of production proceeds that would be made from Alabama Gas Company on August 25th and of course on months coming up in the future. So we also believe it's appropriate that monies being paid in the future ought to be segregated, in addition, to the funds that relate to April, May and June production months.

I think the evidence is clear that the production of proceeds that are paid by Alabama Gas Company are in the ordinary course segregated, such that you can look at the royalty distribution statements that are Exhibits 8 through 10 and you can clearly see, based on the royalty calculation what portion of those funds are attributable to Dominions interest

and that those funds are identifiable when they are paid to the debtor. That is important with respect to our potential rights and remedies in the event the debtor cannot locate the production proceeds that were swept from April and June production.

In connection with the cash management motion the debtor seems to be saying repeatedly that it did something pre-petition and it's trying to do it the same way now and -- or it is doing it the same way now and that's appropriate. But our view is that it is not appropriate. That just because the debtor is handling proceeds a particular way pre-petition does not in any way, or it shouldn't inform the Court's judgment on what is appropriate to do post-petition. And if the Court finds its segregation is appropriate to protect the rights of royalty owners like Dominion, then it's entirely appropriate.

The current, currently under the cash management order we do believe that the debtor is being granted greater rights to Dominion's production proceeds and it's entitled to, under applicable law, we don't think that conduct should continue to be authorized. As a result the order should be amended. We are concerned also that there could be some type of res judicata effect associated with the cash management order if it is not amended. I understand that comments were made by Mr. Darby on August 3rd suggesting that the debtor did not view that order as being a final order in the case, but I

do not know if the debtor can stipulate with respect to res judicata. It's an issue of law and has effect as a matter of law, so I don't know that Mr. Darby's comments on that hold water.

I think it's also apparent based on the motions that there are the objections that have been filed by the debtor that -- and based on the testimony today, that it has certainly treated the production of proceeds improperly in Dominion's view and based on their objection that they continue, they will continue to not distribute production proceeds or segregate them unless the Court intervenes. And on that basis we believe it's imperative that the Court intervenes to protect Dominion's interest in this matter. We believe that in addition to the cash management orders amendment, we believe the evidence does support the issuance of a temporary restraining order.

We believe that there is a very strong likelihood of success in connection with this matter. We cited a number of our cases, a number of cases in connection with our briefing. Locke v. Locke, Nelson v. Teal, Dauphin and Vines v. McKenzie that we believe support clearly the notion that rights, mineral rights and related rights under oil and gas leases are real rights, real property rights under Alabama law.

And apart from that, if the Court, when the Court finds time or if it finds time to examine the Alabama statute that we've cited, I think the Court will see that an interest

owner is defined as a person owning a royalty interest or a working interest in an oil and gas well or unit. It contemplates distribution of proceeds derived from the sale of gas that will be paid to the persons legally entitled thereto. It also refers, later in the statute to the legal owners of production, again, referring to those entitled to receive their proportionate share of production.

And it talks about distributing production to folks with interest that are legally recognized under real property law as it relates to Title 2 oil and gas interest. That type of language is entirely consistent with our interpretation of the case law which provides that these interests are real property interest. They're not just contract rights as alleged by the Steering Committee and the debtors.

As I mentioned in my opening, the notion that because Alabama is a non-ownership theory state that there can't be a real property interest in oil and gas lease. That we do not believe that that's an accurate characterization of the law and, again, I -- if the Court would like further briefing on that we'd like to provide it. We certainly haven't had time from the time the objection was filed to brief that.

I do believe we have shown irreparable harm. I think that a claim for money damages, which is essentially what would be -- we would be left with if our production proceeds for April, May and June are not segregated, that that is not

adequate protection for an interest in property in a bankruptcy case. Oil and gas leases by their nature are depleting assets. Every time hydrocarbons are produced there's less hydrocarbons in the ground to be distributed in the future. So a trade off for some one taking your production proceeds in exchange for a money claim, whether administrative claim or otherwise in a bankruptcy case is just, is not a fair trade from our perspective. Apart from that, you heard the testimony from Mr. Hooper regarding the potential termination of the trust if the expenses, the expense ratio gets out of proportion. It's certainly headed in that direction.

The debtors have suggested that there's not -- irreparable harm is not likely, but if you read their objection, what they clearly say is they're not going pay production proceeds. They're not going to segregate it and their position is that our royalty interest is their property. So the notion that harm isn't likely, it just doesn't make sense, Your Honor. Aside from the termination issue, this matter and the fact that our royalty interest is being threatened directly affects the value of the units and the trust which are publically traded and if those units go below a certain value then the units can be delisted from the exchange that they're on.

I think that the Court's analysis regarding the factors associated with the issuance of a temporary restraining

order are going to depend on its assessment of this interest. I think each factor flows from the Court's assessment of the nature and character of this interest. If the Court finds that it's a real property interest and we have the superior interest to production proceeds, then there's no hardship on the debtor in causing them to comply with applicable law and distribute those proceeds with us. There's certainly a public interest in protecting the rights of third parties in the context of bankruptcy cases. And the likelihood of success of course, would also be satisfied.

So I think that our view of the world is that we have put on a case sufficient to support the issuance of a temporary restraining order, in addition to the amendment of the cash management order. And that's all I have, Your Honor, unless you have further questions.

THE COURT: I have one question, Mr. Hancock. I obviously have not read every line, of every paragraph, of every page, of every exhibit that has been submitted. But with respect to the ones that you submitted, they are highlighted and tabbed, and I can assure you I have read the highlighted and tabbed parts. Did I miss somewhere in the contracts that there was a requirement that the debtors segregate these funds?

MR. HANCOCK: You did not miss it, Your Honor, and it's not there. There was no contractual requirement to segregate funds.

THE COURT: Thank you.

MR. HANCOCK: Yes, ma'am.

MR. DARBY: Thank you, Your Honor, Patrick Darby for the debtors. I'm not going to go into our legal arguments because I think they're set forth in our briefs, so I'd be happy to take questions, but I'm not going to walk through all that again. We obviously disagree on the legal characterizations in the plaintiff's argument. I just want to point out a couple of evidentiary points that came out today.

The contract does not require segregation. The contract contemplates the payment system we have which is commingled from the beginning. We send one invoice, so there's commingling in the invoice. That's Exhibit 12. We get one payment. We get one payment for wells covered by this trust, for wells not covered by this trust. It comes into the bank account. It's commingled when it comes in. It's Exhibit 29. That's Account 8671 I believe.

It's swept to -- well while it's in that account it's commingled with other funds, interest funds and we get payments from Conoco that are reflected on the bank statements. It's then swept into Account 8630 and after that the testimony is clear is it gets commingled with funds from all sorts of sources, goes everywhere throughout the corporate chain. Nobody can trace it.

Is that prudent? I think the testimony on what a

prudent operator would do is unavailing because as the Court's pointed out there's been no changed. That's what we did before. That's what Dominion did when it set this deal up with itself. The corporation put these assets in the trust and Dominion Inc. entered into this arrangement with the Dominion Trust. We are the successor to that. Nothing has changed. It was not segregated pre-petition. It's not segregated post-petition.

The ability to trace the funds from the proceeds of separate wells is not a segregation, it's just an ability to account for the size of their claim, but it's not a segregation. Money is fungible and we understand why Dominion doesn't want their funds commingled because the commingling, in fact, defeats the ultimate relief they seek in this adversary proceeding. That's our position, so we understand why it's an issue, but it is not the type of immediate irreparable harm that TRO practice is designed to address.

There are negative fallouts from this bankruptcy case for everyone, the debtors, our employees, our creditors, our trade vendors, our secured lenders. Everyone is suffering and you don't get a TRO to hold your client harmless from what happens in the ordinary course when a bankruptcy is filed.

Finally, Your Honor, one issue, the evidence only shows that the payment from July was there as of the date of the bank statement. There's no evidence that it is still there

and, in fact, it's not. This is not in evidence, but I represent to the Court that it's been swept and moved, but there is no evidence in front of this court that the money is sitting there in the segregated account today.

Finally, Your Honor, we objected to the expert testimony. Court let it in, but we just feel that what is the common view of the industry of how arrangements like this one are supposed to work has nothing to do with how this one works. This is its own particular arrangement. It's controlled and dictated by the language in our documents and all the things that Mr. Lattimer said about how this is supposed to work are not relevant to how ours work and to the extent it is, it's not a proper use of an expert to come here and give an expert opinion on how this Court should rule on legal issues. Those are -- legal issues are for the Court to decide.

So we think that the evidence does not support the extraordinary relief that the plaintiff faces. They are trying to change the status quo, not preserve it. They have a very heavy burden of proving all the elements of a TRO. We don't think they've met them. We reserve our rights in all legal issues pending a final determination on this matter, but unless the Court has questions, I'll leave it there.

THE COURT: One question, Mr. Darby, if you know, are there other similarly situated holders of overriding royalty interest?

MR. DARBY: Not that we're aware of. I can't swear to it. As the Court has pointed out, we haven't even finished our schedules yet and we're working fiercely on that. This is certainly the largest one we have. We have heard comments by others that they have a similar arrangement. We don't think so, but for now, it's the only one I can affirmatively represent to the Court that we have. There may be another one I don't know about, but we -- I haven't seen another one yet.

THE COURT: Thank you, Mr. Darby.

MR. HALL: Mike Hall for the Steering Committee. Mr. Lattimer was right at least about one thing, the results in this case ultimately depends on the language in the documents and Alabama law. As the briefs, whatever you want to call them, filed in this case have shown, Alabama law is certainly far different than the Texas law Mr. Lattimer is used to. I believe that all of the testimony today was beside the point and irrelevant to the proceedings at hand except for the statements -- the testimony about the accounts.

This document provides that DOM is entitled to, quote, a sum equal to, close quote, and then there's a formula about the payments. We've shown under Alabama law that DOM is not -- does not have an interest in gas in the ground, it does not have an interest in gas out of the ground and it does not have an interest in the payment stream.

When this document was originally negotiated, DOM was

on both sides of the transaction. DOM could label this document -- this transaction anything it wanted because it was DOM shaking hands with DOM. It chose to call it a conveyance. They very much want it to be a conveyance. To use a well worn analogy, they want it to be a duck but this duck speaks moo.

Thank you.

MR. BENTON: Your Honor, I'm not sure if I'm quacking or mooing because I didn't follow that but be that as it may it was humorous. It seems to me the commingling or the earlier requirement segregation is really not of moment. And I say that for this reason, if the funds are there, the funds can be segregated. They can be calculated and segregated.

If the funds are owned by way of a resulting trust, by one or more of the royalty or overriding royalty interests, then the simple fact that the money has been commingled begs the question. They are monies that belong to a third party. Not owed to, belong to a third party.

And I think that's a far different distinction than, yeah, I sold you some gas and you owe me for it. No. I own part of the gas that you sold and I have a resulting trust in the funds you received. Just as the example I gave in opening, that wife or husband of a cotenant -- or a tenancy in common, upon sale, owns that other one half interest. Trustee doesn't owe her a contract claim for that, she owns it or he owns it.

Just as here the landowner -- the royalty interest

owner, owns it and has a resulting trust in those proceeds. Whether they are identifiable, okay, maybe I can sue them for conversion, maybe I cannot. That's a horse for a different date. But right now, those funds can be segregated, set aside, certainly on a go-forward basis. And my interest -- I've got money that's come due to my -- day after of tomorrow on behalf of Ramsay McCormack.

They're supposed to be paid monthly not quarterly. Not November. Day after tomorrow. And those are monies that we own respectfully, three-sixteenths of.

One final point, what's the harm in segregating it? What's the big deal? At least until we have a trial on the merits of this. This is a TRO. If you're weighing the interests of the parties and who gets harmed and who doesn't, it seems to me the royalty interests, their harm to them far outweighs that of this debtor much less the steering committee who just wants to ride their coattails and come in and say, oh, by the way, that's my security interest.

The steering committee is called a steering committee because in fact they're steering the debtor. That's been brought to the Court's attention and will be argued September 2nd, I think. That argument aside, here we've got an ownership interest and I'm not asking you today to decide yes, Ramsay McCormack owns that. Yes, Dominion owns that. But I think there's been enough evidence put on, enough law cited to say,

you know, it's a close call. Maybe they're supposed to win. I think likely they are. And what's the harm in segregating the money to the debtor?

There's a huge harm from the royalty interest owners. There's no harm to the debtor that's been explained or cited at all. Thank you.

THE COURT: Mr. Darby, you care to respond to his argument that there's no harm to the debtor in segregating the money even if they don't get the money?

MR. DARBY: Well, we have proposed that and it's just the debtor speaking, I don't speak for any other parties but when future payments come in, we could leave them in 8671. We've offered to do that.

What we can't do is go get back the money that's already gone. And we can't pay it to them. So that's the real issue for us.

MR. BENTON: Do I hear consent then to my request?

MR. DARBY: You do not. I'm answering the judge's question.

THE COURT: Well, let's be clear about what it is you're offering then. Because I'm not clear. Now we have basically three parties here today. I only heard testimony really as to one of those three but there are three parties --

MR. BENTON: Yes, ma'am.

THE COURT: Mr. Benton represents two separately from

the third that he's involved with --

MR. BENTON: That's right.

THE COURT: -- which is Mr. Hancock's client. So explain to me I think in a little more detail what it is you're suggesting --

MR. DARBY: Here's --

THE COURT: -- in response to my question.

MR. DARBY: Here's what I'm saying. First of all, the two parties that joined in the motion to amend the cash collateral order are not part of this AP or TRO proceeding.

THE COURT: That's true.

MR. DARBY: So I don't owe -- offer them anything in the context of the AP. Secondly, I still maintain that any change to our cash management order is improper procedurally and that if they want an injunction to force us to change prior practice, they need to ask for an injunction.

Secondly, within the AP, I am not consenting on behalf of myself or certainly on behalf of the other parties here. I am telling the Court it would be possible if so ordered. I admit to the Court if we were ordered to keep the money in 8671 and not move it, we can do that.

THE COURT: But that would be as to proceeds that come in starting with the 25th of August?

MR. DARBY: Correct. And the commingling issue would still be there. They wait -- they want to reserve their

rights, that's fine. I reserve my rights too. But certainly, when the next payment comes in and hits 8671, it -- yes, it stay there. That's possible.

THE COURT: Okay.

MR. DARBY: We could do that.

THE COURT: Thank you. Mr. Hall?

MR. HALL: Yes. To the extent it matters, I disagree with Mr. Darby. I do not think that any money here is due to be segregated and we never participated in any agreement or offer.

THE COURT: Thank you. Anything else, Mr. Hancock? You're the plaintiff. You get a chance to reply. I think -- I think they are -- they're done.

MR. HANCOCK: Your Honor, I don't have anything further.

THE COURT: Thank you. First, to the extent that everybody has worked countless hours, all hours, I'm sure of the weekend, of nights, I know how much time I've invested and I assume that that is only a very, very small fraction of what all of you have invested for this to move at the fast pace that it has moved.

So, to the extent that you have all done that and met deadlines, I very much appreciate it. I appreciate all the information in the notebooks and everything that was provided to me in a timely fashion so that I could review everything

before a very expedited hearing, not once but twice.

I have reviewed most everything that I could. As I noted to Mr. Hancock, I certainly have not read every line of every paragraph of every page but I have done a good bit. I've done some research on my own separate and apart from that which you all have provided.

With respect to the motion to -- I think it was actually titled a motion to reconsider and then there's more to the title, I don't remember the exact -- I had it here but now I've misplaced it. Thank you. I think it was a motion to reconsider on a limited basis the cash management order filed by Dominion.

I think essentially I have granted the motion in part in that I have reconsidered or rethought or looked at again the debtor's motion for cash management. And I think that's been done in that it was set for a final hearing today, I have allowed testimony, evidence and argument with respect to that motion. So in my view, the movant got part of what it wanted which was I did relook at, revisit and reconsider whether or not that motion was appropriate.

Having now heard testimony and evidence, I have not heard anything today that would change the outcome of that motion. For those of you that were present that day or those of you who are present typically on my first day motions in many Chapter 11s over the years, it is generally my goal on

that first day -- or the first day or so, to basically, as Mr. Darby says, maintain the status quo to make sure that nothing drastic happens and that the debtor stays afloat long enough to get its act together and to figure out what it's going to do on a go forward basis. Whether that is to reorganize, repay or do something different.

So to the extent that this motion is filed, I have reconsidered the motion to alter or amend but to the extent the motion asks me to alter or amend the order granting the debtor's motion on cash management, that request is denied and there will be no changes to the cash management order. And Mr. Darby will submit a proposed order on this ruling.

With respect to the TRO, it is not unusual for this Court to have to face balancing issues. Happens every day. The difference in this case is probably the number of zeros involved and perhaps the sophistication and intelligence of the lawyers and counsel that are present and have participated as well as their representatives and witnesses.

I heard the testimony of Mr. Hooper. I understand he is familiar with what has gone on. I understand that Mr. Harvey perhaps is not as familiar with the day-to-day operations of every nook and cranny of Walter Energy that perhaps some might have thought he would have been, but never having been a CEO or a CFO of a company the size of Walter Energy, I have no idea as to what I would know on a day-to-day

basis either. But I suspect no one person can know everything about any entity the size of Walter Energy with all the related entities and debtors that are a part of this case.

So I did not hear any testimony or evidence from either of them that changed or altered my view of where we are. I allowed the testimony of Mr. Lattimer because I wanted the plaintiff every opportunity to convince me of what they were seeking. And I felt it was important to give them every opportunity.

The one thing that's a little troubling to me is clearly there was a first day order with respect to the overriding royalty interests in the ATP, is it -- ATP? And I think it also included some MPIs and other stuff but I discovered on my own and already knew about actually, that there was ongoing and subsequent litigation with respect to those overriding royalty interests.

A little disconcerting to me that during the hearing today nobody alluded to the fact that there is a dispute ongoing in the Southern District of Texas as to those overriding royalty interests. It appears to me that the overriding royalty interest in that case are not the same as these. They have different characteristics and different tones and so I don't know that the rulings there are necessarily helpful here and also, of course, that's taking place in Texas although there's an issue as to whether governed by federal law

or Louisiana law and other things so I don't know that there's any overlap or any assistance for that court or this Court with respect to the fact that we may have similar issues that are being raised.

But I was a little disturbed, I guess, by the fact that nobody disclosed that to me although I was aware of it.

With respect to the TRO and the first prong that the plaintiff must prove, a substantial likelihood of success on the merits, I'm not convinced. My view is that at least at this point, which is very preliminary, very early on in the case, I am not convinced that the plaintiff will eventually prevail on their view of the law and the rights of the overriding royalty interest held by Dominion.

I understand the second element and why the plaintiff brought the TRO. And I certainly find no fault with them for bringing the TRO. I think I'm -- perhaps suggested it at the first hearing on August 3rd and I think it was the right procedural avenue for them to pursue and certainly all of us are more familiar with the rights and the positions of all the parties as a result of this AP and this TRO.

I understand Dominion's efforts and the possible irreparable injury to Dominion and its interest holders if I do not grant the TRO. That's clear to me. I understand that. I understand the termination clause. I understand the interest -- interest holders in Dominion who, if they don't receive

their distribution, they are harmed. I understand that the trust itself has no money to pay its expenses. I understand all of that.

The problem is Prong 3 for the plaintiff. Whether or not that potential injury outweighs the potential harm of imposing the injunction. And that -- I think that element is the biggest problem for me. Which is, that somebody wants me in the third week or so of this case -- maybe the fourth week, to impose segregation of funds and/or payment of funds on this debtor when there are no schedules filed, no 341 that's been held, the committee is maybe two weeks old, we're all sort of floundering in the dark at this point in this case and my concern is, I don't think that I can know, as I sit here today, what all of the potential injuries might be to this debtor and its related entities, to the committee, to various other stakeholders including unions, pensions, employees, vendor creditors, there are probably numerous -- we had one this morning, we don't know how many litigants and plaintiffs there are out there with causes of actions these various entities, some of which may be covered by the workman's comp and other things but there are probably lots more that are not.

Given the size of these entities, there's no telling how many personal injury and wrongful death type claims are out there until we know more. I can't know all of the potential injury that may be caused to say nothing of the fact that you

all are asking me to rule on what could be a very important issue with respect to oil and gas rights in the State of Alabama on a very shortened notice, very shortened period with a very abbreviated hearing and it's not like you're asking me to interpret bankruptcy law, you are not.

You're asking me to interpret state law and the cases in Alabama are a little bit here and there although I think -- I come down on the one that seems to favor the defendant or the debtor here as opposed to the plaintiff but I can't see that the harm to Dominion outweighs all of the exponential potential harm to the debtor, the debtor related entities and all of the creditors of the debtor, many of whom are not here and not represented and did not get notice of this adversary proceeding and no opportunity to participate in the adversary proceeding.

And finally, the fourth element, not adverse to public interest, well certainly anything I do that impacts the ability of these entities -- these debtor entities to go forward, to reorganize, to restructure, to repay or to stay open and operating, anything I do to interfere with that is adverse to the public interest in this community. These are very large companies. They have a huge impact on the public in this community as well as others. I can't even assess what the adverse affect to the public interest might be at this early stage.

So, given all of the foregoing, I'm going to deny the

request for the preliminary injunction of the temporary restraining order. Mr. Darby is going to submit that proposed order as well -- Mr. Hancock, how do you want to proceed with your adversary proceeding? Do you want it set for a status conference at some point in the future so that you all can pursue this further or perhaps you all want to consider some other avenue?

MR. HANCOCK: Your Honor, it would probably make sense to set a status conference. Obviously I would want to confer with my client and decide how we'd like to proceed. But I think at this point it would make sense to at least schedule a conference too so that we can announce with the Court how we intend to proceed.

THE COURT: How far out do you want me to go? I think there's September 2nd, September --

MR. BENTON: Your Honor, if I'm not mistaken it -- pardon me for interrupting -- but I thought that the pretrial had been scheduled.

THE COURT: It probably has.

MR. BENTON: And I think it's September --

THE COURT: Probably the 29th?

MR. BENTON: -- 27th, 29th, something like that.

THE COURT: Probably toward the end of the month.

MR. BENTON: Came out with the summons.

THE COURT: It would have.

MR. HANCOCK: We could just keep that date, Your Honor, if that works for the Court.

THE COURT: We'll look and see.

MR. BENTON: Probably correct.

THE COURT: September the 29th at --

COURT CLERK: Ten.

THE COURT: -- ten o'clock for a status conference only at that point. Anything else that we need to take up in the adversary proceeding this afternoon? Mr. Walding?

MR. WALDING: Your Honor, I represent Alagasco. I think there was an -- it was eluded to in the submission of the exhibits that there would forthcoming a request for a protective order. I think there was a confidentiality agreement regarding one particular contract in general.

THE COURT: Mr. Darby mentioned earlier that there was some dispute as to a protection order.

UNIDENTIFIED ATTORNEY: Yes.

MR. WALDING: From our standpoint, Mr. Darby had mentioned that earlier to me but we haven't had an opportunity to look at that or confer about it. My strong preference would be to look at it and confer and get back to him. Come back to the Court if we need intervention.

MR. DARBY: That's fine, Your Honor. We have an obligation to Alabama Gas to produce it only the subject to a protective order. Now, given the time exigencies we went ahead

and gave it to them with an informal understanding that it would be treated as confidential and would be the subject of a protective order. There's been some back and forth about the terms of protective order and frankly, I've lost track. I would like to -- for us to try to resolve that consensually and if there is a dispute we can't resolve, we'll submit it to Your Honor and Your Honor can enter whatever order you'd like.

But, I'm fine with putting it off if Mr. Walding is okay with that but I do need -- we do need to continue our informal agreement that we're going to keep -- not use it for any purpose outside today's hearing until such time as we get that protective order entered.

THE COURT: Any problem with that, Mr. Hancock?

MR. HANCOCK: No, Your Honor.

THE COURT: Mr. Walding, that agreeable to you?

MR. WALDING: Yes, Your Honor.

THE COURT: Thank you. Anything else?

MR. DARBY: Your Honor --

THE COURT: Mr. Darby?

MR. DARBY: Yes. Mr. Hall raises a good point. Mr. --

UNIDENTIFIED SPEAKER: Black.

MR. DARBY: -- Black --

(Laughter)

MR. DARBY: That's just as well. We would, if

possible --

THE COURT: They didn't sit in the same part of the bus.

(Laughter)

MR. DARBY: To give effect to what we just agreed to, we would not like it posted on a website or published publically if that's possible.

THE COURT: In terms of the hearing today, or --

MR. DARBY: The --

THE COURT: It is my common practice to docket hearings but if you all -- if there's a request that I not docket a hearing, than I don't.

MR. WALDING: There was no testimony about the substance of the Alagasco contract that I think is the real concern with regard to confidentiality. I think the only -- what Mr. Darby's alluding to is if the Court's practice is to file the exhibits that were submitted publically --

THE COURT: No.

MR. WALDING: -- we would ask there be -- that one be filed under seal.

THE COURT: I -- we don't file -- I don't scan or put into the ECF system any documents but it is my routine practice to docket hearings which that would be my normal course to docket the hearing from this morning in the main case and then docket the rest of the hearing from the AP as well in the AP.

MR. DARBY: I don't view that as any kind of problem.

MR. WALDING: And it is my understanding, Your Honor, that the contract question was never submitted as -- in it's --

MR. DARBY: I don't think it was ever --

MR. WALDING: -- in its totality, I think that there was a placeholder document referencing the confidentiality agreement. So to my knowledge it's not a public record.

THE COURT: Okay. Anything else?

(No audible response)

THE COURT: Thank you all very much.

UNIDENTIFIED ATTORNEY: Thank you, Your Honor.

UNIDENTIFIED ATTORNEY: Thank you.

* * * * *

C E R T I F I C A T I O N

We, ANDREA FOY, ELAINE HOWELL, JOY BRENNAN, ANNE MARIE DeANGELO, and CINDY POST, court approved transcribers, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of our ability.

/s/ Andrea Foy

ANDREA FOY

/s/ Elaine Howell

ELAINE HOWELL

/s/ Joy Brennan

JOY BRENNAN

/s/ Annemarie DeAngelo

ANNEMARIE DeANGELO

/s/ Cindy Post

CINDY POST

J&J COURT TRANSCRIBERS, INC. DATE: August 20, 2015

FILED
2015 Sep-24 PM 01:53
U.S. DISTRICT COURT
N.D. OF ALABAMA

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re:	Chapter 11
WALTER ENERGY, INC., *et al.*,[1]	Case No. 15-02741-TOM11
Debtors.	Jointly Administered

ORDER GRANTING IN LIMITED PART AND DENYING THE REMAINDER OF THE EMERGENCY MOTION OF DOMINION RESOURCES BLACK WARRIOR TRUST TO RECONSIDER, ON A LIMITED BASIS, THE CASH MANAGEMENT ORDER

This matter came before the Court on the *Emergency Motion by Dominion Resources Black Warrior Trust to Reconsider, on a Limited Basis, the Cash Management Order* [Docket No. 239] (the "Motion") and the Debtors' Objection to Emergency Motion by Dominion Resources Black Warrior Trust to Reconsider, on a Limited Basis, the Cash Management Order [Docket No. 466] (the "Objection"). Ramsay McCormack Land Co. Inc. joined the Motion [Docket No. 244] (the "Motion Joinders"). Joinders to the Objection were filed by the Steering Committee [Docket No. 467] and the Official Committee of Unsecured Creditors (the "Committee")[Docket No. 469] (collectively the "Objection Joinders").

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Walter Energy, Inc. (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); J.W. Walter, Inc. (0648); Jefferson Warrior Railroad Company, Inc. (3200); Jim Walter Homes, LLC (4589); Jim Walter Resources, Inc. (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); Walter Black Warrior Basin LLC (5973); Walter Coke, Inc. (9791); Walter Energy Holdings, LLC (1596); Walter Exploration & Production LLC (5786); Walter Home Improvement, Inc. (1633); Walter Land Company (7709); Walter Minerals, Inc. (9714); and Walter Natural Gas, LLC (1198). The location of the Debtors' corporate headquarters is 3000 Riverchase Galleria, Suite 1700, Birmingham, Alabama 35244-2359.

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EXHIBIT F

Upon due consideration of the Motion, the Objection, the Motion Joinder and the Objection Joinders, all other pleadings of record, the arguments and representations of counsel, the testimony of witnesses and the exhibits presented at hearings on August 3, 2015 and August 18, 2015, all other matters brought before the Court, and for the reasons stated on the record at the hearing on August 18, 2015, which are expressly incorporated herein by reference, the Court is of the opinion and finds that the Motion should be granted in limited part and denied as to the remainder as set forth below.

It is hereby **ORDERED** that:

1. The Motion and Motion Joinders are hereby **GRANTED** in limited part and only to the extent that the Court reconsidered the *Order (A) (I) Approving Continued Use of the Debtors' Existing Cash Management System; (II) Authorizing Use of Existing Bank Accounts and Checks; (III) Waiving the Requirements of 11 U.S.C. 345(b); (IV) Granting Administrative Expense Status to Certain Postpetition Intercompany Claims; and (V) Authorizing the Continuation of Certain Intercompany Transactions; and (B) Granting Related Relief* [Docket No. 60] (the "Cash Management Order"), and the relief provided therein;
2. All other relief requested in the Motion and Motion Joinders is hereby **DENIED** in its entirety (except as set forth in paragraph 1 above) including but not limited to the request that the Cash Management Order be in any way modified, altered, or amended.
3. The Objection and Objection Joinders are hereby **SUSTAINED** in their entirety except as set forth in paragraph 1 above; and

4. The Cash Management Order remains in full force and effect exactly as entered.

DONE AND ORDERED this the 24th day of August, 2015.

/s/ Tamara O. Mitchell
HONORABLE TAMARA O. MITCHELL
UNITED STATES BANKRUPTCY JUDGE

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aty	Patrick Darby	pdarby@babc.com
aty	Adrienne K Walker	awalker@mintz.com
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aty	Amber M. Whillock	awhillock@starneslaw.com
aty	Benjamin Shaw Goldman	bgoldman@handarendall.com
aty	Bill D Bensinger	bdbensinger@csattorneys.com
aty	Brian R Walding	bwalding@waldinglaw.com
aty	Cathleen C Moore	ccmoore@babc.com
aty	Charles Howard Moses, III	melissa@mosespc.com
aty	Clyde Ellis Brazeal, III	ebrazeal@joneswalker.com
aty	D Christopher Carson	ccarson@burr.com
aty	Daniel Pasky	dpasky@mcglinchey.com
aty	Daniel D Sparks	ddsparks@csattorneys.com
aty	Daniel D Sparks	ddsparks@csattorneys.com
aty	David S. Maxey	dsm@spain−gillon.com
aty	Edwin Bryan Nichols	bnichols@waldinglaw.com
aty	Eric L. Pruitt	epruitt@bakerdonelson.com
aty	Eric T Ray	eray@balch.com
aty	Frank A. Anderson	anderson.frank@pbgc.gov
aty	Frederick Mott Garfield	fmg@spain−gillon.com
aty	George N. Davies	gdavies@qcwdr.com
aty	Ginger D Cockrell	GINGERCOCKRELL@COMCAST.NET
aty	Glen Marshall Connor	gconnor@qcwdr.com
aty	Gregory Michael Taube	greg.taube@nelsonmullins.com
aty	Ira Dizengoff	idizengoff@akingump.com
aty	James Savin	jsavin@akingump.com
aty	James Blake Bailey	jbailey@babc.com
aty	James G Henderson	JamesH@pm−j.com
aty	Jamie Alisa Wilson	jwilson@bcattys.com
aty	Jay R. Bender	jbender@babc.com
aty	Jennifer Brooke Kimble	jkimble@rumberger.com
aty	Jesse S Vogtle, Jr	jvogtle@balch.com
aty	Joseph E. Bain	joseph.bain@tklaw.com
aty	Joy Beth Smith	joybeth@maxpopejr.com
aty	Kenneth Joe Wilson, Jr	kjwilson@wardwilsonlaw.com
aty	Lars A. Peterson	lapeterson@foley.com
aty	Leah M. Eisenberg	eisenberg.leah@arentfox.com
aty	Lee R. Benton	lbenton@bcattys.com
aty	Lindan J. Hill	lhill@gattorney.com
aty	Mark P. Williams	mpwilliams@nwkt.com
aty	Marvin E. Franklin	mfranklin@najjar.com
aty	Matthew M Cahill	mcahill@bakerdonelson.com
aty	Max C. Pope, Jr	max@maxpopejr.com
aty	Michael E Bybee	mbybee1@bellsouth.net
aty	Michael Leo Hall	mhall@burr.com
aty	Norman Matt Stockman	nstockman@handarendall.com
aty	Patricia Chen	patricia.chen@ropesgray.com
aty	R. Scott Williams	swilliams@rumberger.com
aty	Rachel L Webber	bknotice@rcslaw.com
aty	Robert A Morgan	rmorgan@rosenharwood.com
aty	Robert A Morgan	rmorgan@rosenharwood.com
aty	Samuel Stephens	sstephens@bcattys.com
aty	Shelley Bush Marmon	samarmon@cjmlaw.com
aty	Stephen B Porterfield	sporterfield@sirote.com
aty	Susan Reid Sherrill−Beard	sherrill−beards@sec.gov
aty	Tye C. Hancock	tye.hancock@tklaw.com
aty	Walter F McArdle	wfm@spain−gillon.com
aty	William W Kannel	wkannel@mintz.com
aty	William (Will) Lee Thuston, Jr.	wlt@csattorneys.com

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Recipients submitted to the BNC (Bankruptcy Noticing Center):

db Walter Energy, Inc., et al. 3000 Riverchase Galleria Suite 1700 Birmingham, AL 35244−2359
cr WHH Real Estate, LLC c/o Daniel D. Sparks 505 20th Street North Suite 1800 Birmingham, AL 35203
cr Cowin & Company, Inc. c/o Daniel D. Sparks 505 20th Street North Suite 1800 Birmingham, AL 35203
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ba J. Thomas Corbett Bankruptcy Administrator 1800 5th Avenue North Birmingham, AL 35203
cr United Mine Workers of America c/o Sharon L. Levine Lowenstein Sandler, LLP 65 Livingston Avenue & 6 Becker Farm Rd Roseland, NJ 07068
intp Steering Committee c/o Akin Gump Strauss Hauer & Feld LLP One Bryant Park Bank of America Tower New York, NY 10036−6745
intp Wilmington Trust, National Association Corporate Capital Markets 50 South Sixth Street Ste 1290 Minneapolis, MN 55402
intp Scott Greissman White & Case LLP 1155 Avenue of the Americas New York, NY 10036
cr Alabama State Port Authority c/o Benjamin S. Goldman, Esquire 2001 Park Place North Suite 1200 Birmingham, AL 35203
cr Thompson Tractor Co., Inc. c/o Benjamin S. Goldman, Esquire 2001 Park Place North Suite 1200 Birmingham, AL 35203 UNITED STATES
cr Parker Towing Company, Inc. c/o Benjamin S. Goldman, Esquire 2001 Park Place North Suite 1200 Birmingham, AL 35203 UNITED STATES
cr RGGS Land & Minerals, LTD., L.P. c/o Robert A. morgan ROSN HARWOOD, kPA 2200 Jack Warner Parkway, Suite 200 P. O. Box 2727 Tuscaloosa, AL 35403−2727
cr Birmingham Rail & Locomotive, Co., Inc. Lindan J. Hill 600 University Park Place Suite 100 Birmingham, AL 35209
cr Arch Insurance Company c/o C. Ellis Brazeal III Jones Walker LLP 1819 5th Avenue North Suite 1100 Birmingham, AL 35203
cr Aspen American Insurance Company c/o C. Ellis Brazeal III Jones Walker LLP 1819 5th Avenue North Suite 1100 Birmingham, AL 35203
op Kurtzman Carson Consultants LLC Attn: James Le 2335 Alaska Ave. El Segundo, CA 90245
cr Shook and Fletcher Supply Company, Inc. c/o Stephen B. Porterfield Sirote & Permutt, P.C. 2311 Highland Avenue S. Birmingham, AL 35205
cr G. R. Harsh Sr., Real Estate Holdings, LLC c/o Milton Harsh 110 Malaga Avenue Homewood, AL 35209
intp Janine LaDouceur 264 Commerce Street Hawthorne, NY 10532
cr Hager Oil Company, Inc. c/o Marvin E. Franklin Najjar Denaburg, P.C. 2125 Morris Avenue Birmingham, AL 35116
cr S.E. Belcher, Jr. Private Foundation No. 3 c/o Jesse S. Vogtle, Jr. PO Box 306 Birmingham, AL 35201
cr CONSOLIDATED PIPE & SUPPLY CO., INC. c/o Marvin E. Franklin Najjar Denaburg, P.C. 2125 Morris Avenue Birmingham, AL 35203
cr Pension Benefit Guaranty Corporation 1200 K St., NW Washington, DC 20005
cr Automotive Rentals, Inc. c/o McGlinchey Stafford 10407 Centurion Pkwy. N. Suite 200 Jacksonville, FL 32256
cr Jefferson County Department of Health and/or Mark E. Wilson, MD 1400 Sixth Avenue South Birmingham, AL 35233
cr Wesley West Minerals, Ltd. c/o Robert A. Morgan ROSEN HARWOOD, PA 2200 Jack Warner Parkway, Suite 200 PO Box 2727 Tusclaoosa, AL 35403−2727
intp U.S. Securities and Exchange Commission Atlanta Regional Office 950 East Paces Ferry Road, N.E. Suite 900 Atlanta, GA 30326−1382
cr George M. Phillippi 4 Office Park Circle, Suite 313 Birmingham,, AL 35223
cr Appalachian Power Company d/b/a American Electric Power c/o Eric T. Ray, Esq. Post Office Box 306 Birmingham, AL 35201
intp Ramsay McCormack Land Co. Inc. c/o Lee R. Benton Benton & Centeno, LLP 2019 3rd Avenue North Birmingham, AL 35203
intp Dominion Resources Black Warrior Trust by and through its Trustee, Southwest Bank c/o Lee R. Benton Benton & Centeno, LLP 2019 3rd Avenue North Birmingham, AL 35203
cr Comerica Bank Balch & Bingham LLP PO Box 306 Birmingham, AL 35201
cr NATIONAL LABOR RELATIONS BOARD Region 10 Birmingham Resident Office 1130 22nd St S, Suite 3400 BIRMINGHAM, AL 35205 JEFFERSON
cr Frontier Enterprises Balch & Bingham LLP PO Box 306 Birmingham,, AL 35201
crcm Mayer Electric Supply Co., Inc. Attn: Mark J. Horn 3405 4th Avenue S Birmingham, AL 35222
crcm Cowin & Company, Inc. Attn: John Moore P. O. Box 19009 Birmingham, AL 35219−9009
crcm Delaware Trust Company, as Indenture Trustee Attn: Sandra E. Horwitz 2711 Centerville Road Wilmington, DE 19808
crcm UMWA 1974 Pension Plan and Trust Attn: David W. Allen 2121 K Street, N.W. Washington, DC 20037
crcm UMB Bank National Association Attn: Mark Flannagan 1010 Grand Blvd. Kansas City, MO 64106
crcm United Steelworkers Attn: David R. Jury 60 Boulevard of the Allies, Room 807 Pittsburgh, PA 15222
crcm Industrial Mining Supply Inc. Attn: Phillip Bradford 2500 Five Star Parkway Bessemer, AL 35020
crcm Hager Oil Company, Inc. Attn: Philip C. Grace P O Box 1429 Jasper, AL 35502−1429
crcm United Mine Workers of America Attn: Grant Crandall 18354 Quantico Gateway Drive, Suite 200 Triangle, VA 22172
crcm Carroll Engineering Co. Attn: Greg Wolfe 227 Industrial Park Dr Harlan, KY 40831

crcm Consolidated Pipe & Supply Co., Inc. Attn: Chris Harper 1205 Hilltop Parkway Birmingham, AL 35124
cr Michael Earl Carney 51140 Highway 13 Eldridge, AL 35554
cr Caterpillar Financial Services Corporation Baker, Donelson, Bearman, Caldwell & Berkowitz, PC 420 20th Street North Suite 1400 Birmingham, AL 35203
cr Sandvik Mining and Construction USA, LLC 201 17th Street NW Suite 1700 Atlanta, GA 30363
aty Rachel L Webber ROSEN HARWOOD, PA 2200 Jack Warner Parkway, Suite 200 Post Office Box 2727 Tuscaloosa, AL 35403–2727
crcm Pension Benefit Guaranty Corporation Attn: Michael Strollo 1200 K St. NW Washington, DC 20005
crcm Nelson Brothers LLC Attn: Jason K. Baker 820 Shades Creek Pkwy Ste 2000 Birmingham, AL 35209
intp Michael Bazley 651 "I" St Sacramento, CA 95814
intp GE Capital Information Technology Solutions, Inc f/d/b/a IKON Financial Services Bankruptcy Administration 1738 Bass Road P O Box 13708 Macon, GA 31208–3708
intp WHH Real Estate, LLC c/o Lee R. Benton Benton & Centeno, LLP 2019 3rd Avenue North Birmingham, AL 35203
cr Alabama Gas Corporaton c/o Brian R. Walding Walding LLC 2227 First Avenue South, Suite 100 Birmingham, AL 35233
cr Jewel D Chaney 2759 County Road 63 South Berry, AL 35546
intp Robert Makohin 73280 Shadow Mountain Dr Unit D Palm Desert, CA 92260
aty Amelia C. Joiner Morgan, Lewis & Bockius LLP One Federal St Boston, MA 02110–1726
aty Andrew I. Silfen Arent Fox PLLC 1675 Broadway New York, NY 10019
aty Beth Brownstein Arent Fox PLLC 1675 Broadway New York, NY 10019
aty Brett Miller MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty Charles L. Kerr MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty Crystal R. Axelrod Morgan, Lewis & Bockius LLP 1000 Louisiana Street, Suite 4000 Houston, TX 77002–5005
aty David R. Jury United Steelworkers Five Gateway Center Room 807 Pittsburgh, PA 15222
aty Erica J. Richards MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty Harold L. Kaplan 321 North Clark St Ste 2800 Chicago, IL 60654–5313
aty J. Alexander Lawrence MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty James A. Newton MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty Jennifer L. Marines MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty John C. Goodchild, III Morgan, Lewis & Bockius LLP 1701 Market Street Philadelphia, PA 19103–2921
aty John R. Mooney Mooney, Green, Saindon, Murphy & Welch, 1920 L Street NW Suite 400 Washington, DC 20036
aty Kristine Manoukian Akin Gump Strauss Hauer & Feld LLP One Bryant Park New York, NY 10036
aty Lorenzo Marinuzzi MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty Mark F. Hebbeln Foley & Lardner LLP 321 North Clark St Ste 2800 Chicago, IL 60654–5313
aty Mark R. Sommerstein Ropes & Gray LLP 1211 Avenue of the Americas New York, NY 10035–8704
aty Melissa Y. Boey Spain & Gillon LLC 101 Park Avenue New York, NY 10178–0060
aty Michael E. Collins Manier & Hood One Nashville Place 1500 Fourth Ave N Ste 2200 Nashville, TN 37219
aty Nicole M. Brown Lowenstein Sandler LLP 65 Livingston Avenue Roseland, NJ 07068
aty Paul Kizel Lowenstein Sandler LLP 65 Livingston Avenue Roseland, NJ 07068
aty Paul A. Green Mooney, Green, Saindon, Murphy & Welch, 1920 L Street NW Suite 400 Washington, DC 20036
aty Phillip J. Gross Lowenstein Sandler LLP 65 Livingston Avenue Roseland, NJ 07068
aty Rachel Jaffe Mauceri Morgan, Lewis & Bockius LLP 1701 Market Street Philadelphia, PA 19103–2921
aty Richard M Seltzer Cohen, Weiss & Simon LLP 330 West 42nd Street New York, NY 10036
aty Robert L. Paddock Thompson & Knight LLP 333 Clay Street Ste 3300 Houston, TX 77002
aty S. Jason Teele Lowenstein Sandler LLP 65 Livingston Avenue Roseland, NJ 07068
aty Sam H. Poteet, Jr. Manier & Hood One Nashville Place 1500 Fourth Ave N Ste 2200 Nashville, TN 37219
aty Samantha Martin MORRISON &FOERSTER LLP 250 West 55th Street New York, NY 10019–9601
aty Scott C. Williams Manier & Hood One Nashville Place 1500 Fourth Ave N Ste 2200 Nashville, TN 37219
aty Sharon L. Levine Lowenstein Sandler LLP 65 Livingston Avenue Roseland, NJ 07068
aty Thomas N Ciantra Cohen, Weiss & Simon LLP 330 West 42nd Street New York, NY 10036
smg Thomas Corbett BA Birmingham 1800 5th Avenue North Birmingham, AL 35203
smg Steering Committee c/o Akin Gump Strauss Hauer & Feld LLP One Bryant Park Bank of America Tower New York, NY 10036–6745

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