

EXHIBIT A



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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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(v)

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 NATIONS BANK 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 (66 $\frac{2}{3}$ %) 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 (66 $\frac{2}{3}$ %) 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
Linwood R. Robertson
Vice President - Finance and Treasurer

TRUSTOR:

DOMINION BLACK WARRIOR BASIN, INC.

By: G. E. Lake, Jr.
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

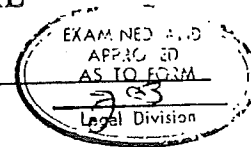
TRUSTOR:

DOMINION BLACK WARRIOR BASIN, INC.

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

DELAWARE TRUSTEE:
MELLON BANK (DE) NATIONAL
ASSOCIATION

By: Sandy S. McKenna
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.

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DOMINION RESOURCES, INC.

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

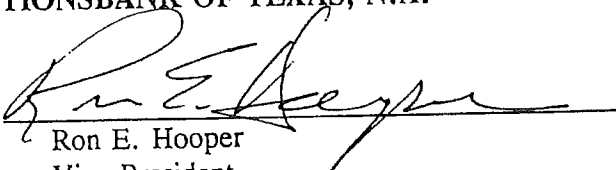
TRUSTOR:
DOMINION BLACK WARRIOR BASIN, INC.

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.

Blenda 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. Hutchinson
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 ^{she} ~~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 ^{she} ~~he~~ signed ^{her} ~~his~~ name thereto by like order.

Kathleen M. Agne
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

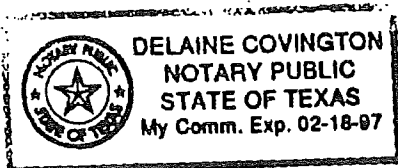
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COUNTY OF DALLAS

§

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

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 thereof 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

NATIONS BANK OF TEXAS, N.A.,
as Trustee

By

Authorized Signature

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	UNIF GIFT MIN ACT-----Custodian-----
TEN ENT	-as tenants by the entireties	(Cust) (Minor)
JT TEN	-as joint tenants with rights of survivorships and not as Tenants in Common	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.

**FIRST AMENDMENT
OF
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: June 27, 1994

**FIRST AMENDMENT
OF
TRUST AGREEMENT
OF
DOMINION RESOURCES BLACK WARRIOR TRUST**

This First Amendment, dated as of the 27th day of June, 1994, to the Trust Agreement (the "Agreement") of Dominion Resources Black Warrior Trust (the "Trust") 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, as trustor, DOMINION RESOURCES, INC., a Virginia corporation with its principal office in Richmond, Virginia, not as trustor but as sponsor and to evidence its agreements contained in the Agreement and this First Amendment, 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 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, as trustees, provides as follows:

1. Section 6.02(g) of the Agreement shall become Section 6.02(h) and the following shall be inserted as Section 6.02(g):

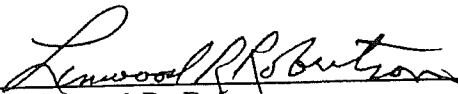
(g) Dominion Resources shall indemnify and hold harmless the Trust from and against any and all Expenses which the Trust may suffer or incur or to which the Trust may become subject as a result of or arising out of any assertion or determination that the Conveyance is void or voidable because of any failure of the Trust or Trustees to qualify to do business in the State of Alabama, it being understood that, notwithstanding any other provision hereof to the contrary, for purposes of the foregoing indemnity Expenses shall include, without limitation, all amounts paid or payable under the Conveyance assuming its enforceability notwithstanding any assertion or determination to the contrary. Nothing in this Section 6.02(g) shall be deemed to impose on the Trustees any obligation to qualify either the Trust or themselves to do business in the State of Alabama.

2. The parties hereto acknowledge that this First Amendment is deemed effective as of the 27th day of June, 1994 and has been entered into and executed prior to the Closing, as defined in the Agreement.

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

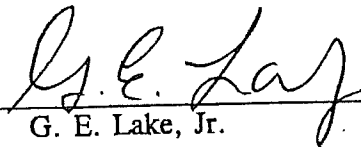
SPONSOR:

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 First Amendment 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

STATE OF NEW YORK

§
§
§

CITY OF NEW YORK

On the 28th day of June, 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.

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

Danelle Gager
Notary Public

My commission expires: June 15, 1995

ACKNOWLEDGEMENT

STATE OF NEW YORK

§
§
§

CITY OF NEW YORK

On the 28th day of June, 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.

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

Danelle Gager
Notary Public

My commission expires: June 15, 1995

ACKNOWLEDGEMENT

STATE OF

§

§

CITY OF

§

On the 28th day of June, 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 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 she signed her name thereto by like order.

Notary Public

My commission expires: _____

ACKNOWLEDGEMENT

STATE OF NEW YORK §

§

CITY OF NEW YORK §

On the 28th day of June, 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.

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

Danelle Gager
Notary Public

My commission expires: June 15, 1995

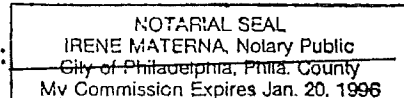
ACKNOWLEDGEMENT

STATE OF PENNSYLVANIA §
§
CITY OF PENNSYLVANIA §

On the 28th day of June, 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 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 she signed her name thereto by like order.

Irene Materna
Notary Public

My commission expires:



ACKNOWLEDGEMENT

STATE OF NEW YORK §
§
CITY OF NEW YORK §

On the 28th day of June, 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: _____

EXHIBIT B

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.

1181 644

Recorded in Above
DEED Book & Page

OVERRIDING ROYALTY CONVEYANCE 06/30/94 01:43:36 PM

W. Hardy McCollum - Probate Judge

DOMINION BLACK WARRIOR BASIN, INC., an Alabama Corporation, (as

signor"), 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.

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1181 PAGE 644

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.

ARTICLE I

Definitions

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W. Hardy McCollum - Probate Judge

Tuscaloosa County, Alabama

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.

"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.

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

"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.

"Gross Proceeds" means the amounts actually received by the Company Interests Owner as revenues from the sale of Subject Gas (determined before deduction of 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.

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H. H. McCallie, Property Judge
Tuscaloosa County, Alabama

"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.

"Proration Unit" means each parcel of land designated as ~~Setback~~ Proration 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.

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Setback Schedule A, but
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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

"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.

"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 Date subject to the qualifications set forth in Section 3.04(a).

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Tuscaloosa County, Alabama

"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.

ARTICLE II
Records and Reports

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

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.

ARTICLE III

Payment and Determination of Royalty Interests

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

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.

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 return 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

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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:

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

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W. Hardy McCollum - Probate Judge

Tuscaloosa County, Alabama

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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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

ARTICLE IV

Marketing of Subject Gas

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W. Hardy McCollum - Probate Judge

Tuscaloosa County, Alabama

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.

ARTICLE V

Non-Liability of Royalty Owner

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

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).

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

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W. Hardy McCollum - Probate Judge

Tuscaloosa County, Alabama

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.

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

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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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Tuscaloosa County, Alabama

ARTICLE VII

Pooling and Unitization

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W. Hardy McCollum - Probate Judge
Muscogee 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.

ARTICLE VIII
Government Regulation

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

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.

(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 leasehold interest or 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

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by H. Lee McCullough, Judge

Tuscaloosa County, Alabama

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.

9.04. *Change in Ownership.* No change of ownership or right to receive payment of amounts attributable to the Royalty Interests, or of any interest therein, shall be 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.

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

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

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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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Either party or the successors or assignees of the interest of either party hereunder may change its address or designate a new address 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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-23-

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

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.

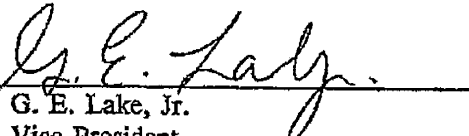
10.10. *Counterparts.* This Conveyance may be executed in a number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

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.

ASSIGNOR:

DOMINION BLACK WARRIOR BASIN, INC.

By:


G. E. Lake, Jr.
Vice President

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W. Hardy McCollum - Probate Judge
Tuscaloosa County, Alabama

ASSIGNEE:

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

By:

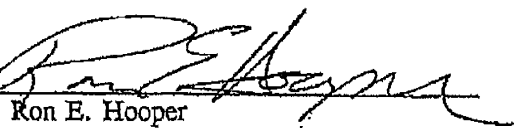

Ron E. Hooper
Vice President

EXHIBIT C

(Including Occluded Natural Gas Produced From Coal Seams)

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 5th day of October, 1990, between

Perry J. Bates, a married man

lessor (whether one or more), whose address is: Route 4, Box 299, Cottondale, Alabama 35453
and The River Gas Corporation, 3600 Watermelon Road, Suite 204, Northport, Ala. 35476 lessee, WITNESSETH:

1. Lessor, in consideration of Ten and more Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Tuscaloosa State of Alabama and is described as follows:

TOWNSHIP 18 SOUTH, RANGE 8 WEST

Section 4: SE $\frac{1}{4}$ of SW $\frac{1}{4}$.

1068 0691

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18 OCTOBER 90 01:51:50 PM

W. HARDY MCCOLLUM

TUSCALOOSA COUNTY, ALABAMA

For special provisions pertaining to occluded natural gas produced from coal seams see Exhibit "A" attached hereto and made a part of this lease agreement.

CLAIMS LIST

Source of Title: Deed Book 750, Page 372.

Estate Page Book 988, Page 528.

BK Deed

BK 1097 PG 78

Unit Agree.

S'1/2 of SW

Assignment to Dominant Basin Inc

Dec 31, 1992

See Deed Book 1138 Pages 573

W. HARDY MCCOLLUM

Judge of Probate

overriding Royalty

conveyance See Tr

CLAIMS LIST

BK Deed

BK 1181 PG 44

overriding Royalty

conveyance See Tr

CLAIMS LIST

BK Deed

BK 1181 PG 44

overriding Royalty

conveyance See Tr

CLAIMS LIST

BK Deed

BK 1181 PG 44

overriding Royalty

conveyance See Tr

CLAIMS LIST

BK Deed

BK 1181 PG 44

overriding Royalty

conveyance See Tr

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overriding Royalty

conveyance See Tr

CLAIMS LIST

BK Deed

BK 1181 PG 44

overriding Royalty

conveyance See Tr

CLAIMS LIST

BK Deed

BK 1181 PG 44

overriding Royalty

conveyance See Tr

For recording purposes only, this lease is deemed to contain 0.75 net mineral acres.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 40.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights, and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing gas or any other mineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this sub-paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, or may be deposited to such parties credit in the

Pay direct at above address

Bank

at shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 80 surface acres plus 10% acreage tolerance; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 840 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are required, under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee from time to time, and whether before or after production has been established either on said land or on the portion of said land included in the unit or on other land unitized therewith and any such unit may include any well to be drilled, being drilled or already completed. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be land or mineral, royalty or leasehold interests in land within the unit which are not pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, over-riding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term of term requiring production of oil or gas. The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty that lessee may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except lands within the unit. Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. A unit may be so established, modified or dissolved during the life of this lease.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated except as otherwise provided herein, to commence or continue any operations during the primary term. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless, pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. Should it be asserted in any notice given to the lessee under the provisions of this paragraph that lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any such cause except after final judicial ascertainment that such failure exists and lessee has then been afforded a reasonable time to prevent cancellation by complying with said and discharging its obligations as to which lessee has been judicially determined to be in default. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delay-ing cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

So. Sec. No. 419-98-8186 Perry J. Bates (Perry J. Bates) (SEAL)

1068 0692
RECORDED IN ABOVE
DEED BOOK&PAGE (SEAL)

18 OCTOBER 90 01:52:00 PM
W. HARDY MCCOLLUM
TUSCALOOSA COUNTY, ALABAMA

JOINT OR SINGLE ACKNOWLEDGMENT
(MISSISSIPPI-ALABAMA-FLORIDA)

STATE OF Alabama
COUNTY OF Tuscaloosa

I hereby certify, that on this day, before me, a Notary Public
duly authorized in the state and county aforesaid to take acknowledgments, personally appeared Perry J. Bates, a married man

to me known to be the person described in and who executed the foregoing instrument and he
acknowledged before me that, being informed of the contents of the same, he voluntarily signed and delivered
the within and foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal, this 8th day of October, A.D., 19 90.
(Affix Seal) Woodrow Hobson
Notary Public in and for State of Alabama
at Large. (Title of Official)
My commission expires 1-12-1993. in and for County,

WITNESS ACKNOWLEDGMENT
(MISSISSIPPI-ALABAMA-FLORIDA)

STATE OF _____
COUNTY OF _____

I, a _____ in and for the aforesaid jurisdiction, hereby certify that _____

a subscribing witness to the foregoing instrument, known to me, appeared before me on this day, and being sworn, stated that _____

the grantor(s), having been informed of the contents thereof, voluntarily executed and delivered the same in his presence, and in the presence of the other
subscribing witness, on the day the same bears date; that he attested the same in the presence of the grantor(s), and of the other witness, and that such other
witness subscribed his name as a witness in his presence.

(Subscribing Witness)

Given under my hand and official seal, this _____ day of _____, 19 _____.
(Affix Seal) _____
(Title of Official)

My commission expires _____ in and for _____ County, _____

By _____ of the _____ Book _____ Page _____
This instrument was filed for record on the _____ day of _____, 19 _____ at _____ o'clock _____ and duly recorded in _____
County, _____
TO _____ FROM _____
Oil, Gas and Mineral Lease
Producers 88 (9-70) Paid Up with Pooling Provision
Mississippi-Alabama-Florida
No. _____
Dated _____, 19 _____
No. Acres _____
Term _____
Hederman Brothers-Jackson, Mississippi
When recorded return to _____ Deputy
County Clerk

1068 0693

RECORDED IN ABOVE
DEED BOOK&PAGE

18 OCTOBER 90 01:52:05 PM

W. HARDY MCCOLLUM

TUSCALOOSA COUNTY, ALABAMA

18 OCTOBER 90 01:52:20 PM 00031586 0103

PAT DEEDS

TOT PAID: 29.00

01068691

DFE

DEED FEES

.50

NTX

OIL-GAS TAX

1.00

REC

RECORDING FEES

23.50

MINERAL LEASE

1ST SRCE TITLE

2.00

P J FEES

2.00

EXHIBIT "A"

SPECIAL PROVISIONS FOR OIL, GAS AND MINERAL LEASE
INCLUDING OCCLUDED NATURAL GAS IN COAL SEAMS.

1. This lease shall specifically include all occluded natural gas (sometimes referred to as "methane") found in all coal seams in the lands described herein.
2. Lessor specifically grants to the Lessee as much of the subsurface coal deposit as is reasonably necessary to drill and produce the occluded natural gas found in the coal seams, including the right to drill through any and all coal seams. Furthermore, Lessor specifically grants the right to hydro-frac as much of the coal seam or seams as Lessee deems reasonably necessary to assure maximum production of occluded natural gas from said seams. Lessee expressly agrees to exercise the rights granted herein in a reasonable manner that will not be intended to adversely affect the future mineability of the coal seams.
3. Lessee shall be specifically relieved of any and all liability for damages to coal mining operations hereafter conducted by Lessor or Lessor's coal Lessees, and for any loss of coal which may result from Lessee's reasonable operations under this oil, gas and mineral lease.
4. Any coal mining lease, whether it be for surface mining operations or underground operations, executed subsequent to this lease, shall be expressly subject to the rights of the Lessee under the terms and conditions of this oil, gas and mineral lease. Furthermore, any subsequent coal mining lease shall expressly exclude occluded natural gas or methane in coal seams. Lessee expressly agrees to fully cooperate with subsequent surface and underground coal lessees in an effort to maximize the development of natural resources in the lands covered by this lease.

This instrument prepared by:

Woodrow Hobson, Jr.

Southeastern Title Services.

2606 8th Street

Tuscaloosa, Alabama 35401

EXHIBIT D

SOURCE OF TITLE:
DB997/P194

ASSIGNMENT

STATE OF ALABAMA
COUNTY OF TUSCALOOSA

1077 0328
RECORDED IN ABOVE
DEED BOOK&PAGE
10 JANUARY 91 02:46:10 PM
W. HARDY MCCOLLUM
TUSCALOOSA COUNTY, ALABAMA

WHEREAS, Taurus Exploration, Inc., is the present owner of
a lease covering acreage more particularly detailed in the
attached Exhibit "A", all of which acreage is located in
Tuscaloosa County, Alabama.

CLAIMS LIST

CLAIMS LIST

CLAIMS LIST

Deed BK
BK 1097 PG 74
Declaration of Unit
+ Voluntary Pooling
Agree. SE of NW
17-20-8

deed BK
BK 1105 PG 573
Amend. No. 1 to State
Oil + Gas Lease No. SEE EXHIBIT "A"
716. See Instrument

Deed BK
BK 1181 PG 1000
Overriding Royalty
Conveyance See Instr.

NOW, THEREFORE, Taurus Exploration, Inc., an Alabama Corporation, (hereafter Assignor) whose address for the purposes of this Assignment is 2101 Sixth Avenue North, Birmingham, AL 35203, for and in consideration of the sum of Ten Dollars and other good and valuable consideration in hand paid, receipt of which is hereby acknowledged, does hereby grant, sell, assign and convey to The River Gas Corporation (hereafter Assignee), an Alabama corporation, 12031 Lake Nicol Road, Tuscaloosa, AL 35406, all of Assignor's interest in and to the Lease Acreage detailed in Exhibit "A" insofar and only insofar as said lease covers occluded natural gas or methane found in coal seams in, on or under the lands described in said lease, to a depth of 100 feet below the base of the Pottsville Formation. Assignors reserve unto themselves all other horizons covered by and rights granted under said lease.

This Assignment also covers and includes, in addition to that hereinabove described, all land, if any, which may be owned or claimed by the State of Alabama as a tributary on the west side of the Black Warrior River which would have been leased to Assignor in the Lease described hereinabove. If such claims are brought forth in a recorded instrument, or as a result of litigation between the State of Alabama and other parties, Assignor agrees to execute any supplemental assignment of acreage west of the Black Warrior River in Assignee's development area (defined as the Deerlick Creek Coal Degasification Field) requested by Assignee under the same terms and conditions as described herein.

1077 0329
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10 JANUARY 91 02:46:20 PM
W. HARDY MCCOLLUM
TUSCALOOSA COUNTY, ALABAMA

TO HAVE AND TO HOLD unto the said Assignee, its successors and assigns, forever, in accordance with the terms of the assigned Lease Acreage and the terms hereof. Assignor hereby warrants and agrees to forever defend all and singular the title to the subject Lease Acreage unto Assignor, its successors and assigns, against every person or entity which lawfully claims the same or any part thereof by, through or under Assignors, but not otherwise.

The terms, covenants and conditions hereby shall be binding upon and shall insure to the benefit of Assignor and Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, this Assignment is executed by the parties hereto as of the dates of their respective acknowledgements but is effective as of the 21st day of December, 1990.

ATTEST:

ASSIGNOR:

BY: J.D. Woodruff
Its Asst Sec

Taurus Exploration, Inc.
BY: L. Brunson White
Its VP - Land & Admin

ATTEST:

ASSIGNEE:

BY: Floyd M. Brinson
Its Secretary

The River Gas Corporation
BY: David M. Chambers
Its PRESIDENT

STATE OF ALABAMA
COUNTY OF JEFFERSON

1077 0330
RECORDED IN ABOVE
DEED BOOK&PAGE
10 JANUARY 91 02:46:25 PM
W. HARDY MCCOLLUM
TUSCALOOSA COUNTY, ALABAMA

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that L. Brunson White and J.D. Woodruff, whose name as Vice-President and Assistant Secretary of Taurus Exploration, Inc. are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day, that being informed of the contents of said instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation

Given under my hand and official seal this 21st day of December, 1990.

Michael Joto
Notary Public

My Commission Expires: 11-1993

STATE OF ALABAMA)
COUNTY OF TUSCALOOSA)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that David M. Chambers and Floyd H. Briscoe whose name as President and Secretary of THE RIVER GAS CORPORATION, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day, that being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this 14th day of December, 1990.


Notary Public

My Commission Expires: My Commission Expires Oct. 4, 1992

1077 0331
RECORDED IN ABOVE
DEED BOOK&PAGE
10 JANUARY 91 02:46:35 PM
W. HARDY MCCOLLUM
TUSCALOOSA COUNTY, ALABAMA

THIS INSTRUMENT PREPARED BY:
Joe Stephenson
The River Gas Corporation
12031 Lake Nicol Road
Tuscaloosa, AL 35406

EXHIBIT "A"
TAURUS EXPLORATION, INC.
TUSCALOOSA COUNTY, ALABAMA

LESSOR	LEASE DATE	RECORDING BOOK/PAGE	LESSEE	QUARTER/QUARTER DESCRIPTION AFFECTED BY ASSIGNMENT	SECTION-TOWNSHIP-RANGE	NET ACREAGE ASSIGNED IN QUARTER/QUARTER
State of Alabama Department of Conservation and Natural Resources (State Lease No. 716)	May 24, 1988	997/194	Taurus Exploration, Inc.	SW $\frac{1}{4}$ of SE $\frac{1}{4}$	7-20S-8W	0.01 *(more or less)
State of Alabama Department of Conservation and Natural Resources (State Lease No. 716)	May 24, 1988	997/194	Taurus Exploration, Inc.	SE $\frac{1}{4}$ of NW $\frac{1}{4}$	17-20S-8W	2.35 *(more or less)
For Recording Purposes Only, Total Net Acreage Assigned:						2.36

* This acreage amount determined from review of unrecorded Survey Map Sheet #6, prepared by the U.S. Corps of Engineers, dated 1895, entitled "Improvement Black Warrior River, Alabama, Survey from Daniel's Creek to Mulberry and Locust Forks".

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TUSCALOOSA COUNTY, ALABAMA
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DFF DEED FEES .50
HTX OIL-GAS TAX 1.00
REC RECORDING FEES 38.50
SOT 1ST SRCE TITLE 1.00
PJF P J FEES 2.00

EXHIBIT E

OIL, GAS AND COAL GAS AGREEMENT

CLAIMS LIST
Deed BK
 1133 PG 508
 Ratification
 of Oil, Gas, +
 Mineral Lease
 See Instrument
 of Oct., 1979

THIS AGREEMENT, made and entered into on the 1st day
 of Oct., 1979 by and between Ramsey-McCormack Land Company,

Incorporated, hereinafter called Lessor, and DE-GAS, INCORPORATED,
 hereinafter called Lessee:

CLAIMS LIST
Deed BK
 855 PG 219
 1st Amend. to
 Oil & Gas Lease

W I T N E S S E T H:

CLAIMS LIST
Deed BK
 854 PG 692
 Assignment to
 TRW, Inc.

CLAIMS LIST
Deed BK 844 P. 508
 Assignment

1. Lessor, in consideration of cash in hand paid,
 the receipt whereof is hereby acknowledged, and of the covenants
 and agreements hereinafter contained on the part of the Lessee,
 hereby grants and leases unto Lessee for the purposes of exploring,
 drilling, producing, recovering and storing for market and marketing
 oil and gas, petroleum and petroleum products, coal gas, elemental
 sulphur and helium, (together with such rights and privileges as are
 vested in Lessor to construct and maintain pipe lines, tanks, roads,
 bridges, or other facilities and structures reasonable or necessary
 for the above stated purpose) all of the rights, title and interest
 vested in Lessor in and to the property in Tuscaloosa County, State
 of Alabama, consisting of 3,026 acres, more or less, and more
 particularly described as Exhibit "A" attached hereto and made a part
 hereof.
 For all purposes of this lease, except for the payment
 of royalties, the leased lands initially subject to the lease shall
 be treated as comprising 3,026 acres, whether there be more or less.
 Subject to the provisions and conditions hereof this lease shall be
 for a term of five years from this date (called "Primary Term") and
 as long thereafter as oil, gas or coal gas (called "products") are
 produced from said lands or drilling or reworking operations are
 being conducted on said lands, as hereinafter provided.

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 JUDGE OF PROBATE
 TUSCALOOSA, ALA.

3. The royalties to be paid by Lessee are three-sixteenth

(3/16ths) of all products produced and saved from said land, the
 same to be delivered at the wells or to the credit of Lessor into

the pipe line to which the wells may be connected; Lessor may from

For Assignment To Bill of Sale
Deven Resources, Inc.
Aug. 30, 1991
 See Deed Book 1099, Pages 179
 W. HARDY McCOLLUM
 Judge of Probate

CLAIMS LIST
Deed BK
 1133 PG 504
 Ratification
 See Instrument
 BOOK 807 PAGE 457

CLAIMS LIST
deed BK
 1117 PG 10
 Rat. of Oil, Gas +
 Mineral Lease
 20-8
 20-9
 21-9

CLAIMS LIST
deed BK
 1117 PG 13
 Rat. of Oil, Gas +
 Mineral Lease
 20-8
 20, 21-9

CLAIMS LIST
deed BK
BK 1117, 20-8
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

CLAIMS LIST
deed BK
BK 1117, 20-8
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

BOOK 807, PAGE 153
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CLAIMS LIST
deed BK
BK 1117, 20-8
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

time to time purchase any royalty products in its possession,
paying the market price therefor prevailing for the field or well
where produced on the date of purchase, in either case such interest
to bear its proportion of any expense of treating unmerchantable
product to render it merchantable. Should any well on the land or
on a drilling unit formed in part of a part of said land be completed
as a gas or gas distillate well at any time while this lease is not
being maintained in force by drilling or producing operations on some
other well, and said gas or gas distillate well be shut in, then
until such gas shall be sold or used so as to produce royalty for
Lessor, or until the production on the land of some other mineral
covered by this lease, Lessee may pay to Lessor annually as a royalty
a sum equal to the annual rental provided for herein, said sum being
subject to reduction to the same extent as rentals under the pro-
visions hereof. Such payments may be made in the manner provided herein
for the payment of rental, and so long as such annual payment is made
it will be considered that this lease is being maintained in force
by production of gas in paying quantities; provided, however, that
this lease may not be extended by such payments for more than Two (2)
years beyond the expiration of the primary term. All such payments,
except the first, if made, shall be made in advance on or before the
anniversary date of the first payment, and the first such payment, if
made, shall be made on or before the sixtieth day after the shutting
in of the said well; it being the intention hereof that this lease
will remain in full force and effect for sixty days after the shutting
in of any such well without any payment; that each such annual payment
will have the effect of maintaining this lease in force for the year
to which such payment is applicable; and that the right to make such
payments shall be recurring at all times both before and after the
expiration of the primary term of this lease; provided, however, that
this lease may not be extended by such payments for more than two
(2) years beyond the expiration of the primary term of this lease.
Lessor shall have the privilege at Lessor's sole risk and expense
of using gas from any gas well on said land for cooking, heating and

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other household purposes in any dwelling thereon.

4. If operations for drilling are not commenced on said lands on or before the first anniversary date of this lease, or if commenced, such operations shall not be prosecuted with reasonable diligence, this lease shall then terminate as to both parties unless on or before such first anniversary date Lessee pay or tender to Lessor or to the credit of Lessor with The First National Bank of Birmingham, Three Thousand Twenty-Six Dollars (\$3,026.00) (herein called rental) which shall cover the privilege of deferring commencement of drilling operations for a period of twelve months from such first anniversary date. In like manner and upon like payment or tender on subsequent anniversary dates the commencement of drilling operations may be further deferred for successive periods of twelve months for the remainder of the primary term.

If such bank, or any successor bank, should for any reason refuse to accept rental, Lessee shall not be in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders. The bonus payment made at the time of execution of this lease is consideration for this lease according to its terms and shall not be allocated as rental of any period.

If after the second anniversary date of this lease and prior to the discovery of any of the leased minerals on the leased lands, Lessee should drill a dry hole or holes thereon, or if after such discovery of leased minerals the production thereof should cease from any cause, this lease shall not terminate if Lessee resumes production, or commences and continues with reasonable diligence operations for additional drilling or reworking within sixty days thereafter or (if it be within the primary term) resumes production, commences and continues with reasonable diligence operations for additional drilling or reworking or commences or resumes the payment or tender on or before the rental paying date next ensuing after the expiration of three months from the date of completion of a dry hole or cessation

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TUSCALOOSA CO. ALA.
JUDGE OF PROBATE
HARRIS CO. ALA.

CLAIMS LIST
deed BK 1117 PG 16
Rat. of oil, gas +
mineral lease
20-8
20, 21-9

CLAIMS LIST
deed BK 1117 PG 19
Rat. of oil, gas +
mineral lease
20-8, 20, 21-9

CLAIMS LIST
deed BK 1117 PG 22
Rat. of oil, gas +
mineral lease
20-8; 20, 21-9

CLAIMS LIST
deed BK 1117 PG 25
Rat. of oil, gas +
mineral lease
20-8; 20, 21-9

CLAIMS LIST
deed BK 1117 PG 28
Rat. of oil, gas +
mineral lease
20-8, 20, 21-9

CLAIMS LIST
deed BK 1146 PG 503
See instrument

BOOK 807 PAGE 459

CLAIMS LIST
deed BK 1146 PG 493
See instrument

CLAIMS LIST
deed BK
BK 1117-74
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

deed
BK 1117-77
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

BOOK 887 PAGE 130

deed
BK 1117-80
Rat. of oil, gas +
mineral lease

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of production. If during the last year of the primary term and prior to the discovery and production of any of the leased minerals on said land, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term no leased minerals are being produced on said land but Lessee is then engaged in drilling or reworking operations thereon, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of leased minerals, so long thereafter as leased minerals are produced from said land. In the event a well or wells producing leased minerals should be brought in on adjacent land draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

6. If at any time while this lease is in force Lessee in its opinion deems it advisable, in order to form a drilling unit, to conform to spacing rules issued by the State or Federal authorities having control of such matters, or in order to conform to conditions imposed upon the issuance of drilling permits, Lessee shall have the right to pool or combine the lands covered by this lease, or part thereof with other lands, whether such land be held by Lessee or by others, so pooling to be into a unit not exceeding the number of acres allocated to one well by the above mentioned authority, and to be applicable only to such sands, horizons or strata as are covered by such regulations. Lessee shall execute in writing and record in the conveyance records of the county in which the land is situated, an instrument identifying and describing the pooled acreage, and shall mail to the named Lessor herein by registered mail, a certified copy of such instrument. As between the parties hereto and except as herein otherwise specifically provided, the entire acreage so pooled into a unit shall be treated for all purposes as if it were included in this lease. In lieu of the royalties herein specified elsewhere, Lessor shall receive, on the production from the unit so pooled, only such proportion of the royalties stipulated herein as the amount

of Lessor's net mineral acreage (oil and gas rights) placed in the unit bears to the total acreage so pooled in the particular unit involved. If operations be conducted on or production be secured from land in such pooled unit it shall have the same effect as to maintaining the Lessee's rights in force hereunder as if such operations were on or such production from land covered hereby except that its effect shall be limited to the land covered hereby which is included in such pooled unit. This lease, during any period in which it is being so maintained as to part of the land covered, hereby may be maintained as to the remainder in any manner elsewhere provided for herein; provided, that if it be maintained by rental payment, the rentals may be reduced in proportion to the number of acres in such unit as to which this lease is being maintained by drilling operations or production.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to the heirs, representatives, successors, and assigns of the parties hereto, but no change in ownership of the lease, land, rentals or royalties however accomplished, shall be binding on either party until thirty (30) days after a certified copy of a recorded instrument evidencing any assignment, transfer, inheritance, sale or other change in ownership is furnished.
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JUDGE PROBATE
JUL 14 1932
ALABAMA
the event that Lessor has notice that operations are not being conducted in compliance with this Contract, Lessee shall be notified in writing of the facts relied upon as constituting a breach hereof and Lessee shall have sixty (60) days after receipt of such notice to comply with the obligations imposed by this instrument.
 0807
Lessee agrees to indemnify and hold harmless Lessor from all liability and damages for or arising out of the operations of Lessee. Lessee's operations under the terms of this lease shall be subject to, and Lessee shall be bound by and observe, all provisions contained in Exhibit "B" attached hereto and made a part hereof for the protection of coal rights under the premises.

9. The parties hereto agree that there are reserved and excluded from this lease all coal, iron ore and all other minerals

CLAIMS LIST deed 1117 PG 31 Rat. of oil, gas & mineral lease 20-8; 20, 21-9	CLAIMS LIST deed 1117 PG 34 Rat. of oil, gas & mineral lease 20-8; 20, 21-9	CLAIMS LIST deed 1117 PG 37 Rat. of oil, gas & mineral lease 20-8; 20, 21-9	CLAIMS LIST deed 1117 PG 40 Rat. of oil, gas & mineral lease 20-8; 20, 21-9	CLAIMS LIST deed 1117 PG 43 Rat. of oil, gas & mineral lease 20-8; 20, 21-9
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BOOK 807 PAGE 461

CLAIMS LIST
deed
BK 1117 84
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

deed
BK 1117 87
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

BOOK 807 PAGE 162
-6-

deed
BK 1117 90
Rat. of oil, gas +
mineral lease
20-8; 20+21-9

deed
BK 1117 93
Rat. of oil, gas +
mineral rights
20-8; 20+21-9

(other than leased minerals) and easements necessary to the recovery and marketing thereof. Anything in this lease to the contrary notwithstanding, the parties further agree that for all purposes of this lease it is understood that Lessor does not own or claim to own all the surface of the lands described herein, but Lessor does claim to own the entire, undivided mineral interest in and to the leased minerals in and under the lands described herein, together with the usual and customary mineral rights and privileges pertaining thereto; Lessor makes no warranty of any kind or character with respect to its title to the interest in lands leased and demised herein, but does hereby agree with Lessee that if its interest in any of the lands described herein is less than the interest claimed by it and specified hereinabove in this Paragraph 9, or Lessor shall have no interest in such land, the Lessor will restore to Lessee, in the proportion which Lessor's interest therein bears to the interest claimed by Lessor, and specified in this Paragraph 9, all bonuses, rentals, royalties and any other monies paid by Lessee to Lessor under this

lease with respect to the lands as to which Lessor owns such less interest.

It is understood and agreed that Lessee shall conduct its operations, drilling, production and marketing in a reasonable and workmanlike manner, not only with a view to reasonable development and recovery of the leased minerals, and avoidance of waste, but to the conservation of potential production and reserves by the avoidance of drainage by adjacent owners, the intrusion of water into an oil or gas stratum, the escape of oil or gas out of one stratum to another, or the pollution of fresh water by oil, gas or salt water.

11. Wherever in this lease reference is made to production of oil, gas, petroleum or petroleum products, or wherever any similar expression is used referring to production from the leased premises, it is understood and agreed that such production shall mean production in an amount whereby the net royalty due to the Lessor will amount to a sum of money at least equal annually to the delay rental provided for herein. When Lessee shall claim that such production is established from the leased premises he shall notify Lessor and shall keep a daily production record.

12. (a) The term "Force Majeure" as used herein shall mean and include interferences beyond the control of Lessee by reason of: Acts of God, insurrection, flood, requisition, order, regulation or control by government authority or commission, exercise of rights of priority or control by government authority for national defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil, gas or in producing, handling or transporting same from the leased premises.

(b) If by reason of Force Majeure as herein defined Lessee is prevented from or delayed in drilling, completing or operating any well or wells for oil or gas on the leased premises, then while so prevented but not in excess of a period of six months, Lessee shall be relieved from all obligations of which Lessee would otherwise be relieved under the provisions hereof had such drilling, completion or operation proceeded without delay or interruption, provided further that this provision shall not relieve Lessee from the necessity of paying rentals during the primary term and as otherwise herein provided.

(c) Upon or at any time after the expiration of the primary term hereof, while this lease is in force, Lessee cannot maintain the same in effect because prevented by Force Majeure from fulfilling the particular requirements (operations on or continued production from the leased premises, as the case may be) then while so prevented and for six months thereafter this lease shall nevertheless continue in effect if within such six months Lessee either commences operations on or resumes production from the leased premises. During any period this lease is continued in force after its primary term by Force Majeure as herein provided, Lessee shall pay to the owners of the royalty hereunder an amount equal to the annual delay rental for such acres retained hereunder. Such payments shall be made annually and shall become due on each anniversary hereof while such Force Majeure continues, except that the first payment shall be made within three months after occurrence of Force Majeure and shall be proportionate in

<p>CLAIMS LIST <i>deed</i> BK 1117 PG 46 Rat. of oil, gas + mineral lease 20-8, 20+21-9</p>	<p>CLAIMS LIST <i>deed</i> BK 1117 PG 49 Rat. of oil, gas + mineral lease 20-8 20+21-9</p>	<p>CLAIMS LIST <i>deed</i> BK 1117 PG 56 Rat. of oil, gas + mineral lease 20-8; 20+21-9</p>	<p>CLAIMS LIST <i>deed</i> BK 1117 PG 69 Ratification of oil, gas + mineral lease 20-8 20+21-9</p>	<p>CLAIMS LIST <i>deed</i> BK 1117 PG 62 Rat. of oil, gas + mineral lease 20-8; 20+21-9</p>
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BOOK 807 PAGE 463

CLAIMS LIST
deed BK
1117 pg 96
Rat. of oil, gas &
mineral lease
20-8; 20+21-9

deed
1117 pg 99
Rat. of oil, gas &
mineral lease
20-8; 20+21-9

BOOK 807 PAGE 161
-8-

CLAIMS LIST
deed BK
1117 pg 102
Rat. of oil, gas &
mineral lease
20-8; 20+21-9

amount to the unexpired portion of the then current year, if for less than a year. Nothing herein shall impair the right of Lessee to release this lease as to all or any portion of the lands covered hereby and be relieved of all obligations thereafter accruing as to the acreage released.

13. Lessee shall furnish Lessor a copy of such logs, core analysis and drill stem tests as may be requested by Lessor covering wells drilled on Lessor's lands. Such information or data received from Lessee shall be for the exclusive benefit and use of Lessor.

14. See Below.

CLAIMS LIST
deed BK
1117 pg 105
Rat. of oil, gas &
mineral lease
20-8; 20+21-9

CLAIMS LIST
deed BK
1117 pg 111
Rat. of oil, gas &
mineral lease
20-8; 20+21-9

IN WITNESS WHEREOF, the parties have caused this Agreement

to be executed on this the 24th day of Sept., 1979.

CLAIMS LIST
deed BK
1117 pg 108
Rat. of oil, gas &
mineral lease
20-8; 20+21-9

RAMSEY-McCORMACK LAND COMPANY, INC.

ATTEST:

Boyd L. Bailey

BY:

Randy W. Thomas
Its: Pres

ATTEST:

D. O. Harden

BY:

Stanley R. Thomas
Its: President

14. It is understood and agreed that in order to obtain maximum efficient recovery of coal gas (Methane) from coal seams, Lessee may hydraulically stimulate coal seams and adjacent rocks. In doing so, Lessor hereby indemnifies and holds harmless Lessee from and against all claims, suits, judgments, loss and costs which may arise in connection with any damage or injury to any coal bed on the rocks surrounding same.

CLAIMS LIST
deed BK
1146 pg 51
See Instrument

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, Jessie P. Haywood, a Notary Public in and for said County, in said State, hereby certify that Harry J. McCormack whose name as President of Ramsey-McCormack Land Company, Inc., is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument he, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation.

Given under my hand and official seal, this 24th day of Sept, 1979.

Jessie P. Haywood
NOTARY PUBLIC

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W. HAZEN McCOLLUM
JUDGE OF PROBATE
TUSC CO., ALA.
STATE OF Alabama
COUNTY OF Jefferson)

I, Allice J. Graham, a Notary Public in and for said County, in said State, hereby certify that Stanley Graves, whose name as President of DE-GAS, INC. is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation.

Given under my hand and official seal, this 20th day of September, 1979.

CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Interests
20-8, 20-9, 21-9
CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Int.
20-8, 20-9, 21-9
CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Interest
20-8, 20-9, 21-9
Allice J. Graham
NOTARY PUBLIC

My Commission Expires September 22, 1982

CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Int.
20-8, 20-9, 21-9
CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Int.
20-8, 20-9, 21-9
CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Int.
20-8, 20-9, 21-9
CLAIMS LIST
Deed BK
1152-1153-1154
Assignment of Royalty Interests
20-8, 20-9, 21-9

BOOK 807 PAGE 465

EXHIBIT "A"

RAMSEY - McCORMACK LAND COMPANY, INC.
MINERAL INTEREST
TUSCALOOSA COUNTY, ALABAMA

Township 20 South - Range 8 West

	<u>Section</u>	<u>Acres</u>
Fraction N and W of River of NW $\frac{1}{4}$	30	11

Township 20 South - Range 9 West

W $\frac{1}{2}$ of NE $\frac{1}{4}$; NE $\frac{1}{4}$ of NW $\frac{1}{4}$; NW $\frac{1}{4}$ of SE $\frac{1}{4}$; E $\frac{1}{2}$ of SE $\frac{1}{4}$;	14	240
SE $\frac{1}{4}$ of NE $\frac{1}{4}$; E $\frac{1}{2}$ of SW $\frac{1}{4}$; SE $\frac{1}{4}$	23	280
SE $\frac{1}{4}$ of NE $\frac{1}{4}$; W $\frac{1}{2}$ of NE $\frac{1}{4}$; W $\frac{1}{2}$	24	440
SE $\frac{1}{4}$	24	160
Fraction W of River of E $\frac{1}{2}$ of NE $\frac{1}{4}$	25	67
W $\frac{1}{2}$ of NE $\frac{1}{4}$; NW $\frac{1}{4}$; SW $\frac{1}{4}$ and all SE $\frac{1}{4}$ west of River;	25	434
NE $\frac{1}{4}$; NW $\frac{1}{4}$; SW $\frac{1}{4}$; W $\frac{1}{2}$ of SE $\frac{1}{4}$; SE $\frac{1}{4}$ of SE $\frac{1}{4}$;	26	600
NE $\frac{1}{4}$ of SE $\frac{1}{4}$	26	40
SE $\frac{1}{4}$ of NE $\frac{1}{4}$	27	40
SW $\frac{1}{4}$ of NE $\frac{1}{4}$; SE $\frac{1}{4}$ of NW $\frac{1}{4}$; W $\frac{1}{2}$ of SE $\frac{1}{4}$;	27	160
E $\frac{1}{2}$ of NE $\frac{1}{4}$; SW $\frac{1}{4}$ of NE $\frac{1}{4}$; E $\frac{1}{2}$ of SW $\frac{1}{4}$; W $\frac{1}{2}$ of SE $\frac{1}{4}$;	34	280
NW $\frac{1}{4}$ of NE $\frac{1}{4}$; NE $\frac{1}{4}$ of NW $\frac{1}{4}$;	34	80
NW $\frac{1}{4}$ of NE $\frac{1}{4}$; NW $\frac{1}{4}$	35	200

Township 21 South - Range 9 West

All N of River in NW $\frac{1}{4}$	2	
All N of River in NE $\frac{1}{4}$	3	35
Fraction of River & E of Hurricane Creek NE $\frac{1}{4}$	3	31 $\frac{1}{2}$
		<hr/>
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EXHIBIT B

Attached to and made a part of that certain Oil, Gas, Coal-Gas, Sulphur and Helium Lease dated the 1st day of Oct., 1979, executed by Ramsey-McCormack Land Company, Incorporated, as Lessor in favor of DE-GAS, INCORPORATED, as Lessee, covering and affecting 3026 acres of land, more or less, situated in Tuscaloosa County, Alabama, and being the provisions for the protection of coal rights under the land covered and affected by said lease.

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TUSCALOOSA COUNTY, ALA.
JUDGE OF PROBATE
W. H. COLLUM

Section 1. Any well drilled on the leased premises, except as hereinafter provided, Lessee shall be bound by and observe the following restrictions in drilling and protecting such well should such well penetrate a workable coal bed. For the purpose of this Exhibit B, a workable coal bed shall be any coal bed encountered in drilling at a depth greater than 150 feet subsurface; and the term "gas" shall include not only such gaseous substances as are covered by said lease but also all other gaseous substances of any kind encountered beneath the surface.

Protective Devices When Well Penetrates
Workable Coal Bed:

(a) A well penetrating one or more workable beds shall be drilled to such depth and be of such size as will permit the placing of casing and or packers in the hole at such points and in such manner as will exclude all oil, gas or gas pressure from the coal bed, except such as may be found in the coal bed itself. Each string of casing run in the hole shall be seated with a steel casing shoe or collar firmly fixed on the bottom of the string of casing. Each string of casing run through a workable bed of coal shall be seated at least thirty feet below such coal bed, in twenty feet of cement, mud, clay, or such other nonporous material as will make an effective seal. And after any such string of casing has been so seated, drilling may

proceed forthwith to any required depth.

Protective Devices When Gas is Found
Beneath or Between Workable Coal Beds:

(b) In the event that gas is found beneath a workable coal bed before the hole has been reduced from the size it had at the coal bed, unless the cement has been placed behind the pipe to protect coal beds against gas zones, a packer shall be placed below the coal bed and above the gas horizon, and the gas by this mean diverted to the inside of the adjacent string of casing through perforations made in such casing, and through it passed to the surface without contact with the coal bed. Should gas be found between two workable beds of coal, in a hole, of the same diameter from bed to bed, two packers shall be placed, with perforations in the casing between them, permitting the gas to pass to the surface inside the adjacent casing. In either of the cases here specified, the strings of casing shall extend from their seats to the top of the well.

Continuance of Such Protective Devices
During Life of Well:

In the event that a well becomes productive of any mineral covered by state lease, all coal-protecting strings of casing shall remain in place during the life of the well. During the life of the well the annular spaces between the various strings of casing adjacent to workable beds of coal shall be kept open, and the top ends of all such strings shall be provided with casing heads, or such other suitable devices as will permit the free passage of gas and prevent filling of such annular spaces with dirt or debris.

Protective Devices When Well is Drilled
Through Horizon of Coal Bed From Which
Coal Has Been Removed:

(d) When a well is drilled through the horizon of a coal bed from which the coal has been removed, the hole shall be drilled at least thirty feet below the coal bed, of a size sufficient to permit the placing of a liner which shall start not less than twenty feet beneath the horizon of the coal bed and extend not less than twenty feet above it. Within this liner, which may be welded to the casing to be used shall be centrally placed the largest sized casing to be used in the well, and the space between the liner and casing shall be filled with cement as they are lowered into the hole. Cement shall be placed

in the bottom of the hole to a depth of twenty feet to form a sealed seat for both liner and casing. Following the setting of the liner, drilling shall proceed in the manner provided above. Should it be found necessary to drill through the horizon of two or more workable coal beds from which the coal has been removed, such liner shall be started not less than twenty feet below the lowest such horizon penetrated and shall extend to a point not less than twenty feet above the highest such horizon.

Plugging Dry and Abandoned Wells:

(e) All dry and abandoned wells shall be plugged as required by all applicable laws and regulations of the State of Alabama, the Alabama State Oil and Gas Board and any other agencies having jurisdiction.

Casing of Wells:

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TUESDAY
WALKER CO. ALA.
(f) Wells shall be encased as required by all applicable laws and regulations of the State of Alabama, the Alabama State Oil and Gas Board and any other agencies having jurisdiction.
(g) Lessee agrees that it will conduct its operation in such manner as to do no unnecessary damage and that it will not unreasonably interfere with the operations of Lessor or its Lessees who may be removing timber or coal or other minerals from the demised premises, it being understood that such protection to Lessor or its coal lessees includes the protection of all seams of coal from water, gas, or oil at the time any well is being drilled or abandoned. Lessee agrees that it will not drill any well through any entry or haulway in any coal mine in operation on the same premises and will, if any well be drilled through any part of an abandoned mine, project its casing through such openings to prevent the leakage or escape of oil or gas; Lessor agrees that it will conduct all of its mining operations in the leased lands in such manner as to do no unnecessary damage and to not unreasonably interfere with the operation of Lessee herein for the development of oil or gas and Lessor agrees that if it

leases any of the lands for the development of coal subsequent to the date of this oil and gas lease, it will require its lessee or lessees in any of the said leases to conduct its operations in such manner as to do no unnecessary damage and to not unreasonably interfere with the operations of Lessee herein for the development of oil or gas.

Section 2. In the event coal is encountered in the drilling of any well or wells, test holes or borings, the Lessee will do and perform such usual and customary practices in penetrating such veins of coal as may be necessary to properly protect such veins of coal or abandoned mine workings and upon the abandonment of any such well or wells, test holes or borings, shall perform the same practice.

Section 3. The provisions of subparagraphs 1 (a), (b), (c), (d), (e), and (f) of Section 1 of this Exhibit "B" shall not apply to core holes and seismograph shot holes when such holes are not drilled to a depth greater than 150 feet beneath the surface of the earth and do not penetrate a gas bearing formation beneath a workable coal bed. However, this shall not relieve Lessee from complying with the provisions, restrictions and protective measures of this Exhibit "B" insofar as they relate to any well drilled on the leased premises in search of oil or gas.

The Lessee, its assigns and successors, agree to use reasonable care and precaution in placing said "shotholes" and will forever defend and does hereby indemnify said Lessors against the claim of any person, persons, or corporation arising out of the placing of such "shotholes" upon the lands of the Lessee.

Section 4. Lessee shall furnish Lessor a copy of any log or logs on any well drilled on the leased premises which Lessee would ordinarily be required to file with the State of Alabama Oil and Gas Board or State Geologist and to furnish such copy not later than the same date it is required to be filed with said Board or said State Geologist.

Section 5. Lessor agrees not to conduct blasting operations within 150 feet of any drilling, producing or shut-in well on the above described acreage. This applies only to the well and not to any reservoir thereunder or appurtenant thereto.

RAMSAY-McCORMACK LAND COMPANY, INC.

SOURCE OF TITLE:

Deed Book 244, page 210
 Deed Book 370, page 541
 Deed Book 476, page 548
 Deed Book 482, page 388
 Deed Book 483, page 15
 Deed Book 482, page 255
 Deed Book 476, page 94
 Deed Book 476, page 98
 Deed Book 476, page 105
 Deed Book 476, page 86
 Deed Book 483, page 19
 Deed Book 483, page 27
 Deed Book 483, page 11
 Deed Book 483, page 7
 Deed Book 483, page 23
 Deed Book 476, page 102

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W. HARDY McCOLLUM
 JUDGE OF PROBATE
 TUSCALOOSA, ALA.

For Assignment To Stanley L. Graves,
A. F. Farris III. + D. O. Harden
 Filed July 30, 1982
 See Deed Miscellaneous 844 Page 72
 W. HARDY McCOLLUM
 Judge of Probate

BOOK 807 PAGE 471

EXHIBIT F

SOURCE OF TITLE:
Book 229, Page 410

OIL, GAS AND OCCLUDED NATURAL GAS LEASE

THE STATE OF ALABAMA X

COUNTY OF TUSCALOOSA X

CLAIMS LIST
Deed BK 1181 PG 104
Overriding Royalty
Conveyance See Instr.

CLAIMS LIST
Deed BK 1129 PG 186
Partial Release of
Oil Gas & Occluded
Natural Gas
5,19,29-19-9

THIS AGREEMENT made as of the 1st day of September, 1985, by and between the STUART WEST STEDMAN TRUST, the LYNN STEDMAN TRUST and the CLARE STEDMAN TRUST, Houston, Harris County, Texas, herein referred to as "Lessor", and TRW, INC., an Ohio Corporation, herein referred to as "Lessee";

WITNESSETH:

1. Grant and Description: Subject to the further terms hereof and subject to the limitations herein contained, Lessor, in consideration of Ten and No/100 Dollars (\$10.00) and other valuable considerations in hand paid, of the royalties herein provided, and of the covenants and agreements of Lessee herein contained, hereby GRANTS, LEASES, and LETS exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling for and producing oil, gas and occluded natural gas to the base of the strata known as the Pottsville Interval, together with the right to make surveys on said land, establish and utilize facilities for the surface or subsurface disposal of salt water in accordance with appropriate state and federal regulations, power stations, power lines, telephone lines, laying pipelines, constructing access roads and other structures thereon, and other structures on said land necessary or useful to produce, save, take care of, treat, transport and own said products, all those certain lands situated in Tuscaloosa County, Alabama, containing a total of Three Thousand One Hundred Twenty (3,120) acres, more or less, more fully described in Exhibit "A", attached hereto and made a part hereof, and hereinafter referred to as "leased premises", for all purposes, provided, however, Lessee shall have the right to use the surface of the leased premises only to the extent to which Lessor has such right. Lessor shall have the right to drill through the depths leased to Lessee herein, but in such event Lessor shall be required to properly case off and seal its wells so as to prevent commingling of substances originating in the depths leased to Lessee with those originating in the depths reserved to Lessor. The rights granted to Lessee hereunder are subject to and subordinate to any coal leases granted prior to the effective date of this lease to remove coal from the leased premises by the stripping method or deep shaft mining methods. Except as to those rights granted to Lessee hereby, Lessor expressly reserves all rights with respect to the surface and subsurface of the leased premises for any and all purposes, including, but not by way of limitation, the right to explore for, drill, mine, produce, treat, store, transport, conduct geological, and other exploration surveys in connection with any type of mineral below the said Pottsville Interval. Both the rights retained by Lessor and the rights granted to Lessee shall be exercised in such manner that

CLAIMS LIST
BK Deed
BK 1065 PG 713
Memorandum
Giving Notice of
First Amendment
To Oil, Gas and
Occluded Natural
Gas Lease
CLAIMS LIST
BK Deed
BK 1196 PG 325
See instrument

CLAIMS LIST
Deed BK 150 PG 463
19-20-7
19-8
Memorandum
Re Assignment

CLAIMS LIST
Deed BK 1050 PG 40
Declaration of Unit
And Voluntary Pooling
Agreement
SW 1/4 SW 1/4 Sec 9 SW
1/4 - 8
BOOK 501 PAGE 242

For Assignment To Emerald
Gas Co.
Filed March 17, 1989
Deed
See 1003 Page 250
W. HARDY McCOLLUM
Judge of Probate

neither shall unduly interfere with the operations of the other upon the leased premises.

2. Term: This lease, subject to the other provisions herein contained, shall be for a term of ten (10) years from this date (called "primary term"), and as long thereafter as oil, gas or occluded natural gas is produced by Lessee in paying quantities from the leased premises or this lease is continued in force by any other provisions hereof.

3. Royalties: The royalties to be paid to Lessor by Lessee are:

- (a) On oil, three-sixteenths (3/16) of eight-eighths (8/8) of that produced and saved from the leased premises, to be delivered at the wells or to the credit of Lessor in the pipe line to which the wells may be connected, provided that Lessee may from time to time purchase any royalty oil in its possession, paying the market value therefor of oil of like grade and quality in the area where produced on the date of purchase.
- (b) A three-sixteenths (3/16) of eight-eighths (8/8) part of all condensate, distillate, natural gasoline and other liquid hydrocarbons actually separated or extracted from gas by the use of conventional type separator or separators at or near the wells, the same to be delivered to Lessor at the separator or separators or to the credit of Lessor into any pipe line into which the separators may be connected, at Lessor's election, and in either event, free from all costs and expenses; and
- (c) A three-sixteenths (3/16) of eight-eighths (8/8) part of the market value at the plant of all condensate, distillate, natural gasoline, butane, propane and other liquid hydrocarbons, and other products, separated, extracted, manufactured or processed from gas by or through any extraction plant, absorption plant, recycling plant, gasoline plant, processing plant or any other type plant, by Lessee or by any affiliate of Lessee; and
- (d) A three-sixteenth (3/16) of eight-eighths (8/8) part of all liquid hydrocarbons, and all products, proceeds, considerations and benefits, directly or indirectly received or realized by Lessee or any affiliate of Lessee from, under or by reason of the sale or delivery of gas, or any portion thereof, to any other person, firm or corporation for processing, or for the separation, extraction or manufacture of condensate, distillate, natural gasoline, butane, propane or other liquid hydrocarbons, or other products from such gas or any portion thereof in a plant located in Tuscaloosa County, or within 25 miles of any outside boundary line of the leased premises; and
- (e) A three-sixteenths (3/16) of eight-eighths (8/8) part of all amounts received or realized by Lessee or any affiliate of

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Lessee, from or by reason of any other sale or use of gas or residue gas.

(f) In the event that any well drilled hereunder is completed as an oil well, the parties hereto agree that Lessee shall assign to Lessor a fifty percent (50%) working interest in such well and the unit designated therefor, and such working interest shall bear its proportionate part of the production royalty provided for herein, shut-in royalty, and overriding royalties, if any, and all costs incurred in drilling and completing such well and all operating expenses associated or allocated to such well prior to or subsequent to such assignment. If Lessor acquires such a working interest, Lessee shall serve as Operator of such oil well or wells and Lessor and Lessee, immediately, without delay, will enter into a mutually acceptable operating agreement incorporating, among other things, a non-consent penalty provision.

(g) If, at the expiration of the primary term or at any time or times thereafter, there is a well or wells on the leased premises or on lands with which the leases premises or any portion thereof has been pooled, that is capable of producing oil, gas, or occluded natural gas, and any or all such well or wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on the leased premises for so long as said well or wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. It is expressly agreed between the parties hereto that nothing in this lease shall require Lessee to save or market oil, gas, or occluded natural gas from the leased premises, if it is uneconomical to save or market. Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities such as flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, any or all such well or wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on the leased premises, then at or before the expiration of said ninety (90) day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders on or before the end of each anniversary of the expiration of said ninety (90) days period if upon such anniversary this lease is being continued in force solely by reason of the provisions of

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DEED BOOK PAGE NO.

For Assignment To
Waco Co. *Unrecorded*
Filed *March 1, 1950*
See Deed Book *1044* Pages *6*
W. HARDY McCOLLUM
Judge of Probate

For Assignment To *Dominion*
Black Warrior Basin, Inc.
Filed *Dec 31, 1992*
See Deed Book *1138* Pages *173*
W. HARDY McCOLLUM
Judge of Probate

this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in a depository bank provided for below. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease, in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each. If the price of oil, gas, or occluded natural gas upon which royalty is due and payable hereunder is regulated by any law or governmental agency, the market value or market price of such oil, gas, or occluded natural gas, for the purpose of computing royalty hereunder shall not be in excess of the price which Lessee may lawfully receive and retain.

(h) The first payment of production royalty hereunder shall be due and payable twenty (20) days after receipt by Lessee of a properly executed Division Order. All subsequent royalty payments shall be due and payable twenty (20) days after the receipt by Lessee of funds paid by the purchase for all oil, gas, or occluded natural gas produced from the leased premises during the preceding calendar month.

4. Pooling: Lessee is hereby granted the right, at its option, to pool or unitize all or any part of the leased premises as to any or all minerals or horizons hereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 80 surface acres plus 10% acreage tolerance; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 320 acres plus 10% acreage tolerance, if pooled or unitized only as to gas or occluded natural gas which are not a liquid in the subsurface reservoir. If larger units are prescribed under any governmental rule or order for drilling or operation of a well, or for the obtaining of a maximum allowable, from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size prescribed or permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and submitting it to Lessor. Each of said options may be exercised by Lessee from time to time, and whether before or after production has been established either on the leased premises or on the portion of the leased premises included in the unit or on other land pooled or unitized therewith and any such unit may include any well to be drilled, being drilled or already completed. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be land or mineral, royalty or leasehold interests in land within the unit which are not pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations

conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit, that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease, included in the unit, bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of the leased premises covered hereby and included in such unit in the same manner as though produced from the leased premises under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph, or of shut-in royalties from a well on the unit, shall satisfy any limitation of term requiring production of oil, gas, or occluded natural gas. The formation of such unit shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this lease. Neither shall it impair the right of Lessee to release from this lease all or any portion of the leased premises, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. Lessee may dissolve any unit established hereunder by executing a document evidencing such dissolution and submitting it to Lessor, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. A unit may be so established, modified or dissolved during the life of this lease.

In the formation of drilling units, partial field-wide units or field-wide units, Lessee agrees to include as much of Lessor's premises described herein as can be justified by the available technical data required to support such units.

5. Delay Rentals: If operations are not conducted on the leased premises on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless Lessee on or before said date shall, subject to the further provisions hereof, pay or tender to each of Lessors in the proportion of one-third (1/3) each or to each of Lessor's credit in the First City National Bank at P. O. Box 2557, Houston, Texas, 77252, or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sums as follows:

First Anniversary	\$2.00/acre
Second Anniversary	\$3.00/acre
Third Anniversary	\$4.00/acre
Each Subsequent Anniversary During the Primary Term	\$5.00/acre

which shall operate as delay rental and over the privilege of deferring operations for one year from said date.

In the event Lessee is prohibited from drilling or conducting operations on lands covered by an existing coal lease, no rentals shall be due or payable on that portion of the leased premises. Lessor warrants that as of the effective date hereof only those coal leases listed in Exhibit "B", attached hereto and made a part hereof, have been executed and are binding between Lessor and third parties.

Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to Lessor or to a depository bank on or before the last date of payment. Said delay rental shall be apportionable as to the leased premises on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of the leased premises or as to any interest therein shall not affect this lease as to any portion of the leased premises or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, Lessee shall correct such error within thirty (30) days after Lessee has received written notice thereof from Lessor.

Lessee may terminate this lease during the primary term upon notice to Lessor as provided herein, thirty (30) days prior to the rental due date. After notice, non-payment of the rental obligation shall terminate this lease and all rights and obligations of Lessee. It is understood that any acreage within a production unit, pooled unit or unitized area, and that acreage covered by the coal leases on which Lessee is prohibited from conducting operations shall bear no rental obligation, nevertheless this lease shall remain in effect as to all such acreage. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of the leased premises or of mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under a portion of the leased premises, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6. Free Fuel: Lessee shall have the use, free from royalty of water, other than from Lessor's wells, and of oil and gas produced from said land in all operations hereunder on the leased premises. Lessee shall have the right at any time to remove all machinery and fixtures placed on the leased premises including the right to draw and remove casing.

7. (a) Continuous Drilling: If the lease is continued in force beyond the primary term, then in order to maintain this lease in force as to all of the leased premises, Lessee shall spud in a well on or before one hundred eighty (180) days after the expiration of the primary term or one hundred eighty (180) days following the completion of drilling or reworking operations being conducted at the end of

the primary term, whichever is the later date, and thereafter shall continue to conduct drilling operations on the leased premises (hereinafter sometimes called "Continuous Drilling Operations") with not more than one hundred eighty (180) days elapsing between the completion or abandonment of drilling operations on one well on the leased premises and the spudding in of another well thereon.

(b) Release of Unearned Acreage: At such time as Lessee shall fail to spud in a well within the time and pursuant to the Continuous Drilling Operations provided for in paragraph 7(a) hereof, the rights of Lessee hereunder shall terminate, save and except ^{For pooled acreage, or} as to an area around each well on the leased premises, capable of producing oil and/or gas in paying quantities, or upon which drilling or reworking operations are being conducted equal to eighty (80) acres around each oil well and equal to three hundred twenty (320) acres around each gas well. In furtherance thereof, Lessee agrees promptly to execute and deliver to Lessor such written release and surrender of this lease as required pursuant to the provisions of this paragraph 7(b). L.W.
WZJ
LZR

(c) Location of Well: As soon as practical after Lessee commences the drilling of any well or wells upon the leased premises, Lessee shall furnish Lessor written notice, accompanied by a plat of said premises showing the location of such well or wells.

8. Assignment: The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon provided the Lessor approves said assignment or assignments in writing, and such approval shall not be unreasonably withheld. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties thereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of the leased premises, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof from or to Lessee, its successors or assigns, no change or division in the ownership of the leased premises or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. In the event of assignment of this lease, with Lessor's written approval, as to any part (whether divided or undivided) of the leased premises, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of

each, and default in delay rental payment by one shall not affect the rights of other leasehold owners hereunder.

9. Breach of Obligations: In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet any or all of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder. Should it be asserted in any notice given to the Lessee under the provisions of this paragraph that Lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any such cause except after final judicial ascertainment that such failure exists and Lessee has then been afforded a reasonable time to prevent cancellation by complying with and discharging its obligations as to which Lessee has been judicially determined to be in default. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to those tracts described paragraph 7 hereof. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Warranty Of Title: Lessor hereby warrants and agrees to defend title to the leased premises against the claims of all persons claiming by, through and under Lessor and no further. However, it is understood between the parties hereto that the Lessee shall examine title to those tracts that will be drilled and/or included in a drilling and production unit, and if said examination indicates either a cloud on Lessor's title or the failure of title, Lessor's warranty is limited to the bonus and delay rentals paid by Lessee for said tract or interest. If Lessee elects to litigate a title dispute concerning any of Lessor's tracts or interests, then in that event, Lessor agrees to support Lessee's efforts and pay its own attorney's fees and court costs. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on the leased premises, but Lessor agrees that Lessee shall have the right, at any time, to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, or occluded natural gas, in all or any part of the leased premises than the entire undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee

simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

11. Laws: This lease shall be subject to all federal and state laws and to all valid orders, rules and regulations of the Alabama Oil and Gas Board or any duly constituted body or agency of the state or federal government having jurisdiction in the premises.

12. Force Majeure: This lease shall not be terminated or subject to cancellation in whole or in part nor shall Lessee be held liable in damages for failure of Lessee to carry out its obligations under this lease, if such compliance is prevented by or such failure is the direct result of, an act of God, fire, storm, flood, insurrection, rebellion, riot, or rule or order of any government authority having jurisdiction in the leased premises, which occurrences shall be considered to be force majeure hereunder, and while so prevented, upon Lessee giving Lessor notice and full particulars, in writing, of the cause(s) relied upon, then Lessee's said obligations hereunder shall be suspended, but such cause shall, so far as possible, be remedied with all reasonable dispatch; provided, however, that no such cause shall relieve Lessee of the obligation to pay any sum of money due hereunder pursuant to Section 3 or otherwise, nor shall any such cause operate to relieve Lessee of any obligation hereunder for a period longer than that during which the same could be remedied by due diligence on the part of the Lessee.

13. Notice: Any notice required to be given hereunder shall be deemed to be given when and if mailed by certified or registered mail, return receipt requested, or delivered by Lessee, to Lessor at P. O. Box 7, Houston, Texas 77001, or if mailed by certified or registered mail, return receipt requested, or delivered by Lessor, to Lessee at Suite 600, 12012 Wickchester, Houston, Texas 77079, unless either party hereto, or their respective successors or assigns, gives notice in writing to the other of a change in address.

14. Information to Lessor: Lessee shall promptly furnish to Lessor any information reasonably requested by Lessor or Lessor's agents or representatives with respect to drilling operations on the leased premises. Lessor and Lessor's agents or representatives shall at all times have full and free right of ingress and egress to and from all parts of the leased premises for all purposes including without limitation the purposes of inspecting drilling operations or producing wells, inspecting and gauging tanks and storage facilities but such privileges shall be at the sole risk and responsibility of Lessor in the event of death of or injury to such party. Lessee shall not be liable for injury to Lessor's agents engaged in such activities except any of the same caused by negligence of Lessee or its agents, servants or employees. Lessee agrees to furnish Lessor or Lessor's agent with copies of all logs, cores, tests and production data obtained during the drilling and production operations, said data to be supplied when same is filed with the State Oil and Gas Board of Alabama. Lessee shall furnish Lessor with a survey and maps

showing the location on said land of all wells drilled and of all pipelines, tanks, roads and other surface facilities placed or constructed thereon by Lessee or at Lessee's direction.

15. Indemnities: It is expressly agreed and understood between the parties hereto that in order to obtain maximum efficient recovery of occluded gas from coal seams, Lessee may hydraulically stimulate coal seams and adjacent strata. In doing so, Lessor hereby indemnify and hold harmless Lessee from and against all claims, suits, judgments, losses and costs which may arise in connection with any damage alleged to have been caused to any coal seam, coal bed or surrounding rocks or strata owned or claimed by Lessor to the extent to which Lessor has a right to indemnify and hold Lessee harmless.

Lessee is an independent contractor under this lease and Lessor in no way shall be liable for any injury or damage whatsoever to persons or property which may result from Lessee's operations hereunder except as otherwise specifically provided for in this Lease.

16. Taxes: Lessee agrees to pay, before the same become delinquent, all taxes levied against its rights hereunder and against Lessee's improvements, buildings and equipment, other than that belonging to Lessor. In the event Lessor shall fail to pay ad valorem taxes, if any, assessed against its mineral interests promptly when due, Lessee may do so and be subrogated to the lien thereof, and Lessee may reimburse itself for the taxes so paid by deducting the amount thereof from any rentals or royalties accruing to Lessor hereunder.

IN WITNESS WHEREOF, this instrument is executed by Lessor and Lessee in duplicate originals as of the day and year first above written.

0904 0251

RECORDED IN ABOVE
DEED BOOK & PAGE NO.
FILED ON

05 SEP 19 04 11 40

W. HARRY MCCOLLUM
JUDGE OF PROBATE
TUSCO. CO., ALA.

The STUART WEST STEDMAN TRUST
The LYNN STEDMAN TRUST
The CLARE STEDMAN TRUST

By [Signature]
W. H. Hodges, Trustee

By [Signature]
Gus Walla, Trustee

By [Signature]
William E. Watson, Jr., Trustee

LESSOR

TRW, INC.

ATTEST:

By _____

By [Signature]
General Manager
Exploration & Production LESSEE

This instrument was prepared by: William E. Watson, Attorney at Law
P. O. Box 7, Houston, Texas 77001

THE STATE OF TEXAS X

COUNTY OF HARRIS X

I hereby certify that on this day, before me, a Notary Public duly authorized in the state and county aforesaid to take acknowledgments, personally appeared W. H. HODGES, GUS WALLA and WILLIAM E. WATSON, JR., Trustees of the Stuart West Stedman Trust, the Lynn Stedman Trust and the Clare Stedman Trust, to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that, being informed of the contents of the same, they each voluntarily signed and delivered the within and foregoing instrument on the day and year therein mentioned.

GIVEN under my hand and official seal, this 5th day of September 1985.

Marylene Weir

Notary Public in and for
Harris County, Texas

MARYLENE WEIR

Notary Public in and for the State of Texas
My Commission Expires 5/31, 1989

THE STATE OF TEXAS X

COUNTY OF HARRIS X

I hereby certify that on this day, before me, a Notary Public duly authorized in the state and county aforesaid to take acknowledgments, personally appeared R.D. Robertson, as General Manager, of Exploration and production TRW, INC., to me known to be the person described in and who executed the foregoing instrument and he acknowledged before me that, being informed of the contents of the same, he voluntarily signed and delivered the within and foregoing instrument on the day and year therein mentioned as the act and deed of said corporation.

GIVEN under my hand and official seal, this 6th day of September 1985.

Marylene Weir

Notary Public in and for
Harris County, Texas

MARYLENE WEIR

Notary Public in and for the State of Texas
My Commission Expires 5/31, 1989

0909 0252

RECORDED
DEED
HARRIS COUNTY
SEP 10 1985

SEP 10 1985

W. HARRY F. GULLUM
JUDGE OF PROBATE
HARRIS COUNTY, TEXAS

EXHIBIT "A"

To

OIL, GAS AND OCCLUDED NATURAL GAS LEASE

Being 3,120 acres of land, more or less, in Tuscaloosa County, Alabama,
more particularly described as follows:

	<u>ACRES</u>	<u>TOTAL ACRES</u>
<u>T 19S, R9W</u>		
Section 1: SE4, E2SW4	240	
Section 5: Entire Section	640	
Section 11: Entire Section	640	
Section 13: NE4, NW4, NE4SE4, S2SE4, NW4SW4, S2SW4	560	
Section 19: Entire Section except E2SE4	560	
Section 29: Entire Section except NE4	<u>480</u>	
Total Acres		3,120

0904 0253

RECORDED IN ABOVE
DEED BOOK PAGE NO.
FILED ON

SEP 10 AM 11 40

W. NANCY H. GOLLUM
JUDGE OF PROBATE
TUSCALOOSA CO., ALA.EXHIBIT "A"

EXHIBIT "B"

TO

OIL, GAS AND OCCLUDED NATURAL GAS LEASE

Being those coal mining leases in force on the leased premises described in Exhibit "A" hereto and described as follows:

1. Lease dated December 15, 1981, from the Stuart West Stedman Trust, et al, as Lessor, to Nickel Plate Mining Co., Inc., as Lessee, covering the following land that is included as part of the leased premises described in the attached Oil, Gas And Occluded Natural Gas Lease:

Township 19 South, Range 9 West

Section 1: Southeast Quarter (SE/4) and East one-half
of the Southwest Quarter (E/2 of SW/4)

2. Lease dated September 15, 1979, from the Stuart West Stedman Trust, et al, as Lessor, to Mitchell And Neely, Inc., as Lessee, covering the following land that is included as part of the leased premises described in the attached Oil, Gas And Occluded Natural Gas Lease:

Township 19 South, Range 9 West

Section 5: All of Section

0904 0254

RECORDED IN ABOVE
DEED BOOK PAGE NO.
FILED IN

05 SEP 10 AM 11 40

W. HARRY M. COLLUM
JUDGE OF PROBATE
TUSCALOOSA, ALA.

SEP10-85 11:44AM

DEED 00016 33
REC 00093 33
MAY 11 000106 33
AD7456 0001 33
TOTAL 000171 33

SEP10-85 11:44AM

477

000171 33

EXHIBIT "B"

BOOK 901 PAGE 254