

SABINE ROYALTY TRUST
Form DEF 14A
March 31, 2014

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

SABINE ROYALTY TRUST

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

TABLE OF CONTENTS

SABINE ROYALTY TRUST
c/o U.S. Trust, Bank of America

Private Wealth Management
901 Main Street, 17th Floor
Dallas, Texas 75202

March 28, 2014

Dear Unit Holder:

You are cordially invited to attend a Special Meeting of unit holders of the Sabine Royalty Trust to be held on Thursday, May 22, 2014, at 1:00 p.m., local time, at The City Club, 901 Main Street, Suite 6900, Dallas, Texas 75202. Please find enclosed a notice to unit holders, a Proxy Statement describing the business to be transacted at the meeting, and a form of Proxy for use in voting at the meeting.

At the Special Meeting, you will be asked (i) to approve the appointment of Southwest Bank as successor trustee of the Trust, (ii) to approve an amendment to the Sabine Royalty Trust Agreement dated December 31, 1982 (the Trust Agreement) that would permit a bank other than a national bank to serve as trustee of the Trust, (iii) to approve certain other amendments to the Trust Agreement described in the enclosed Proxy Statement, and (iv) to approve an adjournment of the Special Meeting, if necessary or appropriate, to permit solicitation of additional proxies in favor of the above proposals.

We hope that you will be able to attend the Special Meeting, and we urge you to read the enclosed Proxy Statement before you decide to vote. Even if you do not plan to attend, please complete, sign, date and return the enclosed Proxy as promptly as possible. It is important that your Units be represented at the meeting.

Very truly yours,

BANK OF AMERICA, N.A.,
Trustee of the Sabine Royalty Trust

/s/ Ron E. Hooper

RON E. HOOPER
Senior Vice President

YOUR VOTE IS IMPORTANT

All Unit Holders are cordially invited to attend the Special Meeting in person. However, to ensure your representation at the meeting, you are urged to complete, sign, date and return the enclosed Proxy as promptly as possible in the enclosed postage paid envelope. Returning your Proxy will help the Trust assure that a quorum will be present at the meeting and avoid the additional expense of duplicate proxy solicitations. Any Unit Holder attending the meeting may

vote in person even if he or she has returned the Proxy.

TABLE OF CONTENTS

TABLE OF CONTENTS

<u>PROXY STATEMENT</u>	1
<u>SOLICITATION AND REVOCABILITY OF PROXIES</u>	1
<u>VOTING AND QUORUM</u>	1
<u>PROPOSAL ONE APPOINTMENT OF SUCCESSOR TRUSTEE</u>	3
<u>PROPOSAL TWO AMENDMENT TO THE TRUST AGREEMENT TO PERMIT A BANK OTHER THAN A NATIONAL BANK TO SERVE AS TRUSTEE</u>	3
<u>PROPOSAL THREE AMENDMENTS TO THE TRUST AGREEMENT REGARDING MINISTERIAL ITEMS</u>	4
<u>PROPOSAL FOUR AMENDMENTS TO THE TRUST AGREEMENT REGARDING EXPERT ADVICE UPON TERMINATION</u>	5
<u>PROPOSAL FIVE AMENDMENTS TO THE TRUST AGREEMENT REGARDING UNCERTIFICATED UNITS</u>	6
<u>PROPOSAL SIX AMENDMENTS TO THE TRUST AGREEMENT REGARDING ASSET SALES</u>	7
<u>PROPOSAL SEVEN AMENDMENT TO THE TRUST AGREEMENT REGARDING ELECTRONIC VOTING</u>	8
<u>PROPOSAL EIGHT AMENDMENT TO THE TRUST AGREEMENT REGARDING INVESTMENTS</u>	9
<u>PROPOSAL NINE APPROVAL OF ANY ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO PERMIT SOLICITATION OF ADDITIONAL PROXIES IN FAVOR OF PROPOSALS ONE THROUGH EIGHT</u>	9
<u>EFFECT OF NEGATIVE VOTES ON PROPOSAL ONE</u>	10
<u>EFFECT OF NEGATIVE VOTES ON PROPOSAL TWO</u>	10
<u>EFFECT OF NEGATIVE VOTES ON PROPOSALS THREE THROUGH EIGHT</u>	10
<u>EFFECT OF NEGATIVE VOTES ON PROPOSAL NINE</u>	11
<u>TRUSTEE/SOUTHWEST BANK APPROVAL OF PROPOSALS TWO THROUGH EIGHT TRUSTEE</u>	11
<u>DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	12
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	12
<u>INTERESTS OF CERTAIN PERSONS IN THE MATTERS TO BE ACTED UPON</u>	12
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	12
<u>ADDITIONAL INFORMATION</u>	14
<u>APPENDIX A</u>	A-1

TABLE OF CONTENTS

**SABINE ROYALTY TRUST
c/o U.S. Trust, Bank of America
Private Wealth Management
901 Main Street, 17th Floor
Dallas, Texas 75202**

**NOTICE OF SPECIAL MEETING OF UNIT HOLDERS
To Be Held May 22, 2014**

PLEASE TAKE NOTICE THAT a Special Meeting of Unit Holders (the **Special Meeting**) of the Sabine Royalty Trust (the **Trust**), an express trust formed under the laws of the state of Texas and governed by the terms of the Sabine Corporation Royalty Trust Agreement dated December 31, 1982 (the **Trust Agreement**), will be held on Thursday, May 22, 2014, at 1:00 p.m., local time, at The City Club, 901 Main Street, Suite 6900, Dallas, Texas 75202, to consider and vote on the following matters:

- (1) approval of the appointment of Southwest Bank as successor trustee to serve as trustee of the Trust once the resignation of Bank of America, N.A., the current Trustee of the Trust, takes effect;
- (2) approval of an amendment to the Trust Agreement to permit a bank other than a national bank to serve as trustee of the Trust;
 - (3) approval of certain amendments to the Trust Agreement regarding ministerial items;
 - (4) approval of certain amendments to the Trust Agreement regarding expert advice on termination;
 - (5) approval of certain amendments to the Trust Agreement regarding a direct registration system;
 - (6) approval of certain amendments to the Trust Agreement regarding asset sales;
 - (7) approval of certain amendments to the Trust Agreement regarding electronic voting;
 - (8) approval of certain amendments to the Trust Agreement regarding investments; and
- (9) approval of the adjournment of the Special Meeting, if necessary or appropriate, to permit solicitation of additional proxies in favor of the above proposals.

The close of business on March 27, 2014 (the **Record Date**), has been fixed as the record date for the determination of unit holders entitled to receive notice of, and to vote at, the Special Meeting and any adjournment or postponement thereof. Only holders of record of Units of Beneficial Interest (the **Units**) of the Trust at the close of business on the Record Date are entitled to notice of, and to vote at, the Special Meeting. A list of unit holders entitled to vote at the Special Meeting will be available for inspection by any unit holder for any purpose germane to the Special Meeting during ordinary business hours for the ten days preceding the Special Meeting at the Trustee's offices at 901 Main Street, 17th Floor, Dallas, Texas, and also at the Special Meeting. Whether or not you plan to attend the Special Meeting, please complete, sign, date and return the enclosed Proxy as promptly as possible. You may revoke your proxy before the Special Meeting as described in the Proxy Statement under the heading **Solicitation and Revocability**

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of Proxies.

By Order of Bank of America, N.A.,
Trustee of the Sabine Royalty Trust

/s/ Ron E. Hooper

Ron E. Hooper
Senior Vice President

Dallas, Texas
March 28, 2014

TABLE OF CONTENTS

**SABINE ROYALTY TRUST
c/o U.S. Trust, Bank of America
Private Wealth Management
901 Main Street, 17th Floor
Dallas, Texas 75202**

PROXY STATEMENT

SOLICITATION AND REVOCABILITY OF PROXIES

The trustee of the Trust, Bank of America, N.A. through its U.S. Trust, Bank of America Private Wealth Management division (the Trustee), requests your proxy for use at the Special Meeting of unit holders of the Trust (Unit Holders) to be held on Thursday , May 22, 2014, at 1:00 p.m., local time, at The City Club, 901 Main Street, Suite 6900, Dallas, Texas 75202, and at any adjournment or postponement thereof. By signing and returning the enclosed Proxy you authorize the persons named on the Proxy to represent you and to vote your Units at the Special Meeting. This Proxy Statement and the form of Proxy were first mailed to Unit Holders of the Trust on or about March 28, 2014.

This solicitation of proxies is made by the Trustee of the Trust. In addition, the Trust has engaged AST Phoenix Advisors (the Proxy Solicitor) to assist in the solicitation of Proxies for the Special Meeting, and it estimates that it will pay the Proxy Solicitor approximately \$85,000, including the fee of the Proxy Solicitor plus certain costs and expenses. The Trust has also agreed to indemnify the Proxy Solicitor against certain losses arising out of its services.

Representatives of the Trustee may solicit proxies personally or by telephone, telegram or other forms of wire or facsimile communication. The Trust may also request banking institutions, brokerage firms, custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of Units that those companies hold of record. The Trustee will pay the costs of the solicitation, including reimbursement of forwarding expenses and fees and expenses of the Proxy Solicitor; however, Southwest Bank has agreed to reimburse the Trustee for 60% of the costs and expenses of the proxy solicitation in connection with the Special Meeting and meetings (or solicitation of written consents in lieu thereof) of unit holders of the six other trusts for whom Bank of America will resign as trustee not to exceed an aggregate of \$360,000 for all seven trusts.

If you attend the Special Meeting, you may vote in person. If you are not present at the Special Meeting, your Units can be voted only if you have returned a properly signed Proxy or are represented by another proxy. You may revoke your proxy at any time before it is exercised at the Special Meeting by (a) signing and submitting a later-dated proxy to the Trustee, (b) delivering written notice of revocation of the proxy to the Trustee, or (c) voting in person at the Special Meeting. In the absence of any such revocation, Units represented by the persons named on the Proxies will be voted at the Special Meeting.

VOTING AND QUORUM

The only outstanding voting securities of the Trust are the Units. As of the close of business on the Record Date, there were 14,579,345 Units outstanding and entitled to be voted at the Special Meeting.

Each outstanding Unit is entitled to one vote. The presence, in person or by proxy, of Unit Holders who, on the Record Date, held Units representing a majority of the Units outstanding as of the Record Date will constitute a quorum at the Special Meeting. The Trustee, upon approval by the holders of a majority of the Units who are present or represented by proxy at the Special Meeting, will have the power to adjourn the Special Meeting from time to time without notice, other than an announcement at the Special Meeting of the time and place of the holding of the adjourned meeting, until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted that may have been transacted at the Special Meeting had a quorum originally been present. If the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each Unit Holder of record entitled to vote at the adjourned meeting. Proxies solicited by this Proxy Statement may be used to vote in favor of any motion to adjourn the Special Meeting, even if a

1

TABLE OF CONTENTS

quorum is not present. If a motion to adjourn the meeting is approved but sufficient proxies are not received by the time set for the resumption of the Special Meeting, this process may be repeated until sufficient proxies to vote in favor of the proposals described in this Proxy Statement have been received or it appears that sufficient proxies will not be received. Abstentions and broker non-votes will count in determining if a quorum is present at the Special Meeting. A broker non-vote occurs if a broker or other nominee attending the meeting in person or submitting a proxy does not have discretionary authority to vote on a particular item and has not received voting instructions with respect to that item.

2

TABLE OF CONTENTS

PROPOSAL ONE APPOINTMENT OF SUCCESSOR TRUSTEE

On January 9, 2014, the Trustee submitted a notice of its resignation as trustee of the Trust to the Unit Holders. The Trustee's notice of resignation stated that it would nominate Southwest Bank, an independent state bank chartered under the laws of the State of Texas and headquartered in Fort Worth, Texas (Southwest Bank) as its potential successor and call a special meeting of Unit Holders for the purpose of appointing Southwest Bank as a successor. Prior to nominating Southwest Bank, the Trustee formed a committee to solicit, investigate and choose a nominee. The committee distributed requests for proposal and held discussions with a number of potential candidates.

If the Unit Holders appoint Southwest Bank as successor trustee at the Special Meeting, the Trustee's resignation will take effect on May 30, 2014, assuming the satisfaction or waiver of the following conditions:

The appointment of Southwest Bank or another successor trustee as trustee of six other royalty trusts for which Bank of America, N.A. currently serves as trustee and as agent under a disbursing arrangement for which Bank of America, N.A. currently serves as agent;

The accuracy of certain representations and warranties and performance of certain agreements made by Southwest Bank in an agreement between Bank of America, N.A. and Southwest Bank; and

No governmental injunction, order or other action that would prohibit Southwest Bank's appointment, the Trustee's resignation or the other actions described above.

If the conditions described above have not been satisfied or waived by the Trustee as of May 30, 2014, the resignation shall be effective August 29, 2014, assuming all of the conditions described above have been satisfied or waived by the Trustee as of such date. If the resignation is not effective as of such later effective date, the Trustee will notify Unit Holders of the new effective date.

Required Vote

The appointment of Southwest Bank as the successor trustee requires the affirmative vote of Unit Holders who, as of the Record Date, held Units representing a majority of the Units represented in person or by proxy at the Special Meeting. Accordingly, abstentions and broker non-votes in the appointment of the successor trustee will have the effect of votes against Southwest Bank as successor trustee. If the enclosed Proxy is returned and you have indicated how you wish to vote, the Proxy will be voted in accordance with your instructions. Should the enclosed Proxy be returned without instructions on how you wish to vote on this Proposal One, your Proxy will be deemed to grant such authority and will be voted FOR the appointment of Southwest Bank as successor trustee.

The Trustee recommends the Unit Holders vote FOR the appointment of Southwest Bank as successor trustee.

PROPOSAL TWO AMENDMENT TO THE TRUST AGREEMENT TO PERMIT A BANK OTHER THAN A NATIONAL BANK TO SERVE AS TRUSTEE

Background, Reasons for and Effect of the Proposed Amendment

Southwest Bank is a state bank, chartered under Texas law. The Trust Agreement currently requires the successor trustee to be a national banking association domiciled in the United States with capital, surplus and undivided profits (as of the end of its last fiscal year prior to its appointment) of at least \$50,000,000. Southwest Bank meets the conditions of the Trust Agreement pertaining to capital, surplus and undivided profits. To permit Southwest Bank to serve as successor trustee, the Trust Agreement must be amended to allow a qualified state or national bank to serve as trustee.

The Trustee is proposing to amend the last sentence of Section 8.03 of the Trust Agreement to read as follows (Appendix A includes a black-line version showing all proposed amendments to the Trust Agreement):

A Trustee appointed under the provisions of this Section 8.03 shall be a state or national bank domiciled in the United States which has a capital, surplus and undivided profits (as of the end of its last fiscal year prior to its appointment) of at least \$50,000,000.

TABLE OF CONTENTS

The effect of the proposed amendment would be to permit either a state or national bank that meets the capital, surplus and undivided profits requirements of the Trust Agreement (including Southwest Bank) to serve as a trustee of the Trust.

Required Vote

The amendment to the Trust Agreement in this Proposal Two requires the affirmative vote of Unit Holders who, as of the Record Date, held Units representing a majority of the Units outstanding as of the Record Date. Accordingly, abstentions and broker non-votes in the adoption of this amendment to the Trust Agreement will have the effect of votes against such amendment. If the enclosed Proxy is returned and you have indicated how you wish to vote, the Proxy will be voted in accordance with your instructions. Should the enclosed Proxy be returned without instructions on how you wish to vote on this Proposal Two, your Proxy will be deemed to grant such authority and will be voted FOR such amendment.

The Trustee recommends the Unit Holders vote FOR this amendment to the Trust Agreement.

PROPOSAL THREE AMENDMENTS TO THE TRUST AGREEMENT REGARDING MINISTERIAL ITEMS

Background, Reasons for and Effect of the Proposed Amendments

The Trust Agreement that created the trust was entered into on December 31, 1982. The following amendments are intended to update the Trust Agreement to ensure accurate cross-references to current legal authority. The following amendments are reflected in the black-line version of the Trust Agreement attached hereto as Appendix A. (The black-line version of the Trust Agreement underlines new text that is inserted and strikes through all text that is deleted as a result of the amendments to the Trust Agreement described in proposals Three through Ten of this Proxy Statement.)

1. *Texas Trust Code*. The Texas Trust Act, which governs certain aspects of the Trust Agreement, has been re-codified and is now referred to as the Texas Trust Code. The following references in the Trust Agreement to the Texas Trust Act will be revised as follows to refer to the Texas Trust Code.

A. Section 1.03 (Definition of Beneficial Interest): change Texas Trust Act to Texas Trust Code. The revised definition of Beneficial Interest will read as follows:

Beneficial Interest means the rights to share in the benefits and the obligations to share in the detriments resulting from the accomplishment of the purposes of the Trust as expressly set out in this Agreement, and includes without limitation the rights to share in distributions during the term of the Trust, to share in the final distributions from the Trust and to participate in decisions affecting the Trust only to the extent expressly provided herein, and, except as limited by the provisions of this Agreement, to exercise all other rights of beneficiaries of express trusts created under the Texas Trust Code.

B. Section 1.27 (Definition of Trust): change Texas Trust Act to Texas Trust Code. The revised definition of Trust will read as follows:

Trust means the express trust under the Texas Trust Code created by and administered under the terms of this Agreement.

C. Section 2.02, first full paragraph following (c): change Section 2 of the Texas Trust Act to Section 111.004(4) of the Texas Trust Code.

D. Section 6.09, first full paragraph following new subsection (d): change Texas Trust Act to Texas Trust Code.

E. Section 7.09 (relief of Trustee from Certain Duties, Restrictions and Liabilities): if amended, Section 7.09 will read as follows:

Trustor hereby relieves the Trustee from any and all duties, restrictions and liabilities otherwise imposed on the Trustee by the Texas Trust Code, except for such duties, restrictions and liabilities as are imposed (a) by Section 111.0035 of the Texas Trust Code outlining specific duties of the Trustee

TABLE OF CONTENTS

that trust provisions may not limit, (b) by the terms and conditions of this Agreement or (c) by any other applicable law, rule or regulation.

F. Section 10.02(e): change under the Texas Trust Act to under the Texas Trust Code.

2. Section 1.06 (Definition of Code): the Internal Revenue Code was revised in 1986. Accordingly, in the definition of Code, the year 1954 will be changed to 1986.

3. *Transfer of Units.* The Texas Uniform Act for Simplification of Fiduciary Security Transfers under Chapter 33 of the Texas Business and Commerce Code (the Texas Uniform Act) governs certain aspects of the Trust Agreement. Chapter 33 of the Texas Business and Commerce Code has been repealed. Accordingly, the references in Section 3.07 and 3.09 of the Trust Agreement to the Texas Uniform Act will be deleted.

4. *Transfer Agent.* The Trust Agreement appoints Mercantile National Bank at Dallas as Transfer Agent and Registrar. Mercantile National Bank at Dallas no longer serves as the Transfer Agent. As such, all references to Mercantile National Bank at Dallas would be deleted and replaced with American Stock Transfer and Trust Company LLC.

The effect of the above amendments would be to eliminate outdated references and modernize the Trust Agreement.

Southwest Bank s willingness and ability to serve as successor trustee are not conditioned upon Unit Holder approval of these amendments.

Required Vote

The amendments to the Trust Agreement in this Proposal Three require the affirmative vote of Unit Holders who as of the Record Date held Units representing a majority of the Units outstanding as of the Record Date. Accordingly, abstentions and broker non-votes in the adoption of this amendment to the Trust Agreement will have the effect of a vote against such amendment. If the enclosed Proxy is returned and you have indicated how you wish to vote, the Proxy will be voted in accordance with your instructions. Should the enclosed Proxy be returned without instructions on how you wish to vote on this Proposal Three, your Proxy will be deemed to grant such authority and will be voted FOR such amendments.

The Trustee recommends the Unit Holders vote FOR these amendments to the Trust Agreement.

PROPOSAL FOUR AMENDMENTS TO THE TRUST AGREEMENT REGARDING EXPERT ADVICE UPON TERMINATION

Background, Reasons for and Effect of the Proposed Amendments

Distribution of Assets. Section 9.02 of the Trust Agreement, entitled *Disposition and Distribution of Assets Upon Termination*, addresses certain procedures related to the liquidating and winding up of the affairs of the Trust at its termination. This section will be revised to clarify that the trustee may engage experts to assist it in the winding up of the Trust's affairs. In addition, the amendment will provide that the trustee is entitled to rely on such experts' advice and to be reimbursed for such experts' fees and expenses. This section will be revised by inserting the following sentence immediately following the first sentence in 9.02.

The Trustee may engage the services of one or more investment advisors or other parties deemed by the Trustee to be qualified as experts on such matters to assist with such sales and shall be entitled to rely on the advice of such Persons as contemplated by Section 7.06.

In addition, the list of professional and expert persons in Section 7.06 with whom the trustee may contract for services will be expanded by inserting , investment advisors in such list.

The effect of the proposed amendments would be to permit the trustee to engage and rely on investment advisors or other experts to assist it with the sale of Trust properties upon a liquidation of the Trust.

Southwest Bank's willingness and ability to serve as successor trustee are not conditioned upon Unit Holder approval of these amendments.

TABLE OF CONTENTS

Required Vote

The amendments to the Trust Agreement in this Proposal Four require the affirmative vote of Unit Holders who as of the Record Date held Units representing a majority of the Units outstanding as of the Record Date. Accordingly, abstentions and broker non-votes in the adoption of this amendment to the Trust Agreement will have the effect of a vote against such amendment. If the enclosed Proxy is returned and you have indicated how you wish to vote, the Proxy will be voted in accordance with your instructions. Should the enclosed Proxy be returned without instructions on how you wish to vote on this Proposal Four, your Proxy will be deemed to grant such authority and will be voted FOR such amendments.

The Trustee recommends the Unit Holders vote FOR these amendments to the Trust Agreement.

PROPOSAL FIVE AMENDMENTS TO THE TRUST AGREEMENT REGARDING UNCERTIFICATED UNITS

Background, Reasons for and Effect of the Proposed Amendments

The Units are currently listed securities on the New York Stock Exchange (NYSE). Pursuant to New York Stock Exchange Listed Company Manual Section 500.00, all securities listed on the NYSE must be eligible for a direct registration system (DRS). While the Trust is technically eligible for DRS, it cannot participate in the system because the Trust Agreement requires that ownership of Units be evidenced by certificates. Proposal Five, if approved, will amend the Trust Agreement to allow for uncertificated Units, which would permit the Trust to participate in the DRS.

A DRS allows companies to issue units or shares in uncertificated (or book-entry) form rather than requiring actual paper certificates. These book-entry units or shares can then be transferred electronically between brokers and transfer agents, removing the need for printing, handling and delivering paper certificates. A DRS also provides greater security both to holders of units or shares, who avoid the risk of lost or stolen certificates and the associated replacement fees, and to issuers, who eliminate the risk of cancelled certificates being fraudulently presented as valid.

Because of these and other benefits, the securities industry encourages companies to participate in a DRS. Most companies listed on the NYSE were able to begin participating in a DRS after the NYSE added DRS eligibility to its listing standards in 2008 through actions of their board of directors. In contrast, because the Trust Agreement requires physical certificates to represent the Units and does not authorize the trustee to alter that requirement, Unit Holder action is necessary to amend the Trust Agreement to allow the Trust to participate in a DRS. The amendment to allow uncertificated Units is reflected primarily in Article III of the black-line version of the Trust Agreement attached hereto as Appendix A.

If Proposal Five is approved by the Unit Holders, Articles I, III, IV, V, VI, VIII, IX, and X of the Trust Agreement will be revised to read as set forth in Appendix A.

The effect of the proposed amendments would be to permit Trust Units to be uncertificated and permit the Trust to participate in a DRS.

Southwest Bank's willingness and ability to serve as successor trustee are not conditioned upon Unit Holder approval of these amendments.

Required Vote

The amendments to the Trust Agreement in this Proposal Five require the affirmative vote of Unit Holders who as of the Record Date held Units representing a majority of the Units outstanding as of the Record Date. Accordingly, abstentions and broker non-votes in the adoption of this amendment to the Trust Agreement will have the effect of a vote against such amendment. If the enclosed Proxy is returned and you have indicated how you wish to vote, the Proxy will be voted in accordance with your instructions. Should the enclosed Proxy be returned without instructions on how you wish to vote on this Proposal Five, your Proxy will be deemed to grant such authority and will be voted FOR such amendments.

The Trustee recommends the Unit Holders vote FOR these amendments to the Trust Agreement.

TABLE OF CONTENTS

PROPOSAL SIX AMENDMENTS TO THE TRUST AGREEMENT REGARDING ASSET SALES

Background, Reasons for and Effect of the Proposed Amendments

The Trust Agreement provides that the trustee may not sell any of the Trust assets without the approval of holders of a majority of the outstanding Units at a meeting held in accordance with Article V of the Trust Agreement. Occasionally opportunities present whereby a better return on properties could be obtained if the trustee sold or conveyed such properties. The Trustee now proposes to seek authorization for certain small sales if the trustee deems them to be in the best interests of the Unit Holders. In order to facilitate any sale of the Royalty that the trustee determines to be in the best interest of the Unit Holders, without incurring the expense of holding a special meeting of the Unit Holders to approve such sale, Proposal Six would amend the Trust Agreement to permit the trustee to sell up to one percent (1%) of the value (based on year end engineering reports) of the Royalties in any twelve month period. This amendment regarding asset sales is reflected in Section 6.02(c) of the black-line version of the Trust Agreement attached hereto as Appendix A.

If Proposal Six is approved by the Unit Holders, a new Section 6.02(c) will be inserted into the Trust Agreement following 6.02(b) (newly renumbered as set forth herein) of the Trust Agreement and will read as follows (the proposed revision of section 6.02 reprinted below assumes the passage of Proposal Five above and is reprinted herein containing the changes to Section 6.02 proposed under *both* Proposals Five and Six. Proposed changes specific to this Proposal Six are underlined for ease of reference).

Section 6.02. Limited Power to Dispose of Royalties and Other Trust Interests.

Except as provided in this Section 6.02, if, and only if, approved by the affirmative vote at a meeting duly called and held in accordance with the provisions of Article V hereof of the Record Date Unit Holders representing a majority of the Units outstanding on the Voting Record Date, the Trustee may sell all or any part of the Royalties or any Other Trust Interest in such manner as it deems in the best interests of the Unit Holders. The Trustee may (a) not sell or direct any Other Trustee to sell or otherwise dispose of all or any part of the Royalties, the Other Royalties or any Other Trust Interest for any consideration other than cash. This Section 6.02 shall not be construed to require approval of the Unit Holders for any sale or other disposition of all or any part of the Royalties or any Other Trust Interest pursuant to Section 6.02(c), 6.08 or 9.02 hereof.

The Trustee shall distribute any cash received as a result of any such sale, subject to the need to pay any liabilities of the Trust or to establish or increase any cash reserves pursuant to Section 6.09 hereof, to Unit Holders as part of (b) the Monthly Income Amount distributed with respect to the first Monthly Record Date following the date of any such sale (unless such sale occurs on a Monthly Record Date in which event the distribution may be on such Monthly Record Date unless the Trustee determines that such an immediate distribution would prevent the Trust from complying with any regulation of any stock exchange on which the Units are listed).

(c) Notwithstanding anything to the contrary contained in this Agreement, during any twelve-month period the Trustee may without a vote of the Unit Holders sell, assign, transfer and convey up to one percent (1%) of the value of the Royalties or any Other Trust Interest in any one or more transactions that the Trustee determines to be in the best interest of the Unit Holders. For purposes of this Section 6.02(c), the value of the Royalties to be sold and of all the

Royalties shall be the discounted present value of the future net revenue attributable to the proved reserves attributable to such Royalties, as set forth in a reserve report as of December 31 of the year preceding the date of the definitive sale agreement for any sale (such report to be prepared by independent petroleum engineers selected by Trustee). The use of such values is solely for the purpose of determining compliance with this Section 6.02(c), and it is recognized that the proceeds of the sale may be greater or lesser than the value so determined.