

## Cross Timbers Royalty Trust

## Important Tax Information

Post Office Box 830650  
Dallas, Texas 75283-0650  
Telephone (877) 228-5084

**2009**

February 12, 2010

TO UNITHOLDERS:

We enclose the following material which provides unitholders with the information necessary to compute the 2009 federal and state taxable income attributable to their units:

- (a) Grantor Trust Schedule A for 2009.
- (b) Instructions for Schedules A and B-1 through B-12.
- (c) Supplemental Tax Tables and Worksheet.

As explained in the attached instructions, distributions from the trust are taxable as royalties and not as dividends.

### Unitholder Worksheet

If you owned trust units as of the record date for any of the 2009 monthly trust distributions, your tax information includes a Unitholder Worksheet that shows amounts reportable by you on your 2009 Federal Form 1040. If you own units through more than one broker, you will receive a separate worksheet for each ownership position and you should add the amounts by line on all worksheets to determine the amounts reportable on your 2009 Federal Form 1040. These amounts have been computed based on the number of units you owned at each monthly record date, as shown on the Unitholder Worksheet. If the number of units you owned at each monthly record date does not agree with the number shown, you should disregard the amounts reported on the Unitholder Worksheet and compute your individual amounts for federal tax reporting using the information in this tax booklet.

All unitholders must compute their depletion deduction for federal tax reporting purposes. See Part I, Instruction 2 in the attached instructions. **For your convenience, a simple cost depletion calculator is now available on the Cross Timbers Royalty Trust website at: [www.crosstimbertrust.com](http://www.crosstimbertrust.com), on the "Home" page.**

Each unitholder should consult his or her individual tax advisor.

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

By:



Vice President



# Cross Timbers Royalty Trust

Form 1041, GRANTOR TRUST

# Schedule A

EIN 75-6415930

Tax Shelter Reg. No. 92148000497

2009

Federal and State Income Tax Information - See Instructions Before Filing

## PART I - ROYALTY INFORMATION PER UNIT

	Gross Income (a)	Severance Tax (b)	Net Royalty Payment (c)	Cost Depletion Factor (d)	Percentage Depletion (e)	Basis Allocation Factor (f)	Production (g)
<b>ROYALTY PROPERTIES - 90% INTERESTS</b>							
<b>TEXAS</b>							
1. Oil .....	\$0.405548	\$0.017478	\$0.388070				0.007492 Bbls
2. Gas .....	0.285082	0.023257	0.261825				0.040513 Mcf
3. Total Oil & Gas .....	0.690630	0.040735	0.649895	0.110158	\$0.103596	0.239499	
<b>OKLAHOMA</b>							
1. Oil .....	0.067795	0.004125	0.063670				0.001054 Bbls
2. Gas .....	0.167153	0.013760	0.153393				0.038629 Mcf
3. Total Oil & Gas .....	0.234948	0.017885	0.217063	0.156404	\$0.035242	0.064204	
<b>NEW MEXICO</b>							
1. Oil .....	0.065441	0.005505	0.059936				0.001258 Bbls
2. Gas .....	1.202009	0.342112	0.859897				0.214377 Mcf
3. Total Oil & Gas .....	1.267450	0.347617	0.919833	0.061404	\$0.190117	0.589858	
<b>ROYALTY PROPERTIES - 75% INTERESTS</b>							
<b>TEXAS</b>							
1. Oil .....	0.084079	0.003846	0.080233				0.001263 Bbls
2. Gas .....	0.002415	0.000116	0.002299				0.000863 Mcf
3. Total Oil & Gas .....	0.086494	0.003962	0.082532	0.051650	\$0.012975	0.051271	
<b>OKLAHOMA</b>							
1. Oil .....	0.092820	0.006691	0.086129				0.001570 Bbls
2. Gas .....	0.001715	0.000075	0.001640				0.000366 Mcf
3. Total Oil & Gas .....	0.094535	0.006766	0.087769	0.055430	\$0.014180	0.055168	
TOTAL FOR YEAR	<u>\$2.374057</u>	<u>\$0.416965</u>	<u>\$1.957092</u> <b>A</b>			<u>1.000000</u>	0.012637 Bbls 0.294748 Mcf

## PART II - OTHER INCOME AND EXPENSE PER UNIT

	Total
1. Interest Income .....	\$0.000037 <b>B</b>
2. Administration Expense .....	\$0.071106 <b>C</b>

## PART III - RECONCILIATION OF TAXABLE INCOME AND CASH DISTRIBUTION PER UNIT

	Total
1. Taxable Income per Unit, Excluding Depletion <b>(A+B-C)</b> .....	\$1.886023
2. Reconciling Items .....	0.000000
3. Cash Distribution per Unit .....	<u>\$1.886023</u>



# Cross Timbers Royalty Trust

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## Instructions for Schedules A and B-1 through B-12

### I. FEDERAL INCOME TAX INFORMATION

#### 1. Reporting of Income and Expense

(a) *Direct Ownership Reporting.* The Cross Timbers Royalty Trust is taxable as a grantor trust for federal income tax purposes. Each unitholder of the trust is taxable on his pro rata share of the income and expenses of the trust as if he were the direct owner of a pro rata share of the trust income and assets. Thus, the taxable year for reporting a unitholder's share of the trust's income and expense is controlled by his taxable year and his method of accounting, not by the taxable year and method of accounting of the trust. Therefore, a cash-basis unitholder would report his pro rata share of income or expense of the trust, received or paid by the trust, during his tax year. An accrual-basis unitholder should report his pro rata share of income and expenses of the trust accrued during his tax year.

The trust was created on February 12, 1991, by predecessors of XTO Energy Inc. by conveying five defined net profits interests carved out of certain mineral properties then owned by the predecessors. Each of the five conveyances entitles the trust to receive a percentage of the net proceeds of production from such properties. Limited partners in predecessors of XTO Energy received trust units in two separate royalty distributions during 1991 and 1992 ("the 1991 and 1992 royalty distributions").

(b) *Taxable Year.* Since the trust distributes its income monthly to unitholders of record at the end of each month, Schedules B-1 through B-12 are prepared for each month during the year to permit unitholders using a fiscal year to develop their own tax data by computing the relevant information for each month the unitholder owned units during his taxable year. For example, a unitholder with a fiscal year ending January 31, 2010, and who has owned the same number of units during such year would combine the results of Schedules B-2 through B-12 for 2009 and Schedule B-1 for 2010. For the convenience of unitholders who report on the calendar year and who have owned the same number of units during such calendar year, Schedule A, which combines the results of Schedules B-1 through B-12, is attached. Calendar year unitholders who purchased or sold units during the year should consult the Supplemental Tax Tables and Depletion Worksheet. Other than to calculate depletion, Schedules A and B-1 through B-12 are unnecessary for most unitholders since individualized unitholder worksheets are provided to unitholders summarizing federal reportable amounts for the calendar year. Any unitholders requiring Schedules B-1 through B-12 can obtain them from the trust website at [www.crosstimberstrust.com](http://www.crosstimberstrust.com) or can contact the trustee.

#### (c) *Types and Reporting of Trust Income and Expense.*

(i) The trust holds five net overriding royalties – three are 90% defined net profits interests carved out of royalty interests in oil and gas properties located in Texas, Oklahoma and New Mexico and are known as the Royalty Properties-90% Interests and two are 75% defined net profits interests carved out of working interests in other oil and gas properties located in Texas and Oklahoma and are known as the Royalty Properties-75% Interests (herein referred to collectively as the royalties and individually as a royalty). In general, the income attributable to each royalty is computed for each monthly period based on proceeds collected in the preceding month by the owner of the interests burdened by such royalty from oil and gas produced from such interests and sold in an earlier month, less certain designated costs and expenses paid or in some cases accrued. Such royalty income generally is received by the trustee on the last business day of such monthly period. The gross amount of net overriding royalty income received by the trust from each royalty during the period is reported in Column (a) of Part I.

(ii) Severance tax allocated to the trust during the period is reported in Column (b) of Part I.

(iii) Production quantities provided in Column (g) of Part I are for information only.

(iv) Estimated interest income to be earned on the monthly distribution amounts (from the last day of the month to the distribution date) for the period covered is reported in Item 1 of Part II. Other interest income received by the trustee during the period covered is also reported in Item 1 of Part II.

(v) Administration expenses generally are paid on the last day of the month in which they were incurred. The amount so incurred and paid during the period covered is reported as Item 2 of Part II.

(d) *Unit Multiplication.* Because each schedule shows only results on a per-unit basis, it will be necessary to multiply the gross royalty income and severance tax shown in Part I and the interest income and administration expense shown in Part II by the number of units owned by a unitholder on the monthly record date of the applicable period to obtain the amount to be reported on his tax return for that period. Income and expenses (other than depletion) may be computed directly from the appropriate schedules. Depletion per unit must be computed as provided in instruction 2 below.

(e) *Individual Taxpayers.* For unitholders who hold the units as an investment and who file Form 1040 for a period beginning in 2009, it is suggested that the items of income and expense computed from the appropriate schedules be reported in the following manner:

<b>Item</b>	<b>Form 1040</b>
Name of Royalty	Line 1, Part I, Schedule E
Gross Royalty Income	Line 4, Part I, Schedule E
Depletion	Line 20, Part I, Schedule E
Severance Tax	Line 16, Part I, Schedule E
Interest Income	Line 1, Part I, Schedule B
Administration Expense	Line 18, Part I, Schedule E

On the following pages, we have reproduced Form 1040 Schedules E and B and identified the specific location of each item of income and expense listed above. These pages are entitled "Individual Unitholder's Specific Location of Items of Income and Expense on Form 1040 Schedules E and B."

For the convenience of unitholders who acquired or sold units during 2009, Tables I through IV are enclosed to assist in the computation of Gross Royalty Income, Severance Tax, Interest Income, and Administration Expense. These tables are only for those unitholders who have a calendar year as their taxable year.

(f) *Nominee Reporting.* Nominees should report the distributions from the trust as royalty income on Form 1099-MISC. The taxable amount before depletion should be reported per the attached schedules. In years where there are no reconciling items, the net taxable income excluding depletion (see instruction 2) will equal the cash distributions from the trust. Also, see page 10 regarding tax information reporting by middlemen.

## **2. Computation of Depletion**

Each unitholder should determine his depletion allowance by computing depletion for each royalty. A taxpayer who purchased his units is entitled to claim depletion allowable based on the greater of cost or percentage depletion. As further explained below, percentage depletion may not be available to a unitholder who received units in the 1991 and 1992 royalty distributions.

A Depletion Worksheet is enclosed to assist unitholders in computing their cost or percentage depletion deduction. The Worksheet is divided into two parts. Part A pertains to units that were held the entire calendar year, and Part B pertains to units that were acquired or sold in 2009. Unitholders who use Part B should obtain their cost depletion factors from Tables V through IX and percentage depletion per unit from Tables X through XIV for their applicable period of ownership in 2009. Notes are contained in the Specific Instructions for Depletion Worksheet to explain certain aspects of the depletion calculation.

(a) *Percentage Depletion.* If available, percentage depletion is equal to 15% of the gross income attributable to a royalty, limited to 100% of the net income from such royalty, and may continue after basis is reduced to zero.

# Individual Unitholder's Specific Location of Items of Income and Expense on Form 1040 Schedules E and B

Name of Royalty

Gross Royalty Income

Severance Tax

Administration Expense

Depletion

SCHEDULE E (Form 1040)		Supplemental Income and Loss (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)			OMB No. 1545-0074 <b>2009</b> Attachment Sequence No. <b>13</b>
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See Instructions for Schedule E (Form 1040).			Your social security number
Name(s) shown on return					
<b>Part I</b> Income or Loss From Rental Real Estate and Royalties <small>Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.</small>					
<b>1</b>	<b>List the type and address of each rental real estate property:</b>	<b>2</b>	<b>For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:</b>		
	<b>A</b> .....		• 14 days or		
	<b>B</b> .....		• 10% of the total days rented at fair rental value?		
	<b>C</b> .....		(See page E-3)		
			<b>Yes</b>	<b>No</b>	
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>3</b>	<b>4</b>	<b>5</b>
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**A unitholder who purchased his units or received units by gift, devise or inheritance from a unitholder who purchased units is entitled to claim a depletion allowance based on the greater of cost or percentage depletion. As further explained below, percentage depletion may not be available to a unitholder who received units in the 1991 and 1992 royalty distributions. The trust has provided percentage depletion amounts in Column (e) of Part I so that a unitholder who has held his units for the entire year may determine whether cost or percentage depletion produces the greater deduction in his particular circumstances.**

Prior to the Revenue Reconciliation Act of 1990 ("1990 Act"), the benefit of percentage depletion generally did not extend to "independent producers" who were transferees of a "proven" oil or gas property with respect to production from that property. As a result of the 1990 Act, the proven property transfer rule is not applicable to transferees of "proven" properties after October 11, 1990. There were a number of statutory and regulatory exceptions to the proven property transfer rule, however, which continue to apply after that date, including an exception for certain transfers between partnerships and their partners. The trustee has been informed that virtually all properties included in the royalties were proven properties in the hands of XTO Energy predecessors immediately prior to their transfer to the trust. Hence, even though the 1991 and 1992 royalty distributions occurred after October 11, 1990, it appears that a unitholder who received his units in the 1991 and 1992 royalty distributions may only be entitled to claim percentage depletion on his share of the portion of the royalties which was derived from XTO Energy predecessors in which he had no interest. No percentage depletion is allowable to such a unitholder under the exemption for certain gas wells provided by IRC Section 613A(b), because none of the gross income from the royalties constitutes income from "natural gas sold under a fixed contract" under that section.

*(b) Cost Depletion and Apportionment of Basis.* Each unitholder is entitled to compute cost depletion with respect to his share of royalty income received by the trust from each royalty on his basis in such royalty. To compute cost depletion for the period covered, each unitholder should multiply his basis in each royalty (reduced by prior years' depletion, if any) by the factor indicated in Column (d) of Part I, which factor was calculated by dividing the quantity produced and sold during the period by the estimated quantity of reserves at the beginning of the year.

With respect to units acquired by purchase, a unitholder's basis in each royalty is determined by apportioning his basis in such units among each royalty in proportion to the relative fair market values of each on the date the units were acquired by him. Note 2 of the Specific Instructions for Depletion Worksheet and Column (f) of Part I set forth a factor for apportioning basis based on the trustee's determination of the relative fair market value of the royalties. A unitholder (other than one who acquired units in the 1991 and 1992 royalty distributions) should allocate his basis in accordance with the basis allocation factor in Note 2 of the Specific Instructions for Depletion Worksheet or in Column (f) of Part I for the year in which he acquires units and should not thereafter reallocate his basis. The trustee intends to redetermine the relative values of the royalties annually, and change the basis allocation factor in Note 2 of the Specific Instructions for Depletion Worksheet and in Column (f) of Part I based on such redetermination.

Unitholders who acquired their units in the 1991 and 1992 royalty distributions and continued to hold such units have previously received schedules from XTO Energy reflecting the allocation of the basis in the units received to each royalty.

**For your convenience, a simple cost depletion calculator is now available on the Cross Timbers Royalty Trust website at: [www.crosstimberstrust.com](http://www.crosstimberstrust.com), on the "Home" page.**

### **3. Reconciliation of Net Income and Cash Distributions**

The difference between the per-unit taxable income for a period and the per-unit cash distributions, if any, reported for such period (even though distributed in a later period) is attributable to adjustments in Part III, Line 2, labeled Reconciling Items. The Reconciling Items consist of items which are not currently deductible, such as increases in cash reserves established by the trustee for the payment of future expenditures, capital items and items which do not constitute taxable income such as reductions in previously established cash reserves. There were no such reconciling items in 2009.

#### **4. Adjustments to Basis**

Each unitholder should reduce his tax basis (but not below zero) in each royalty by the amount of depletion allowable with respect to such royalty and in his units by the amount of depletion allowable with respect to the royalties.

#### **5. Federal Income Tax Reporting of Units Sold**

The sale, exchange, or other disposition of a unit is a taxable transaction for federal income tax purposes. Gain or loss is computed under the usual tax principles as the difference between the selling price and the adjusted basis of the unit. The adjusted basis of a unit is the original cost or other basis of the unit reduced by any depletion allowed or allowable. The amount of gain, if any, realized upon the disposition of an oil and gas property is treated as ordinary income to the extent of the depletion previously claimed with respect to such property which reduced the taxpayer's basis in the property. The balance of any gain or any loss will be a capital gain or loss if such unit was held by the unitholder as a capital asset – either long-term, if held more than 12 months, or short-term if held less than 12 months.

#### **6. Portfolio Income**

Royalty income is generally considered portfolio income under the passive loss rules enacted by the Tax Reform Act of 1986. Therefore, it appears that unitholders should not consider the taxable income from the trust to be passive income in determining net passive income or loss. Unitholders should consult their tax advisors for further information.

#### **7. WHFIT Classification**

The trust is a widely held fixed investment trust (“WHFIT”) classified as a non-mortgage widely held fixed investment trust (“NMWHFIT”) for federal income tax purposes. The trustee is U.S. Trust, Bank of America Private Wealth Management (EIN: 56-0906609), Post Office Box 830650, Dallas, Texas, 75283-0650, telephone number 1-877-228-5084, email address: trustee@crosstimberstrust.com. Nancy Willis is the representative of the trust that will provide tax information in accordance with the applicable U.S. Treasury Regulations governing the information reporting requirements of the trust as a WHFIT and a NMWHFIT. Tax information is also posted by the trustee at [www.crosstimberstrust.com](http://www.crosstimberstrust.com). Middlemen holding units on behalf of the actual owners are solely responsible for certain tax information reporting for such units to these unitholders (such as Form 1099's). Such middlemen may include custodians, nominees, certain joint owners and brokers holding units for custodians in street name. These unitholders should consult with these middlemen concerning any tax information reporting provided by these middlemen.

#### **8. Unrelated Business Taxable Income**

Certain organizations that are generally exempt from tax under IRC Section 501 are subject to tax on certain types of business income defined in IRC Section 512 as unrelated business income. In the opinion of the trust's tax counsel, Winstead PC, the income of the trust will not be unrelated business taxable income to such organizations so long as the trust units are not “debt-financed property” within the meaning of IRC Section 514(b). In general, a trust unit would be debt-financed if the trust unitholder incurs debt to acquire a trust unit or otherwise incurs or maintains a debt that would not have been incurred or maintained if the trust unit had not been acquired.

## II. STATE INCOME TAX RETURNS

All revenues from the trust are from sources within either Texas, Oklahoma or New Mexico, as reflected on Schedules A and B.

Oklahoma and New Mexico presently have income taxes which tax income of nonresidents from real property located within that state. The trust has been advised by Oklahoma and New Mexico tax counsel that those states will each tax nonresidents on royalty income from the royalties located in that state. Oklahoma and New Mexico also impose a corporate income tax which may apply to unitholders organized as corporations. Business entities and entities providing limited liability protection, unless otherwise exempt, are currently subject to the Texas franchise tax which is partly based on federal income principles and which would generally include income from the trust. The trust has been advised by Texas tax counsel that the trust should be currently exempt from the Texas franchise tax as a passive entity. However, each unitholder that is a business entity or limited liability entity should consult with its tax advisor regarding royalty income from the trust and compliance with Texas franchise tax law.

The revenues and expenses attributable to the royalties located in each state are reflected in Part I to assist unitholders in complying with state tax obligations. If units were owned less than a full year, the unitholder must obtain state income tax information from Schedule B for each of the months units were owned. Monthly Schedule Bs are provided to unitholders by the trustee upon request and can be obtained from the trust website at [www.crosstمبرstrust.com](http://www.crosstمبرstrust.com). Each unitholder should consult his tax advisor regarding the requirements for filing state income tax returns for his state of residence, and the states from which the trust's income is derived.

## III. CERTAIN TAX MATTERS

The trust's tax counsel, Winstead PC, is of the opinion that under current law (i) the trust will be treated as a grantor trust for federal income tax purposes and that the income of the trust will be taxable to the unitholders as if amounts owed or paid to the trust were owed or paid directly to the unitholders pro rata and (ii) each unitholder will be entitled to depletion deductions equal to the greater of cost depletion based on his basis in the units or (under certain circumstances) percentage depletion. The opinion of tax counsel is not binding on the Internal Revenue Service ("IRS"). In recent years, the IRS has issued private letter rulings and technical advice memoranda indicating that royalty trusts similar to the trust are taxable as grantor trusts. However, no rulings have been issued to the trust and private rulings issued to other taxpayers do not bind the IRS in connection with the trust. Hence, tax counsel cannot provide assurance that the IRS will not challenge such opinion.

**THE INSTRUCTIONS CONTAINED IN THIS BOOKLET ARE DESIGNED TO ASSIST UNITHOLDERS WHO ARE U.S. CITIZENS IN COMPLYING WITH THEIR FEDERAL AND STATE INCOME TAX REPORTING REQUIREMENTS BASED ON THE TREATMENT OF THE TRUST AS A GRANTOR TRUST AND SHOULD NOT BE CONSTRUED AS ADVICE TO ANY SPECIFIC UNITHOLDER. A UNITHOLDER SHOULD CONSULT HIS OWN TAX ADVISOR REGARDING ALL TAX COMPLIANCE MATTERS RELATING TO THE TRUST.**

## Supplemental Tax Tables and Worksheet

In addition to Schedule A and Instructions, the Supplemental Tax Tables and Worksheet are provided for certain unitholders. The Supplemental Tax Tables and Worksheet comprise 14 tables and a Depletion Worksheet.

Use of Supplemental Tax Tables I through IV is unnecessary for many unitholders since an individualized unitholder worksheet is provided to unitholders of record summarizing taxable income for the calendar year. For purposes of computing income and expenses (excluding depletion), Tables I through IV should only be used by calendar-year unitholders who acquired units after January 31, 2009, or sold or exchanged units any time during 2009. Unitholders who have a taxable year other than December 31, as well as unitholders subject to state income tax who did not own units the full calendar year, should continue to use Schedules B-1 through B-12. Unitholders who have held units the entire year should use Schedule A.

To assist unitholders in calculating their depletion deduction, Tables V through XIV and the Depletion Worksheet are provided. Notes are contained in the Specific Instructions for Depletion Worksheet to explain and assist in preparing a unitholder's depletion deduction.

## Specific Instructions for Depletion Worksheet

**Note 1:** The original basis of your units must be determined from your records and generally will be the amount paid for the units including broker's commissions, if any. However, there could be other taxable events which cause the original basis to be revised. For example, the original basis of units passing through an estate will be changed to reflect the fair market value of the units on date of death. Basis amounts have been supplied to you by XTO Energy for units received in the 1991 and 1992 royalty distributions. Please consult your tax advisor concerning your original basis. The original basis should be entered in each blank of the first column of the Depletion Worksheet.

**Note 2:** There are five basis allocation factors for the Cross Timbers Royalty Trust because the trust has five separate properties for depletion purposes. Each conveyance agreement created separate and distinct properties for tax purposes. Each property is depleting at a different rate.

The following basis allocation factors are to be used only in the year units are purchased or otherwise acquired. Once the basis allocation factor is applied to the original basis of the units acquired (cost or other basis), generally, the basis allocation is not changed again. By multiplying the original basis of the units acquired by the basis allocation factors, a unitholder has computed the portion of his original basis applicable to each depletable royalty held by the trust which will be depleted over the remaining productive life of that property.

ROYALTY	ACQUISITION DATES 1994-2001							
	1/94 - 12/94	1/95 - 12/95	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01
Texas - 90%	.170662	.173886	.190636	.163652	.202218	.163929	.161621	.135315
Oklahoma - 90%	.079431	.069886	.067070	.061521	.070819	.059869	.046075	.052941
New Mexico - 90%	.681179	.574694	.477761	.489023	.546590	.742891	.511100	.701558
Texas - 75%	.065013	.124524	.151302	.147590	.102886	.032193	.160292	.058591
Oklahoma - 75%	.003715	.057010	.113231	.138214	.077487	.001118	.120912	.051595

  

ROYALTY	ACQUISITION DATES 2002-2009							
	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05	1/06 - 12/06	1/07 - 12/07	1/08 - 12/08	1/09 - 12/09
Texas - 90%	.181690	.179639	.174722	.189101	.151506	.186603	.178961	.239499
Oklahoma - 90%	.056488	.068511	.078473	.072584	.068003	.062717	.048966	.064204
New Mexico - 90%	.626700	.551146	.579938	.522236	.550813	.505947	.436435	.589858
Texas - 75%	.087507	.124101	.102171	.123235	.110484	.114304	.153051	.051271
Oklahoma - 75%	.047615	.076603	.064696	.092844	.119194	.130429	.182587	.055168

**Note 3:** Depletion allowed or allowable in prior years is the cumulative depletion amount, whether cost depletion or percentage depletion.

**Note 4:** When units are acquired, sold or exchanged during the year, the cost depletion factor and percentage depletion amount for each royalty are determined using one of the following procedures:

(a) *UNITS ACQUIRED PRIOR TO 2009 AND SOLD DURING 2009.*

Example: A unitholder acquired units prior to 2009 that he sold in September 2009. To calculate his depletion for each of the five royalties for 2009, the unitholder would use the January through August 2009 cost depletion factors (Tables V through IX) and percentage depletion amounts (Tables X through XIV), as follows:

Royalty	Cost Depletion		Percentage Depletion	
	Table	Factor	Table	Per Unit
Texas - 90%	V	0.075483	X	\$ 0.064616
Oklahoma - 90%	VI	0.110314	XI	\$ 0.025813
New Mexico - 90%	VII	0.038734	XII	\$ 0.119039
Texas - 75%	VIII	0.009900	XIII	\$ 0.002483
Oklahoma - 75%	IX	0.006665	XIV	\$ 0.001478

(b) *UNITS ACQUIRED AND SOLD DURING 2009.*

Example: A unitholder acquired units in July 2009 and sold in September 2009. To calculate his depletion for each of the five royalties for 2009, the unitholder would use the July through August 2009 cost depletion factors (Tables V through IX) and percentage depletion amounts (Tables X through XIV), as follows:

Royalty	Cost Depletion		Percentage Depletion	
	Table	Factor	Table	Per Unit
Texas - 90%	V	0.018925	X	\$ 0.017385
Oklahoma - 90%	VI	0.022554	XI	\$ 0.004972
New Mexico - 90%	VII	0.010186	XII	\$ 0.028921
Texas - 75%	VIII	0.009900	XIII	\$ 0.002483
Oklahoma - 75%	IX	0.000000	XIV	\$ 0.000000

(c) *UNITS ACQUIRED DURING 2009 AND STILL OWNED AT THE END OF 2009.*

Example: A unitholder acquired units in August 2009 and still owned them at the end of the year. To calculate his depletion for each of the five royalties for 2009, the unitholder would use the August through December 2009 cost depletion factors (Tables V through IX) and percentage depletion amounts (Tables X through XIV), as follows:

Royalty	Cost Depletion		Percentage Depletion	
	Table	Factor	Table	Per Unit
Texas - 90%	V	0.043939	X	\$ 0.048102
Oklahoma - 90%	VI	0.057536	XI	\$ 0.012556
New Mexico - 90%	VII	0.027913	XII	\$ 0.085689
Texas - 75%	VIII	0.051650	XIII	\$ 0.012975
Oklahoma - 75%	IX	0.048765	XIV	\$ 0.012702

**Note 5:** After cost depletion and percentage depletion are calculated, the unitholder is entitled to deduct the greater of the two for each royalty.

# Cross Timbers Royalty Trust

# Depletion Worksheet

2009

The following may help you calculate your depletion to be reported on your Federal Income Tax Return.

A. If you owned the units for the entire year, your depletion would be calculated as follows:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Original Basis (NOTE 1)	Basis Allocation Factors (NOTE 2)	Basis Allocated	Depletion Allowed or Allowable In Prior Years (NOTE 3)	Basis Allocated Less Depletion Allowed or Allowable In Prior Years	Cost Depletion Factor	Cost Depletion	Percentage Depletion Per Unit	Units	Percentage Depletion	Greater of Cost Depletion (Col. (g)) or Percentage Depletion (Col. (j)) (NOTE 5)
Royalty	x	=	=	-	=	x	0.110158	0.103596	x	=	=
Texas - 90%	x	=	=	-	=	x	0.156404	0.035242	x	=	=
Oklahoma - 90%	x	=	=	-	=	x	0.061404	0.190117	x	=	=
New Mexico - 90%	x	=	=	-	=	x	0.051650	0.012975	x	=	=
Texas - 75%	x	=	=	-	=	x	0.055430	0.014180	x	=	=
Oklahoma - 75%	x	=	=	-	=	x					
											Total Depletion

B. If you sold or acquired the units during the year, your depletion for the portion of the year that you held the units would be calculated as follows:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Original Basis (NOTE 1)	Basis Allocation Factors (NOTE 2)	Basis Allocated	Depletion Allowed or Allowable In Prior Years (NOTE 3)	Basis Allocated Less Depletion Allowed or Allowable In Prior Years	Partial Year Cost Depletion Factor	Cost Depletion	Percentage Depletion Per Unit (NOTE 4)	Units	Percentage Depletion	Greater of Cost Depletion (Col. (g)) or Percentage Depletion (Col. (j)) (NOTE 5)
Royalty	x	=	=	-	=	x			x	=	=
Texas - 90%	x	=	=	-	=	x			x	=	=
Oklahoma - 90%	x	=	=	-	=	x			x	=	=
New Mexico - 90%	x	=	=	-	=	x			x	=	=
Texas - 75%	x	=	=	-	=	x			x	=	=
Oklahoma - 75%	x	=	=	-	=	x			x	=	=
											Total Depletion

(Notes 1, 2, 3, 4 and 5 are contained in the Specific Instructions for Depletion Worksheet.)

**Table I Gross Royalty Income**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.271895	0.412630	0.570010	0.731716	0.897097	1.064453	1.227236	1.422850	1.655347	1.926234	2.160567	2.374057
February		0.140735	0.298115	0.459821	0.625202	0.792558	0.955341	1.150955	1.383452	1.654339	1.888672	2.102162
March			0.157380	0.319086	0.484467	0.651823	0.814606	1.010220	1.242717	1.513604	1.747937	1.961427
April				0.161706	0.327087	0.494443	0.657226	0.852840	1.085337	1.356224	1.590557	1.804047
May					0.165381	0.332737	0.495520	0.691134	0.923631	1.194518	1.428851	1.642341
June						0.167356	0.330139	0.525753	0.758250	1.029137	1.263470	1.476960
July							0.162783	0.358397	0.590894	0.861781	1.096114	1.309604
August								0.195614	0.428111	0.698998	0.933331	1.146821
September									0.232497	0.503384	0.737717	0.951207
October										0.270887	0.505220	0.718710
November											0.234333	0.447823
December												0.213490

**Table II Severance Tax**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.044419	0.069704	0.102460	0.141042	0.172499	0.198702	0.241418	0.272223	0.307177	0.346411	0.383386	0.416965
February		0.025285	0.058041	0.096623	0.128080	0.154283	0.196999	0.227804	0.262758	0.301992	0.338967	0.372546
March			0.032756	0.071338	0.102795	0.128998	0.171714	0.202519	0.237473	0.276707	0.313682	0.347261
April				0.038582	0.070039	0.096242	0.138958	0.169763	0.204717	0.243951	0.280926	0.314505
May					0.031457	0.057660	0.100376	0.131181	0.166135	0.205369	0.242344	0.275923
June						0.026203	0.068919	0.099724	0.134678	0.173912	0.210887	0.244466
July							0.042716	0.073521	0.108475	0.147709	0.184684	0.218263
August								0.030805	0.065759	0.104993	0.141968	0.175547
September									0.034954	0.074188	0.111163	0.144742
October										0.039234	0.076209	0.109788
November											0.036975	0.070554
December												0.033579

**Table III Interest Income**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000001	0.000012	0.000012	0.000017	0.000025	0.000025	0.000025	0.000028	0.000030	0.000033	0.000036	0.000037
February		0.000011	0.000011	0.000016	0.000024	0.000024	0.000024	0.000027	0.000029	0.000032	0.000035	0.000036
March			0.000000	0.000005	0.000013	0.000013	0.000013	0.000016	0.000018	0.000021	0.000024	0.000025
April				0.000005	0.000013	0.000013	0.000013	0.000016	0.000018	0.000021	0.000024	0.000025
May					0.000008	0.000008	0.000008	0.000011	0.000013	0.000016	0.000019	0.000020
June						0.000000	0.000000	0.000003	0.000005	0.000008	0.000011	0.000012
July							0.000000	0.000003	0.000005	0.000008	0.000011	0.000012
August								0.000003	0.000005	0.000008	0.000011	0.000012
September									0.000002	0.000005	0.000008	0.000009
October										0.000003	0.000006	0.000007
November											0.000003	0.000004
December												0.000001

**Table IV Administration Expense**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.004622	0.015951	0.022597	0.027771	0.036954	0.039362	0.052402	0.057118	0.060939	0.066284	0.069128	0.071106
February		0.011329	0.017975	0.023149	0.032332	0.034740	0.047780	0.052496	0.056317	0.061662	0.064506	0.066484
March			0.006646	0.011820	0.021003	0.023411	0.036451	0.041167	0.044988	0.050333	0.053177	0.055155
April				0.005174	0.014357	0.016765	0.029805	0.034521	0.038342	0.043687	0.046531	0.048509
May					0.009183	0.011591	0.024631	0.029347	0.033168	0.038513	0.041357	0.043335
June						0.002408	0.015448	0.020164	0.023985	0.029330	0.032174	0.034152
July							0.013040	0.017756	0.021577	0.026922	0.029766	0.031744
August								0.004716	0.008537	0.013882	0.016726	0.018704
September									0.003821	0.009166	0.012010	0.013988
October										0.005345	0.008189	0.010167
November											0.002844	0.004822
December												0.001978

**Table V Cost Depletion Factor – Texas Royalty – 90%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.010180	0.018915	0.025922	0.038087	0.048370	0.056558	0.066219	0.075483	0.085813	0.094945	0.101595	0.110158
February		0.008735	0.015742	0.027907	0.038190	0.046378	0.056039	0.065303	0.075633	0.084765	0.091415	0.099978
March			0.007007	0.019172	0.029455	0.037643	0.047304	0.056568	0.066898	0.076030	0.082680	0.091243
April				0.012165	0.022448	0.030636	0.040297	0.049561	0.059891	0.069023	0.075673	0.084236
May					0.010283	0.018471	0.028132	0.037396	0.047726	0.056858	0.063508	0.072071
June						0.008188	0.017849	0.027113	0.037443	0.046575	0.053225	0.061788
July							0.009661	0.018925	0.029255	0.038387	0.045037	0.053600
August								0.009264	0.019594	0.028726	0.035376	0.043939
September									0.010330	0.019462	0.026112	0.034675
October										0.009132	0.015782	0.024345
November											0.006650	0.015213
December												0.008563

**Table VI Cost Depletion Factor – Oklahoma Royalty – 90%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.014214	0.028469	0.034114	0.042312	0.060437	0.087760	0.098868	0.110314	0.120560	0.135488	0.146573	0.156404
February		0.014255	0.019900	0.028098	0.046223	0.073546	0.084654	0.096100	0.106346	0.121274	0.132359	0.142190
March			0.005645	0.013843	0.031968	0.059291	0.070399	0.081845	0.092091	0.107019	0.118104	0.127935
April				0.008198	0.026323	0.053646	0.064754	0.076200	0.086446	0.101374	0.112459	0.122290
May					0.018125	0.045448	0.056556	0.068002	0.078248	0.093176	0.104261	0.114092
June						0.027323	0.038431	0.049877	0.060123	0.075051	0.086136	0.095967
July							0.011108	0.022554	0.032800	0.047728	0.058813	0.068644
August								0.011446	0.021692	0.036620	0.047705	0.057536
September									0.010246	0.025174	0.036259	0.046090
October										0.014928	0.026013	0.035844
November											0.011085	0.020916
December												0.009831

**Table VII Cost Depletion Factor – New Mexico Royalty – 90%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.005981	0.010374	0.015671	0.019509	0.024241	0.028548	0.033491	0.038734	0.044315	0.050124	0.056355	0.061404
February		0.004393	0.009690	0.013528	0.018260	0.022567	0.027510	0.032753	0.038334	0.044143	0.050374	0.055423
March			0.005297	0.009135	0.013867	0.018174	0.023117	0.028360	0.033941	0.039750	0.045981	0.051030
April				0.003838	0.008570	0.012877	0.017820	0.023063	0.028644	0.034453	0.040684	0.045733
May					0.004732	0.009039	0.013982	0.019225	0.024806	0.030615	0.036846	0.041895
June						0.004307	0.009250	0.014493	0.020074	0.025883	0.032114	0.037163
July							0.004943	0.010186	0.015767	0.021576	0.027807	0.032856
August								0.005243	0.010824	0.016633	0.022864	0.027913
September									0.005581	0.011390	0.017621	0.022670
October										0.005809	0.012040	0.017089
November											0.006231	0.011280
December												0.005049

**Table VIII Cost Depletion Factor – Texas Royalty – 75%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
February		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
March			0.000000	0.000000	0.000000	0.000000	0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
April				0.000000	0.000000	0.000000	0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
May					0.000000	0.000000	0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
June						0.000000	0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
July							0.000000	0.009900	0.019473	0.036844	0.043961	0.051650
August								0.009900	0.019473	0.036844	0.043961	0.051650
September									0.009573	0.026944	0.034061	0.041750
October										0.017371	0.024488	0.032177
November											0.007117	0.014806
December												0.007689

**Table IX Cost Depletion Factor – Oklahoma Royalty – 75%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.006665	0.006665	0.006665	0.006665	0.006665	0.006665	0.006665	0.006665	0.011558	0.024865	0.039509	0.055430
February		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.004893	0.018200	0.032844	0.048765
March			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.004893	0.018200	0.032844	0.048765
April				0.000000	0.000000	0.000000	0.000000	0.000000	0.004893	0.018200	0.032844	0.048765
May					0.000000	0.000000	0.000000	0.000000	0.004893	0.018200	0.032844	0.048765
June						0.000000	0.000000	0.000000	0.004893	0.018200	0.032844	0.048765
July							0.000000	0.000000	0.004893	0.018200	0.032844	0.048765
August								0.000000	0.004893	0.018200	0.032844	0.048765
September									0.004893	0.018200	0.032844	0.048765
October										0.013307	0.027951	0.043872
November											0.014644	0.030565
December												0.015921

**Table X Percentage Depletion – Texas Royalty – 90%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.012353	0.018340	0.023372	0.033450	0.040772	0.047231	0.055494	0.064616	0.075289	0.086883	0.094145	0.103596
February		0.005987	0.011019	0.021097	0.028419	0.034878	0.043141	0.052263	0.062936	0.074530	0.081792	0.091243
March			0.005032	0.015110	0.022432	0.028891	0.037154	0.046276	0.056949	0.068543	0.075805	0.085256
April				0.010078	0.017400	0.023859	0.032122	0.041244	0.051917	0.063511	0.070773	0.080224
May					0.007322	0.013781	0.022044	0.031166	0.041839	0.053433	0.060695	0.070146
June						0.006459	0.014722	0.023844	0.034517	0.046111	0.053373	0.062824
July							0.008263	0.017385	0.028058	0.039652	0.046914	0.056365
August								0.009122	0.019795	0.031389	0.038651	0.048102
September									0.010673	0.022267	0.029529	0.038980
October										0.011594	0.018856	0.028307
November											0.007262	0.016713
December												0.009451

**Table XI Percentage Depletion – Oklahoma Royalty – 90%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.003895	0.007138	0.007768	0.009122	0.014182	0.020841	0.022686	0.025813	0.027363	0.030768	0.033069	0.035242
February		0.003243	0.003873	0.005227	0.010287	0.016946	0.018791	0.021918	0.023468	0.026873	0.029174	0.031347
March			0.000630	0.001984	0.007044	0.013703	0.015548	0.018675	0.020225	0.023630	0.025931	0.028104
April				0.001354	0.006414	0.013073	0.014918	0.018045	0.019595	0.023000	0.025301	0.027474
May					0.005060	0.011719	0.013564	0.016691	0.018241	0.021646	0.023947	0.026120
June						0.006659	0.008504	0.011631	0.013181	0.016586	0.018887	0.021060
July							0.001845	0.004972	0.006522	0.009927	0.012228	0.014401
August								0.003127	0.004677	0.008082	0.010383	0.012556
September									0.001550	0.004955	0.007256	0.009429
October										0.003405	0.005706	0.007879
November											0.002301	0.004474
December												0.002173

**Table XII Percentage Depletion – New Mexico Royalty – 90%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.023058	0.034937	0.052883	0.065707	0.078132	0.090118	0.104428	0.119039	0.138387	0.156271	0.176267	0.190117
February		0.011879	0.029825	0.042649	0.055074	0.067060	0.081370	0.095981	0.115329	0.133213	0.153209	0.167059
March			0.017946	0.030770	0.043195	0.055181	0.069491	0.084102	0.103450	0.121334	0.141330	0.155180
April				0.012824	0.025249	0.037235	0.051545	0.066156	0.085504	0.103388	0.123384	0.137234
May					0.012425	0.024411	0.038721	0.053332	0.072680	0.090564	0.110560	0.124410
June						0.011986	0.026296	0.040907	0.060255	0.078139	0.098135	0.111985
July							0.014310	0.028921	0.048269	0.066153	0.086149	0.099999
August								0.014611	0.033959	0.051843	0.071839	0.085689
September									0.019348	0.037232	0.057228	0.071078
October										0.017884	0.037880	0.051730
November											0.019996	0.033846
December												0.013850

**Table XIII Percentage Depletion – Texas Royalty – 75%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
February		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
March			0.000000	0.000000	0.000000	0.000000	0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
April				0.000000	0.000000	0.000000	0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
May					0.000000	0.000000	0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
June						0.000000	0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
July							0.000000	0.002483	0.004696	0.009109	0.010878	0.012975
August								0.002483	0.004696	0.009109	0.010878	0.012975
September									0.002213	0.006626	0.008395	0.010492
October										0.004413	0.006182	0.008279
November											0.001769	0.003866
December												0.002097

**Table XIV Percentage Depletion – Oklahoma Royalty – 75%**

For a unit acquired of record during the month of:

And the last cash distribution on such unit was attributable to the monthly record date for the month of:

	January	February	March	April	May	June	July	August	September	October	November	December
January	0.001478	0.001478	0.001478	0.001478	0.001478	0.001478	0.001478	0.001478	0.002568	0.005906	0.009727	0.014180
February		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.001090	0.004428	0.008249	0.012702
March			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.001090	0.004428	0.008249	0.012702
April				0.000000	0.000000	0.000000	0.000000	0.000000	0.001090	0.004428	0.008249	0.012702
May					0.000000	0.000000	0.000000	0.000000	0.001090	0.004428	0.008249	0.012702
June						0.000000	0.000000	0.000000	0.001090	0.004428	0.008249	0.012702
July							0.000000	0.000000	0.001090	0.004428	0.008249	0.012702
August								0.000000	0.001090	0.004428	0.008249	0.012702
September									0.001090	0.004428	0.008249	0.012702
October										0.003338	0.007159	0.011612
November											0.003821	0.008274
December												0.004453



