



Dissolution of Torch Energy Royalty Trust

3 Properties; Unique Net Profits Interest Available

Presented by PLS

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Key Terminology

Net Profits Interest (“NPI”)	A share of net proceeds from production paid solely from the working interest owners’ share. It is sometimes granted in lieu of a royalty interest.
Conveyance	A written contract between a grantor and grantee, used to transfer title or rights to real estate or property. Typical conveyances include oil, gas and mineral leases; assignments; deeds and rights of way.
Net Proceeds	Gross revenues from the sale of production less property, production, severance and similar taxes, and development, operating, and certain other costs.
Sharing Price Deduction	When calculating NPI proceeds, working interest owners sell hydrocarbons by way of contracts with end users. A sharing price deduction is an agreement between the working interest owners and NPI owners in which the working interest owners deduct a specified percentage of the wellhead price (or price received from end users) when calculating NPI proceeds (see pg. 31).

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Executive Summary

Assets	<p>Torch Energy Royalty Trust ("Trust" or the "Seller"), a Delaware statutory trust and trading on the New York Stock Exchange under they symbol "TRU" holds Net Profits Interests ("NPI") in oil and gas assets in the following areas:</p> <ul style="list-style-type: none">▪ Louisiana – Chalkley Field in South Louisiana▪ Texas – Cotton Valley Fields in East Texas & Austin Chalk Fields in Central Texas▪ Alabama – Robinson's Bend & Maxwell Crossing Fields
Reserve Interests	<p>T. J. Smith & Company, Inc. ("TJS") Proved Reserve Report covering the Chalkley, Austin Chalk & Cotton Valley Fields, as of December 31, 2010</p> <ul style="list-style-type: none">▪ <u>7.9 BCFE</u> Proved Developed Producing reserves▪ All Forecasted numbers in document derived from TJS Report <p>Netherland, Sewell & Associates ("NSAI") Reserve Report covering the Robinson's Bend & Maxwell Crossing Fields, as of December 31, 2010</p> <ul style="list-style-type: none">▪ No economic reserves net to the Alabama Net Profits Interest▪ Irrevocable \$1MM bid from a sub of Constellation Energy Partners (see pg. 29)
Acreage	<p><u>62,435 gross acres & 21,033 net acres</u> as of December 31, 2010</p>
Conveyances	<p>Separate conveyances were used to transfer the NPI in each state. If, during any period, costs and expenses deducted in calculating net proceeds exceed gross proceeds under a conveyance, the NPI holder isn't liable to pay such excess directly, but the NPI holder will receive no payments with respect to such conveyance until future gross proceeds exceed future costs and expenses plus the cumulative excess of such costs and expenses not previously recouped by the working interest owners plus interest thereon</p>
Net Sales	<p><u>3.2 MMCFED</u> (March 2011 net sales); 96% gas</p>
Cash Flow	<p><u>~\$168,000 per month</u> (March 2011 net cash flow)</p>

Brief Company History

Torch Energy Royalty Trust is a grantor trust which historically has provided unitholders with quarterly cash distributions from a 95% net profits interest in proved developed oil and gas properties in Texas, Alabama and Louisiana. The Trust was formed effective October 1, 1993 under the Delaware Statutory Trust Act pursuant to a trust agreement among Wilmington Trust Company as trustee for the Trust, Torch Royalty Company ("TRC"), Velasco Gas Company, Ltd. ("Velasco") and Torch Energy Advisors Incorporated ("TEAI") as grantor. TRC and Velasco created Net Profits Interests which burden certain oil and gas properties ("Underlying Properties"), and conveyed such interests to TEAI. TEAI conveyed the NPI to the Trust in exchange for an aggregate of 8.6 million units of beneficial interest ("Units"). Such Units were sold to the public through various underwriters in November 1993. The Units of the Trust are listed on the New York Stock Exchange under the symbol TRU. The financial statements of the Trust are prepared on a modified cash basis and are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Nonconventional fuel source tax credits under Internal Revenue Code ("IRC") Section 29 are no longer generated by Trust activities. This credit expired Dec. 31, 2002. As of January 1, 2003, credits under Section 29 are no longer available to producers of natural gas.

The Underlying Properties constitute working interests in the Chalkley field in Louisiana, the Robinsons' Bend & Maxwell Crossing fields in the Black Warrior Basin in Alabama, fields that produce from the Cotton Valley formation in Texas and fields that produce from the Austin Chalk formation in Texas. The current working interest owners of the Underlying Properties are TRC, Torch E&P Company, Samson Lone Star Limited Partnership and Constellation Energy Partners LLC ("Working Interest Owners").

The NPI entitles the holder to receive 95% of the net proceeds attributable to oil and natural gas produced and sold from wells (other than infill wells) on the Underlying Properties.

Trust's Net Profits Interest – Defined

The sole purpose of the Trust is to hold the Net Profits Interests, to receive payments from the Working Interest Owners, and to make payments to Unitholders. The Trust does not conduct any business activity and has no officers, directors or employees. On January 29, 2008, holders of more than 66 2/3% of the outstanding units of beneficial interest in the Trust affirmatively voted for a proposal to terminate the Trust in accordance with the terms and provisions of the Trust Agreement. Accordingly, the Trust is currently in the wind up and liquidation process. The Trust and Trustee rely solely on receiving accurate information, reports and other representations from Torch Energy Advisors Incorporated and other service providers to the Trust. The Working Interest Owners are not restricted on bidding on the assets of the Trust and the Trust anticipates that one or more of the Working Interest Owners will submit bids. See pg. 29 for information on Constellation Energy Partners LLC bid with respect to the Robinson's Bend field.

The NPI also entitles the holder to 20% of the net proceeds (net to working interest owners) of wells drilled on the Underlying Properties since the Trust's establishment into formations in which the Trust has an interest, other than wells drilled to replace damaged or destroyed wells ("Infill Wells"). Infill Wells Net Proceeds represent the aggregate gross revenues received (by working interest owners) from Infill Wells less the aggregate amount of the following Infill Well costs: i) property, production, severance and similar taxes; ii) development costs; iii) operating costs; and iv) interest on the recovered portion, if any, of the foregoing costs computed at a rate of interest announced publicly by Citibank, N.A. in New York as its base rate.

Trust's Net Profits Interest – Defined (Continued)





In calculating Net Proceeds from the Robinson's Bend & Maxwell Crossing Fields, operating and development costs incurred prior to January 1, 2003 were not deducted. In addition, the amounts paid to the Trust from the Robinson's Bend & Maxwell Crossing Fields during any calendar quarter are subject to a volume limitation equal to the gross proceeds from the sale of 912.5 MMcf of natural gas, less property, production, severance and related taxes. Production attributable to the Trust from the Robinson's Bend & Maxwell Crossing Fields did not meet the Volume Limitation during the years ended December 31, 2010, 2009 and 2008 and is not expected to do so in the future. Currently, the deficit for legacy wells and infill wells in the Robinson's Bend & Maxwell Crossing Fields (net to the Trust's interest) is \$7.4mm and \$1.6mm, respectively.

Transaction Structure & Process Details

September						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

	Evaluation Period
	Offers Due
	Close
	Holiday

- Asset sale transaction
 - Breaking package into sub-packages to be considered
 - **Robinson's Bend asset requires separate bid**
- All evaluation materials (TJS Reserve Report, NSAI Reserve Report, Confidential Memorandum, Legal Documents, SEC Filings) will be available in a virtual dataroom ("VDR")
 - To request access, please contact Reid Strand at (713) 600-0155 or rstrand@plsx.com
- **Proposals must be received by PLS on or before 12:00 (noon) CST, October 19, 2011. Your proposal should represent your best offer** and must be submitted in written form and executed by an officer or other representative duly authorized to bind the prospective purchaser to its terms. Your proposal may be delivered physically or electronically.
- For any questions, and when submitting your proposal, please contact:

Jason Reibold – jreibold@plsx.com

Vice-President, A&D

PLS Inc.

One Riverway, Suite 2200

Houston, TX 77056

Phone (713) 600-0156, Fax (713) 658-1922

Reserve Summary – TJS Reserve Report

Net Reserves and Present Value (PV₁₀) TJS Reserve Report as of December 31, 2010

Area	Reserve Category	Well Count	Oil & Cond (MBO)	Gas (MMCF)	Total (6:1) (MMCFE)	Undiscounted	PV ₁₀	Proved
						Cash Flow (\$M)	PV ₁₀ (\$M)	PV ₁₀ (%)
Austin Chalk	PDP	41	14.5	107.0	194.0	\$433.3	\$349.8	3%
Austin Chalk (Infill)	PDP	2	0.0	0.0	0.0	\$0.0	\$0.0	0%
Chalkley	PDP	3	15.3	3,542.8	3,634.6	\$9,509.3	\$6,617.2	64%
Chalkley (Infill)	PDP	1	0.0	0.0	0.0	\$0.0	\$0.0	0%
Cotton Valley	PDP	41	4.7	2,359.2	2,387.4	\$2,879.3	\$1,989.8	19%
Cotton Valley (Infill)	PDP	32	1.4	1,657.2	1,665.6	\$2,179.7	\$1,388.9	14%
Total		120	35.9	7,666.2	7,881.6	\$15,001.6	\$10,345.7	100%

Price Deck

	\$/Mcf	\$/Bbl
Reserve Report price, Year 2011+	\$3.49 ⁽¹⁾	\$71.86 ⁽¹⁾
Henry Hub / WTI reference price	\$4.38	\$79.43

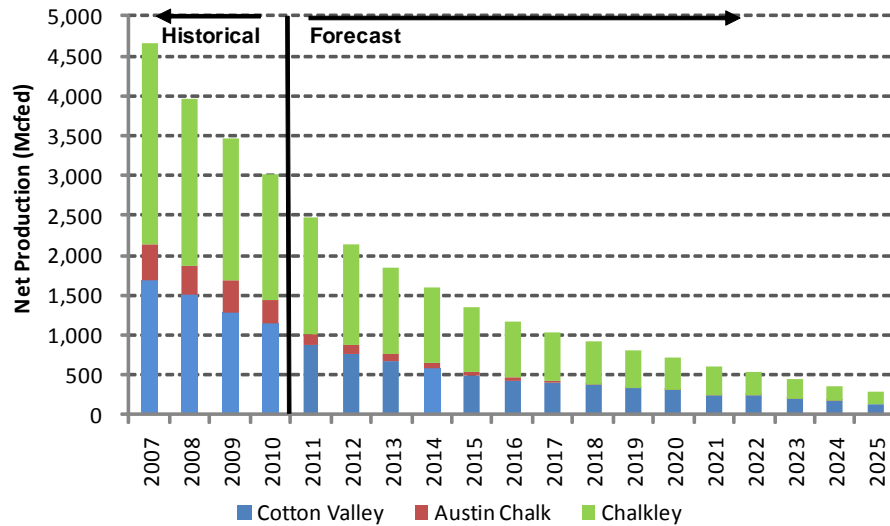
Note: TJS was provided 12 months of historical lease operating expenses - costs were held flat throughout life of properties

⁽¹⁾ Reflects prices computed in accordance with the terms of the Net Overriding Royalty Conveyances (see pg. 31). Such prices were used to compute the net profits interests' reserve value for TRU's 12/31/10 SEC reserve report and were held flat throughout the reserve life pursuant to SEC rules.

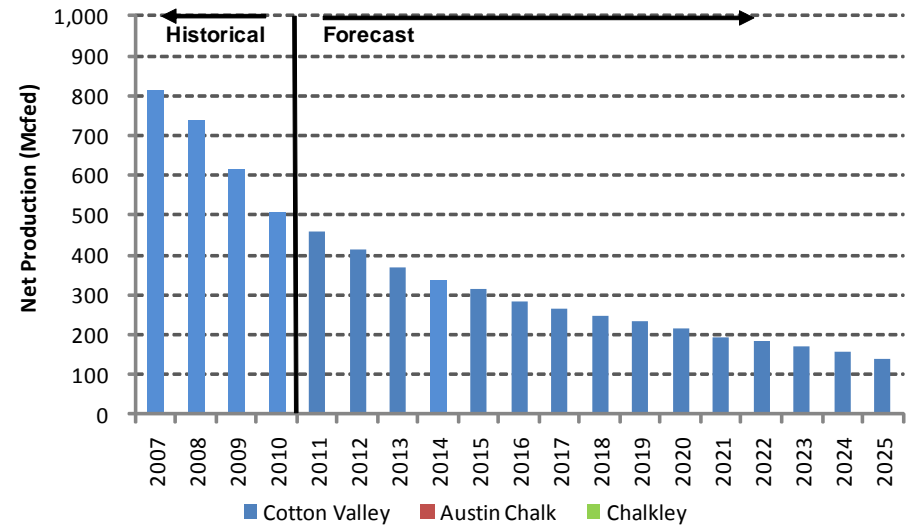
Note: SEC reserves as of December 31, 2010 are currently being rolled forward to September 1, 2011. Pricing will utilize current futures prices as adjusted to reflect the terms of the Net Overriding Royalty Conveyances. Such reserve run will be available in the VDR.

Production & Cash Flow Summary

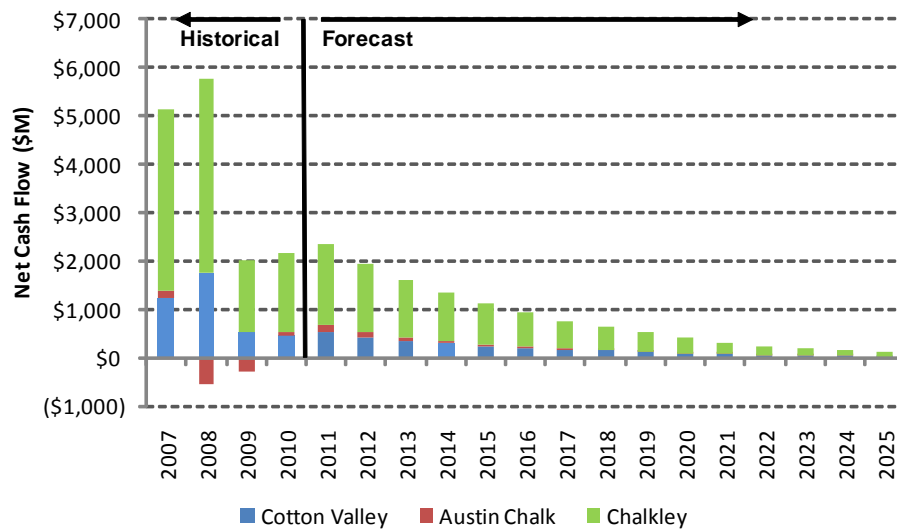
Total Legacy Well Daily Production by Year - Net to Trust



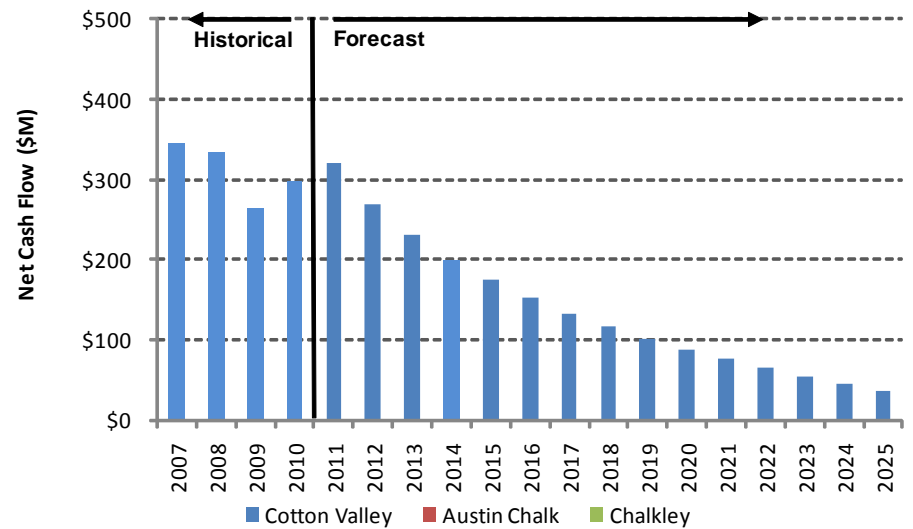
Total Infill Well Daily Production by Year - Net to Trust



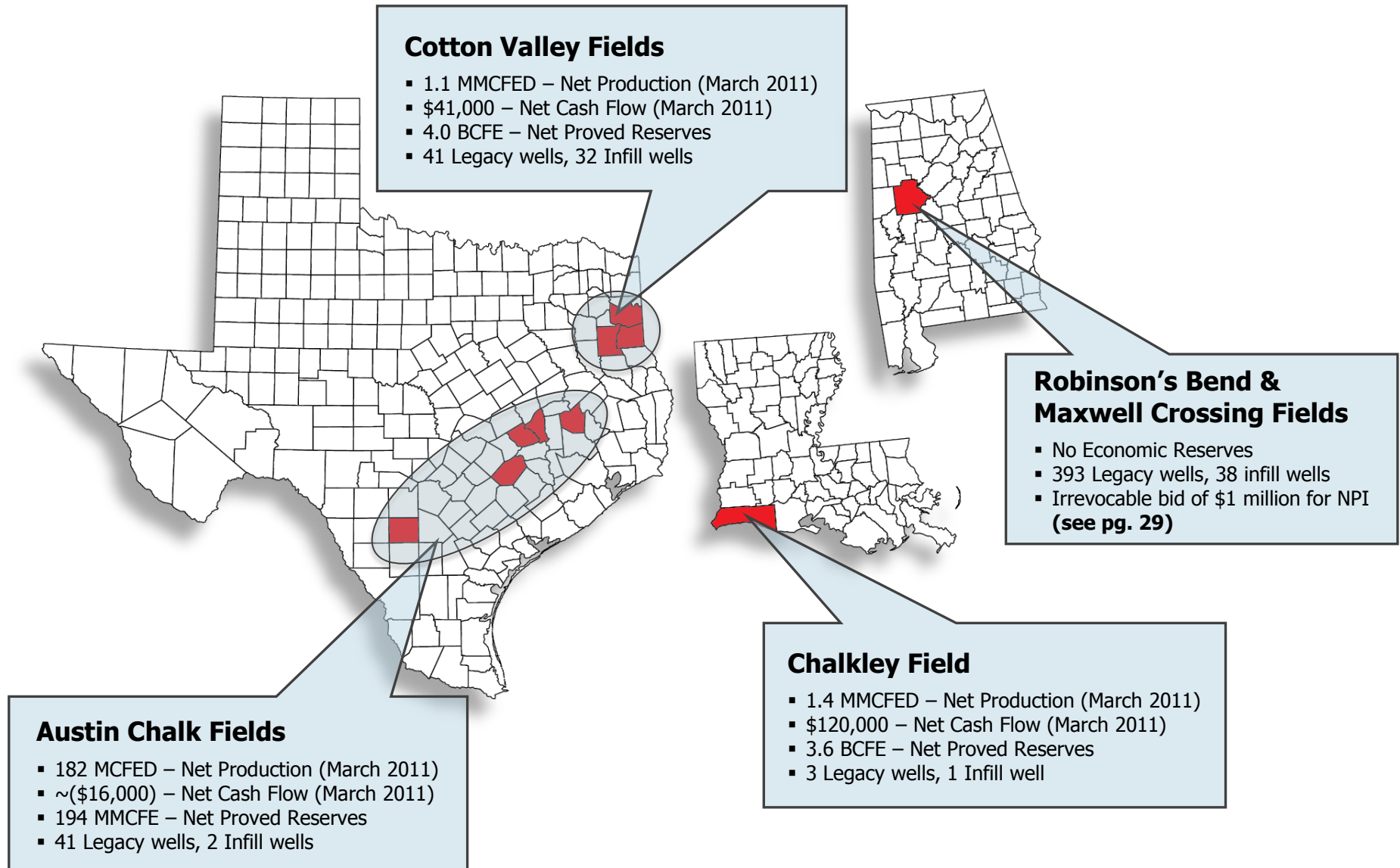
Total Legacy Well Cash Flow by Year - Net to Trust



Total Infill Well Cash Flow by Year - Net to Trust



Asset Package Overview



Properties

Property Set 1

Louisiana



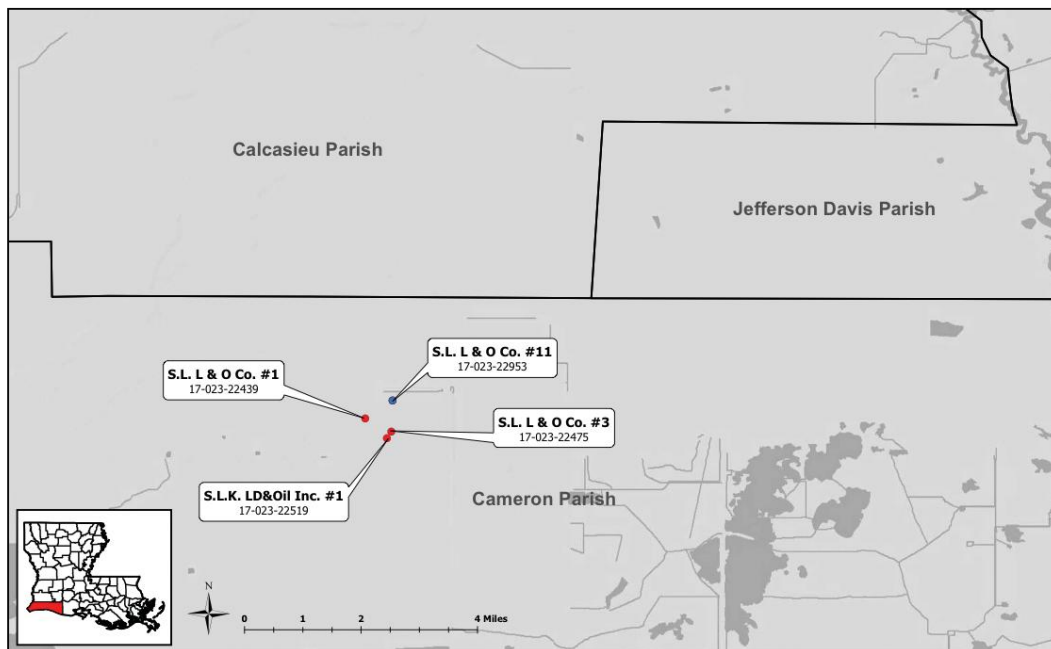
Chalkley Field

- Miogyp "B" reservoir
- 1.4 MMCFED – Net Production (March 2011)
- \$120,000 – Net Cash Flow (March 2011)
- 3.6 BCFE – Net Proved Reserves
- 3 Legacy wells, 1 Infill well

Chalkley Field Overview

Chalkley - 4 Wells

Cameron Parish, LA



Legend: ● Legacy ● Infill
www.plsx.com

All Standard Disclaimers Apply & Sellers Rights Retained

Highlights

- Miogyp “B” reservoir
- Cameron Parish
- 2,152 gross & 348 net acres
- 3 producing legacy wells
 - 16.2% average WI⁽¹⁾
 - 12.1% average NRI⁽¹⁾
- 1 producing infill well
 - 3.2% average WI⁽²⁾
 - 2.4% average NRI⁽²⁾
- 1.4 MMCFED – Net Production (March 2011)
- \$120,000 – Net Cash Flow (March 2011)
- ExxonMobil subsidiary – operator
- Zero balance on legacy wells (no deficit)
- ~\$0.4 million deficit on infill well (net to Trust’s 20% interest)⁽³⁾
 - Unlikely Seller will back into its 20% interest in future periods

Net Reserves and Present Value (PV₁₀) TJS Reserve Report as of December 31, 2010

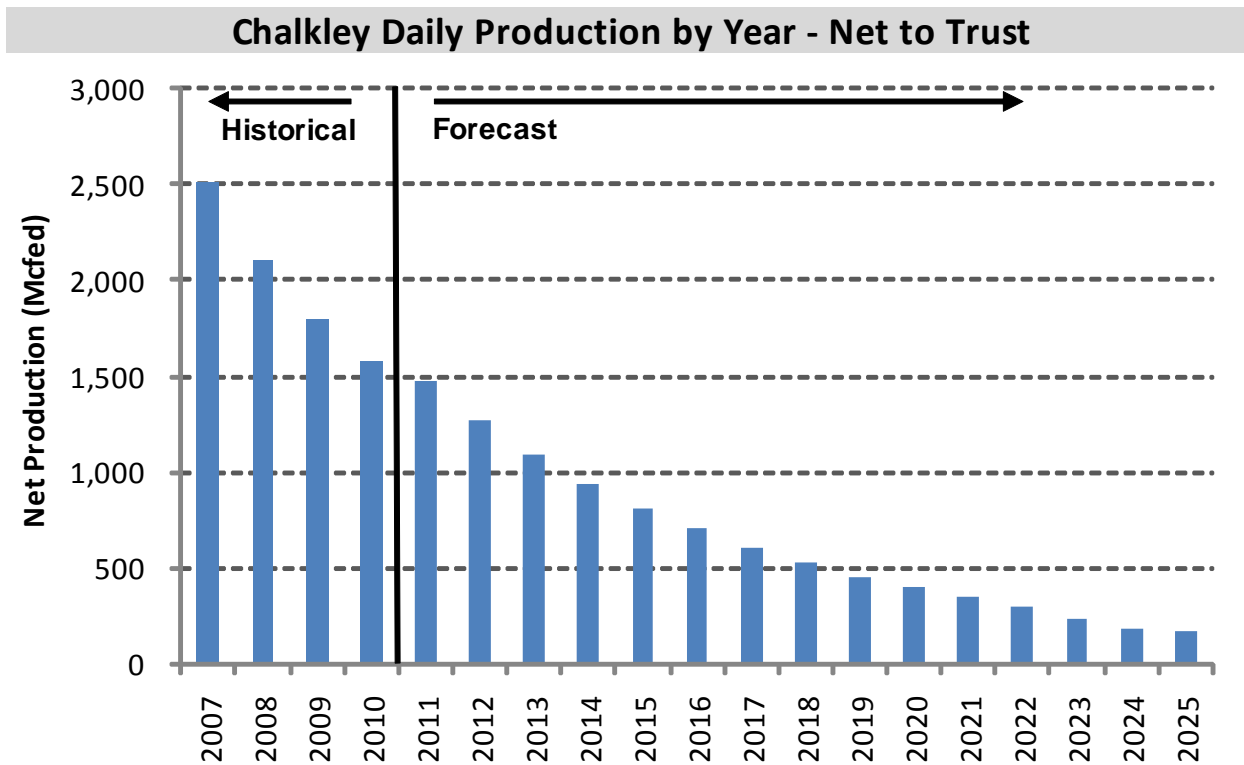
Area	Field	Reserve Category	Well Count	Oil & Cond (MBO)	Gas (MMCF)	Total (6:1) (MMCFE)	Undiscounted	
							Cash Flow (\$M)	PV ₁₀ (\$M)
Chalkley	Chalkley West	PDP	3	15.3	3,542.8	3,634.6	\$9,509.3	\$6,617.2
Chalkley (Infill)	Chalkley West	PDP	1	0.0	0.0	0.0	\$0.0	\$0.0
Total			4	15.3	3,542.8	3,634.6	\$9,509.3	\$6,617.2

(1) Represents the Working Interest Owners’ average WI and NRI for the legacy wells which are burdened by the Net Profits Interest.

(2) Represents 20% of the Working Interest Owners’ average WI and NRI for the infill wells which are burdened by the Net Profits Interests.

(3) ~\$2.2 million deficit balance, net to Working Interest Owners’ interest.

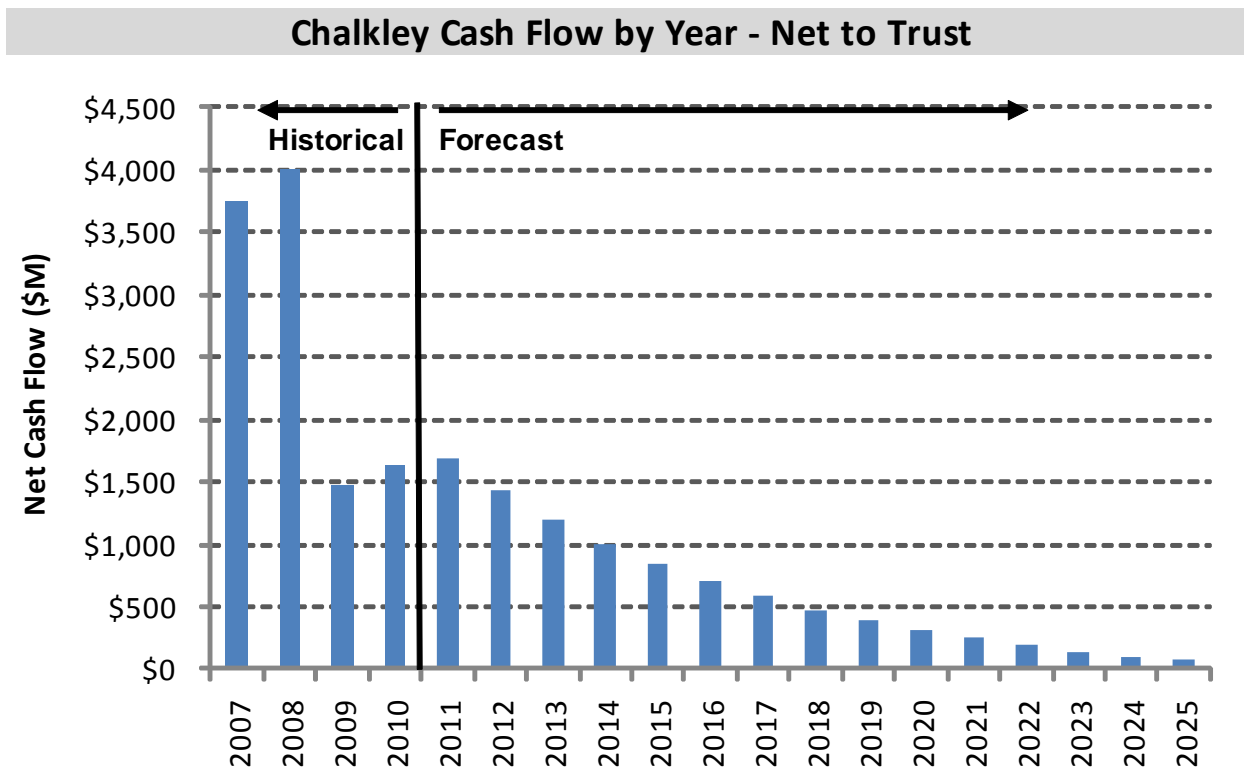
Chalkley Field Historical & Projected Production



Highlights

- Stable, predictable decline
- Zero infill well production included
 - Unlikely infill wells will payout to the 20% interest in the future

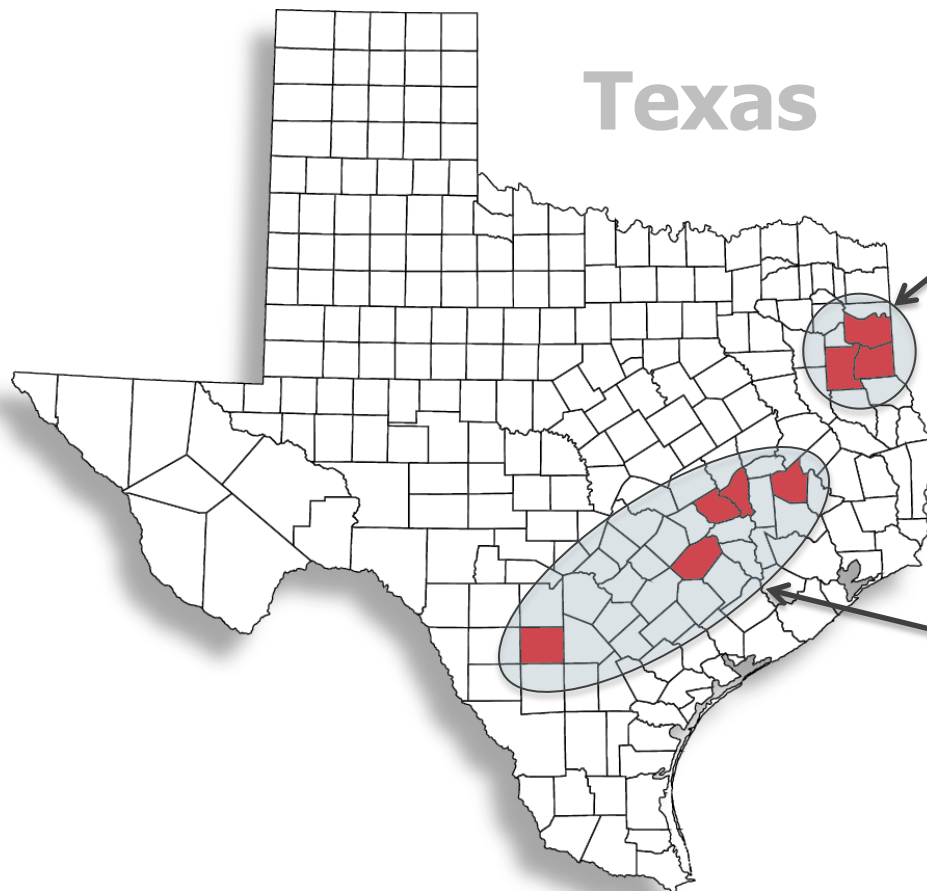
Chalkley Field Historical & Projected Cash Flow



Highlights

- Average annual price declined sharply in 2009
- Zero infill well cash flow included
 - Unlikely infill wells will payout to the 20% interest in the future

Property Set 2



Cotton Valley Fields

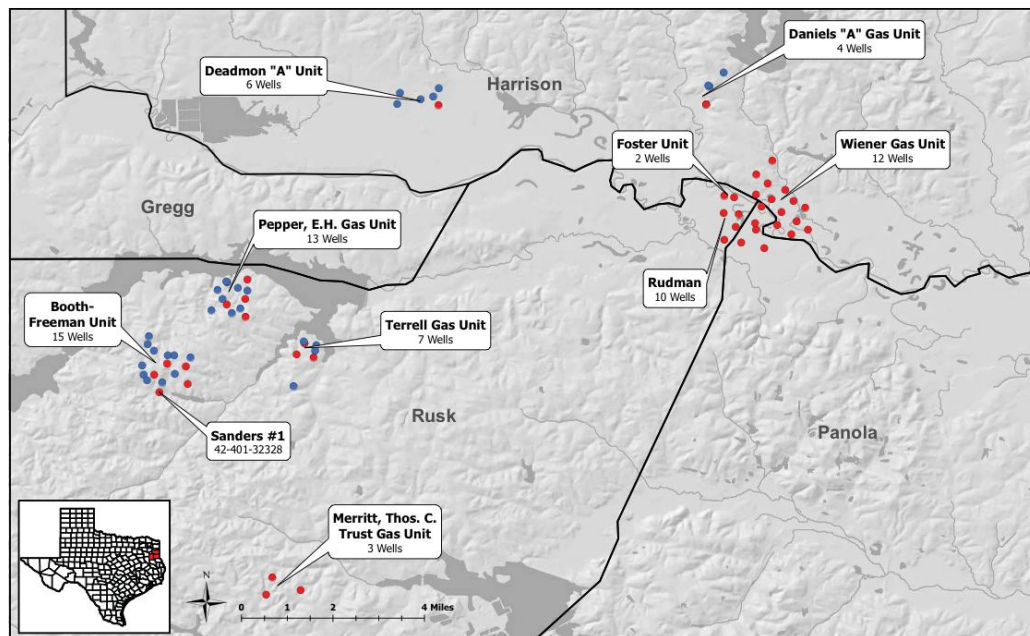
- 1.1 MMCFED – Net Production (March 2011)
- \$41,000 – Net Cash Flow (March 2011)
- 4.0 BCFE – Net Proved Reserves
- 41 Legacy wells, 32 Infill wells

Austin Chalk Fields

- 182 MCFED – Net Production (March 2011)
- ~(\$16,000) – Net Cash Flow (March 2011)
- 194 MMCFE – Net Proved Reserves
- 41 Legacy wells, 2 Infill wells

Cotton Valley Fields Overview

Cotton Valley - 73 Wells Harrison, Panola, & Rusk Co., TX



Legend: • Legacy • Infill
www.plsx.com

All Standard Disclaimers Apply & Sellers Rights Retained

Highlights

- Rusk, Harrison & Panola counties in Texas
- 4,411 gross & 2,606 net acres
- 41 producing legacy wells
 - 53.7% average WI⁽¹⁾
 - 39.5% average NRI⁽¹⁾
- 32 producing infill wells
 - 14.6% average WI⁽²⁾
 - 11.1% average NRI⁽²⁾
- 1.1 MMCFED – Net Production (March 2011)
- \$41,000 – Net Cash Flow (March 2011)
- Torch subsidiary & Samson – operators
- Zero balance on legacy and infill wells (no deficit)

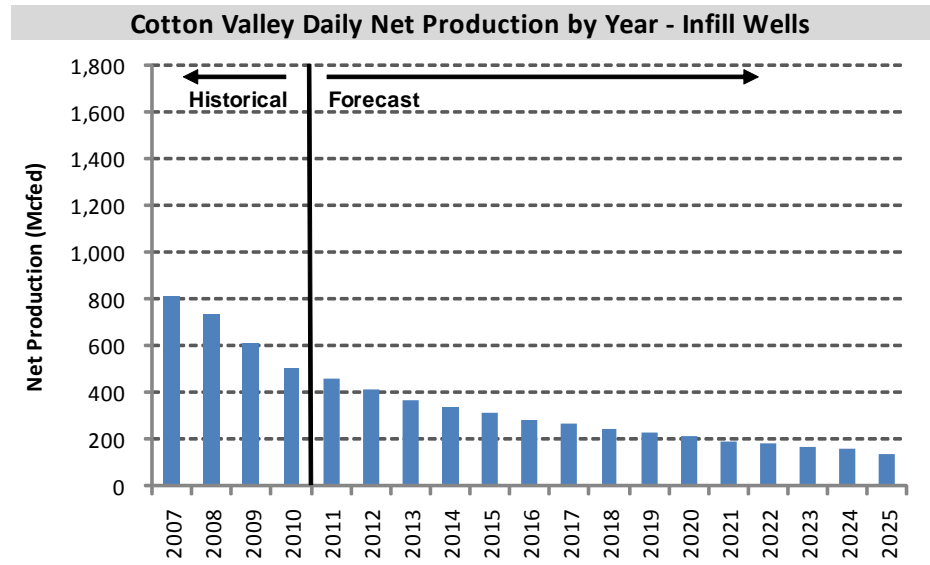
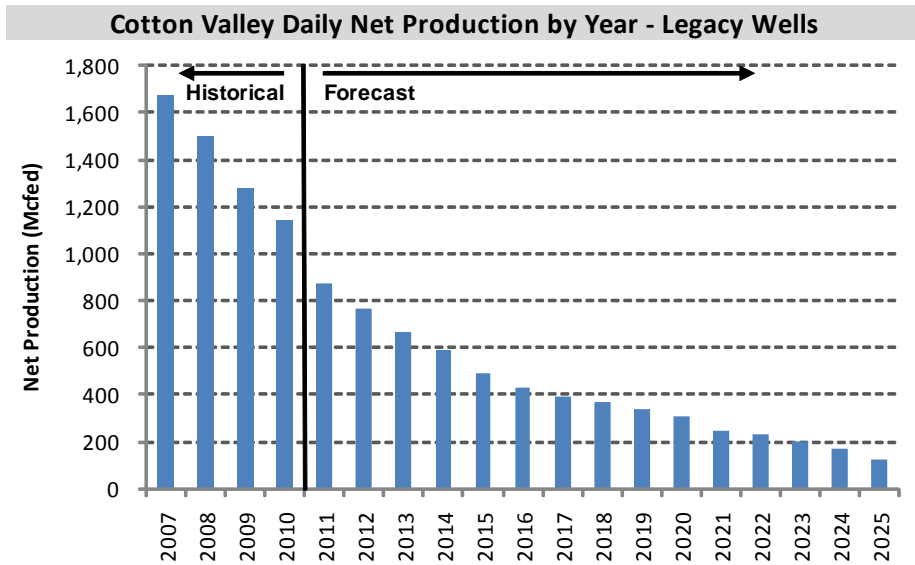
Net Reserves and Present Value (PV₁₀) TJS Reserve Report as of December 31, 2010

Area	Field	Reserve Category	Well Count	Oil & Cond (MBO)	Gas (MMCF)	Total (6:1) (MMCFE)	Undiscounted	
							Cash Flow (\$M)	PV ₁₀ (\$M)
Cotton Valley	Blocker	PDP	1	0.1	21.2	21.8	\$13.5	\$12.4
Cotton Valley	Oak Hill	PDP	40	4.6	2,338.0	2,365.6	\$2,865.8	\$1,977.4
Cotton Valley (Infill)	Blocker	PDP	3	0.1	45.1	45.7	\$38.3	\$29.4
Cotton Valley (Infill)	Oak Hill	PDP	29	1.3	1,612.1	1,619.9	\$2,141.3	\$1,359.6
Total			73	6.1	4,016.4	4,053.0	\$5,059.0	\$3,378.8

(1) Represents the Working Interest Owners' average WI and NRI for the legacy wells which are burdened by the Net Profits Interest.

(2) Represents 20% of the Working Interest Owners' average WI and NRI for the infill wells which are burdened by the Net Profits Interests.

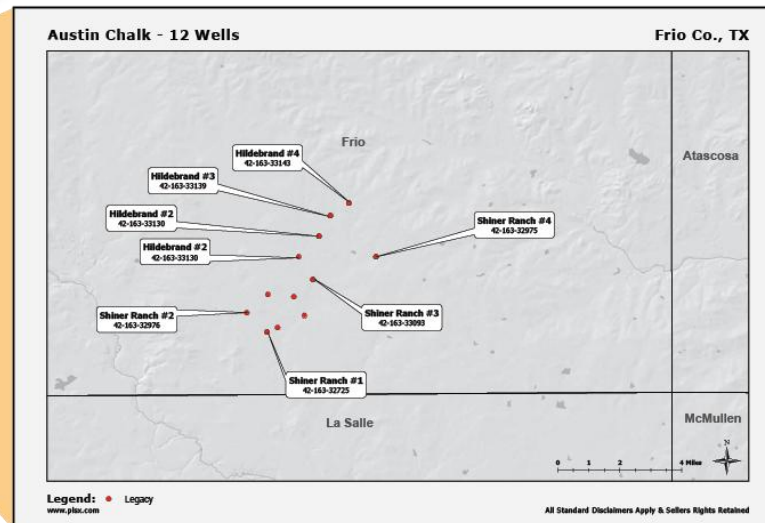
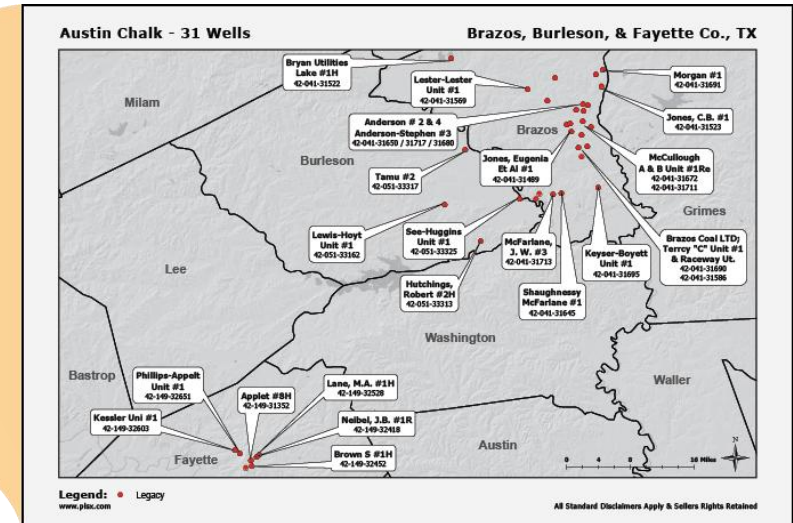
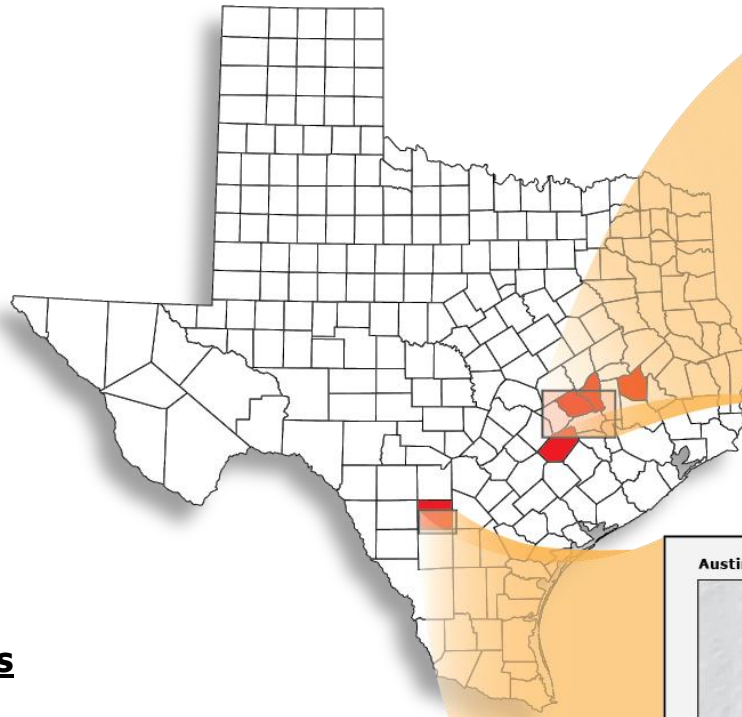
Cotton Valley Fields Historical & Projected Production



Highlights

- Stable, predictable decline
- Samson operates infill wells
 - 32 infill wells currently producing
 - First infill well completed in 1997; most recent well completed late 2008

Austin Chalk Fields Overview



Highlights

- Brazos, Fayette & Frio counties in Texas
- 22,468 gross & 3,791 net acres
- 41 producing legacy wells
 - 16.1% average WI⁽¹⁾
 - 11.4% average NRI⁽¹⁾
- 2 producing infill wells
 - 1.6% average WI⁽²⁾
 - 1.3% average NRI⁽²⁾
- 182 MCFED – Net Production (March 2011)
- ~(\$16,000) – Net Cash Flow (March 2011)

Austin Chalk Fields Overview

Net Reserves and Present Value (PV₁₀)

TJS Reserve Report as of December 31, 2010

Area	Field	Reserve Category	Well Count	Oil & Cond (MBO)	Gas (MMCF)	Total (6:1) (MMCFE)	Undiscounted	PV ₁₀ (\$M)
							Cash Flow (\$M)	
Austin Chalk	Clay NE	PDP	2	0.0	0.0	0.0	\$0.0	\$0.0
Austin Chalk	Giddings	PDP	31	9.2	106.7	161.9	\$300.9	\$242.5
Austin Chalk	Kurten	PDP	1	0.0	0.0	0.0	\$0.0	\$0.0
Austin Chalk	Pearsall	PDP	7	5.3	0.3	32.1	\$132.4	\$107.2
Austin Chalk (Infill)	Giddings	PDP	2	0.0	0.0	0.0	\$0.0	\$0.0
Total			43	14.5	107.0	194.0	\$433.3	\$349.8

Highlights

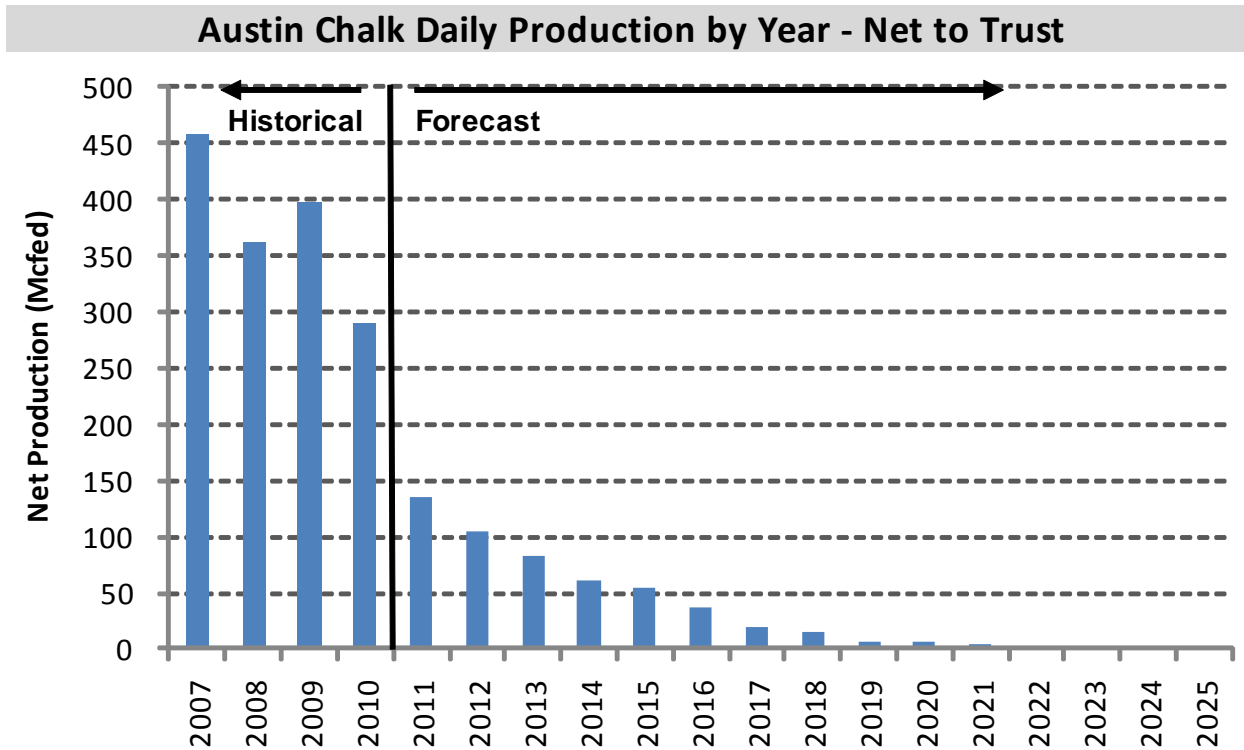
- Brazos, Fayette & Frio counties in Texas
- 22,468 gross & 3,791 net acres
- 41 producing legacy wells
 - 16.1% average WI⁽¹⁾
 - 11.4% average NRI⁽¹⁾
- 2 producing infill wells
 - 1.6% average WI⁽²⁾
 - 1.3% average NRI⁽²⁾
- 182 MCFED – Net Production (March 2011)
- ~(\$16,000) – Net Cash Flow (March 2011)
- Torch subsidiary, EnerVest, Blackbrush O&G, Apache, Anadarko, Sandel & Clayton Williams – operators
- Zero balance on legacy wells (no deficit)
- \$30,000 deficit on infill wells (net to Trust's 20% interest)⁽³⁾
 - Unlikely Seller will back into its 20% interest in future periods

(1) Represents the Working Interest Owners' average WI and NRI for the legacy wells which are burdened by the Net Profits Interest.

(2) Represents 20% of the Working Interest Owners' average WI and NRI for the infill wells which are burdened by the Net Profits Interests.

(3) ~\$150,000 deficit balance, net to Working Interest Owners' interest.

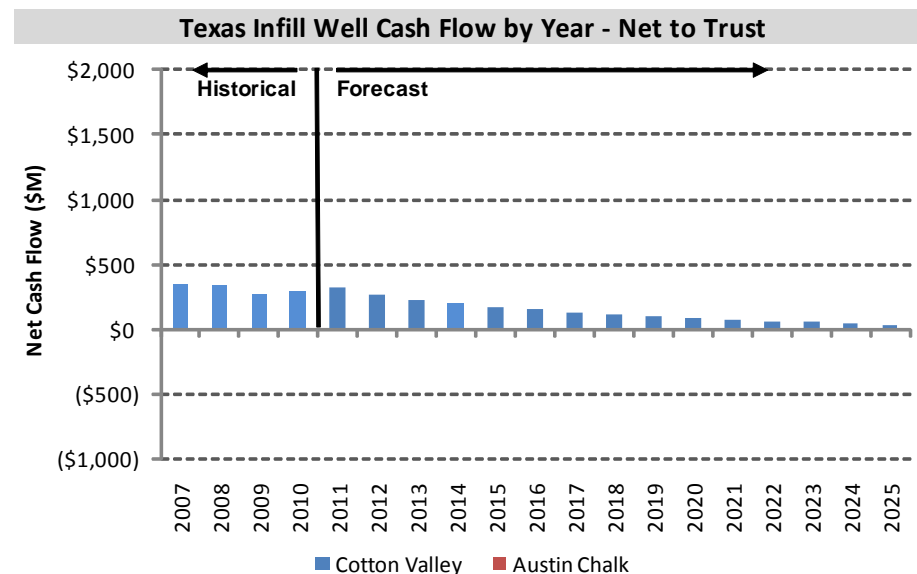
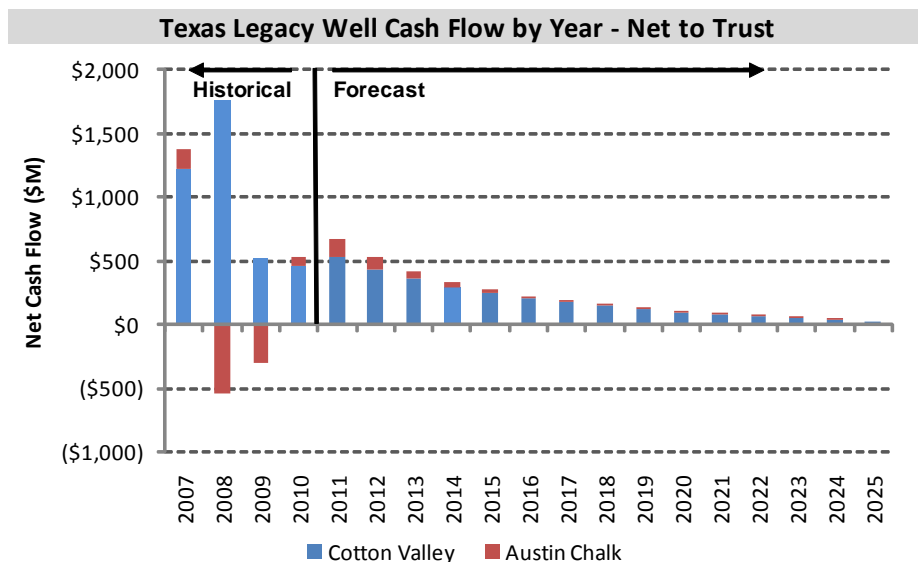
Austin Chalk Fields Historical & Projected Production



Highlights

- Stable, predictable decline
- Zero infill well production included
 - Unlikely infill wells will payout to the 20% interest in the future

Texas Fields Historical & Projected Cash Flow



Highlights

- Due to Conveyance by State, Cotton Valley & Austin Chalk cash flow summed
- Stable, predictable decline
- Samson operates infill wells
 - 32 infill wells currently producing
 - First infill well completed in 1997; most recent well completed late 2008

Property Set 3

Alabama



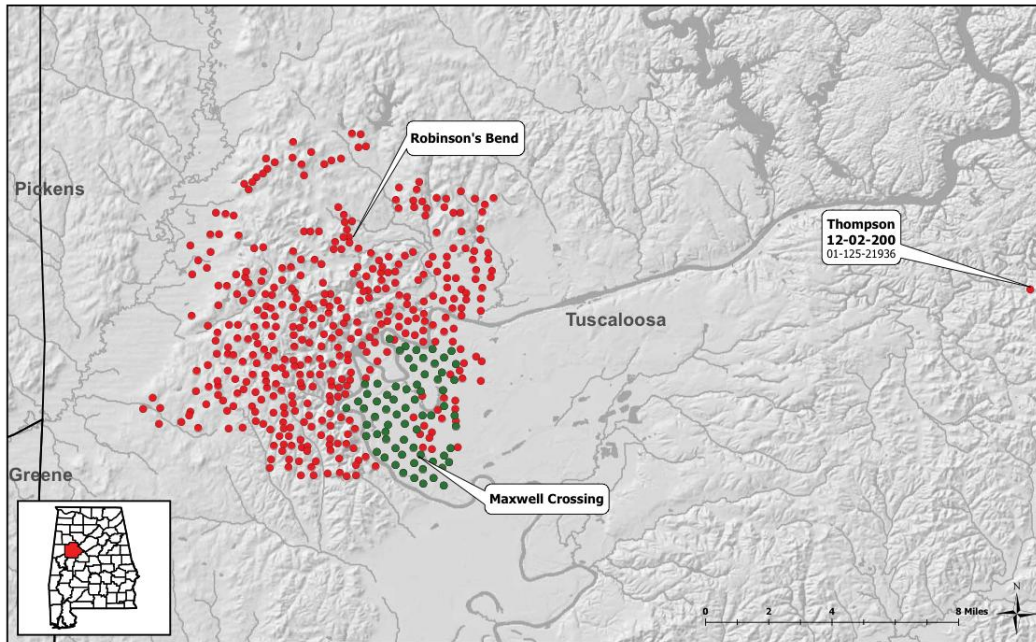
Robinson's Bend & Maxwell Crossing Fields

- No Economic Reserves net to NPI
- 393 Legacy wells, 38 infill wells
- Irrevocable bid of \$1 million for NPI (**see pg. 29**)

Robinson's Bend & Maxwell Crossing Fields Overview

Robinson's Bend - 431 Wells

Tuscaloosa Co., AL



Legend: ● Robinson's Bend Wells ● Maxwell Crossing Wells
www.plsx.com

All Standard Disclaimers Apply & Sellers Rights Retained

Highlights

- Irrevocable bid of \$1 million from operator **(see pg. 29)**
- Tuscaloosa county, Alabama
- 33,404 gross & 14,288 net acres
- Zero economic reserves
- 393 legacy wells
 - 40.2% average WI⁽¹⁾
 - 30.5% average NRI⁽¹⁾
- 38 infill wells
 - 6.8% average WI⁽²⁾
 - 5.2% average NRI⁽²⁾
- Robinsons Bend Operating (subsidiary of Constellation Energy Partners) – operator
- ~\$7.4 million deficit on legacy wells
 - Unlikely seller will receive cash flow from legacy wells in future
- ~\$1.6 million deficit on infill wells (net to Trust's 20% interest)⁽³⁾
 - Unlikely Seller will back into its 20% interest in future periods

(1) Represents the Working Interest Owners' average WI and NRI for the legacy wells which are burdened by the Net Profits Interest.

(2) Represents 20% of the Working Interest Owners' average WI and NRI for the infill wells which are burdened by the Net Profits Interests.

(3) ~\$8.0 million deficit balance, net to the Working Interest Owners' interest.

Irrevocable Bid by Constellation

On February 23, 2011, the Trust announced that the Trust and a derivative unitholder plaintiff reached an agreement in principle with Constellation Energy Partners LLC (“CEP”) to settle litigation filed by the derivative plaintiff on the Trust’s behalf, captioned Trust Venture Company, LLC v. Constellation Energy Partners LLC, in the Circuit Court of Tuscaloosa County, Alabama concerning the Robinson’s Bend field.

Under the proposed settlement, the derivative plaintiff and the Trust agreed to settle the claims against CEP in the derivative action, and to enter into mutual, general releases with CEP in return for (i) a payment of one million two hundred thousand United States dollars (\$1,200,000) to the derivative plaintiff by Robinson’s Bend Production II (“RBP II”), which is a Delaware limited liability company and an affiliate of CEP, to reimburse the derivative plaintiff for the legal fees and expenses it incurred in prosecuting the derivative action, **(ii) an irrevocable bid by RBP II of not less than one million United States dollars (\$1,000,000) for its purchase from the Trust of the net overriding royalty interest (“Alabama NORRI”)**, when such Alabama NORRI is separately offered for sale by the Trust at public auction within 180 days of the effective date of the settlement, with such bid amount to be deposited by RBP II in a third-party escrow account pending the public auction, and (iii) a third amendment to that certain Water Gathering and Disposal Agreement providing that, for a period of ten years commencing on the first day of the month following the effective date of the settlement, the charges for the gathering, separation, and disposal of water from oil and gas wells located in Tuscaloosa County, Alabama that are owned and operated by RBP II shall be fifty-three cents (\$0.53) per barrel of water. (RBP II previously charged one United States dollar (\$1.00) per barrel of water for the gathering, separation, and disposal of such water from the Wells.)

The settlement agreement was approved by the Court in all respects on April 13, 2011 and became effective on June 13, 2011.

Contractual Arrangements

Marketing Arrangements & Price Sharing

The Working Interest Owners are obligated to purchase all net production attributable to the net profits interests for an index price for oil and natural gas ("Index Price"), less certain gathering, treating and transportation charges, which are calculated monthly. The Index Price equals 97% of the weighted average spot market prices of oil and natural gas at the four locations where the Underlying Properties' production is sold.

If the Index price exceeds the sharing price ("Sharing Price"), the Working Interest Owners are entitled to deduct 50% of such excess ("Price Differential") in determining the natural gas price used to compute the net profits interests proceeds. The Sharing Price is \$2.46 per MMBtu in 2011 and is adjusted annually for inflation.

The Working Interest Owners are obligated to pay a minimum price ("Minimum Price") for natural gas production. The Minimum Price in 2011 is \$1.99 per MMBtu and is adjusted annually for inflation. When the Working Interest Owners purchase net production based on the Minimum Price, the Working Interest Owners receive price credits ("Price Credits") equal to the difference between the Index Price and the Minimum Price that the Working Interest Owners are entitled to deduct in determining the natural gas price when the Index Price for natural gas exceeds the Minimum Price. The Working Interest Owners have the annual option to discontinue the Minimum Price commitment. However, if the Working Interest Owners discontinue the Minimum Price commitment, they will no longer be entitled to deduct the Price Differential in calculating the purchase price for gas and will forfeit all accrued Price Credits. The Working Interest Owners have not exercised their option to discontinue the Minimum Price commitment and currently have no accrued price credits.

Gas production is purchased at the wellhead. Therefore, the Net Profits Interests do not include amounts received in connection with extracting natural gas liquids from such production at natural gas processing or treating facilities.

NPI Natural Gas Price Calculation

Net to Trust Interest (Example)



Pricing Example⁽¹⁾ For the Period - January 2011

Inside Ferc price per MMBtu:

Chalkley Field (Tenn Gas Ppl, 500 Leg)	\$4.22
Cotton Valley Fields (NGPL - Texok zone)	\$4.03
Austin Chalk Fields (Houston Ship Channel)	\$4.10
Robinsons Bend & Maxwell Crossing Fields (S. Natural Gas)	\$4.27

Underlying Property Production - MMBtu's:

Chalkley Field	47,595
Cotton Valley Fields	35,659
Austin Chalk Fields	5,041
Robinsons Bend & Maxwell Crossing Fields	119,640
	<u>207,935</u>

Weighted Average Inside Ferc Price per MMBtu \$4.21

3% Marketing Fee (\$0.12)

Trust Index Price \$4.09

Sharing Price Adjustment

Sharing Price for 2011 production	\$2.46 ⁽²⁾
Trust Index Less Sharing Price	<u>(\$1.63)</u>
Sharing %	50%
	<u>(\$0.81)</u>

\$ \ MMBtu \$3.28

BTU Factor 1.02

\$ \ Mcf⁽¹⁾ \$ 3.35

Notes

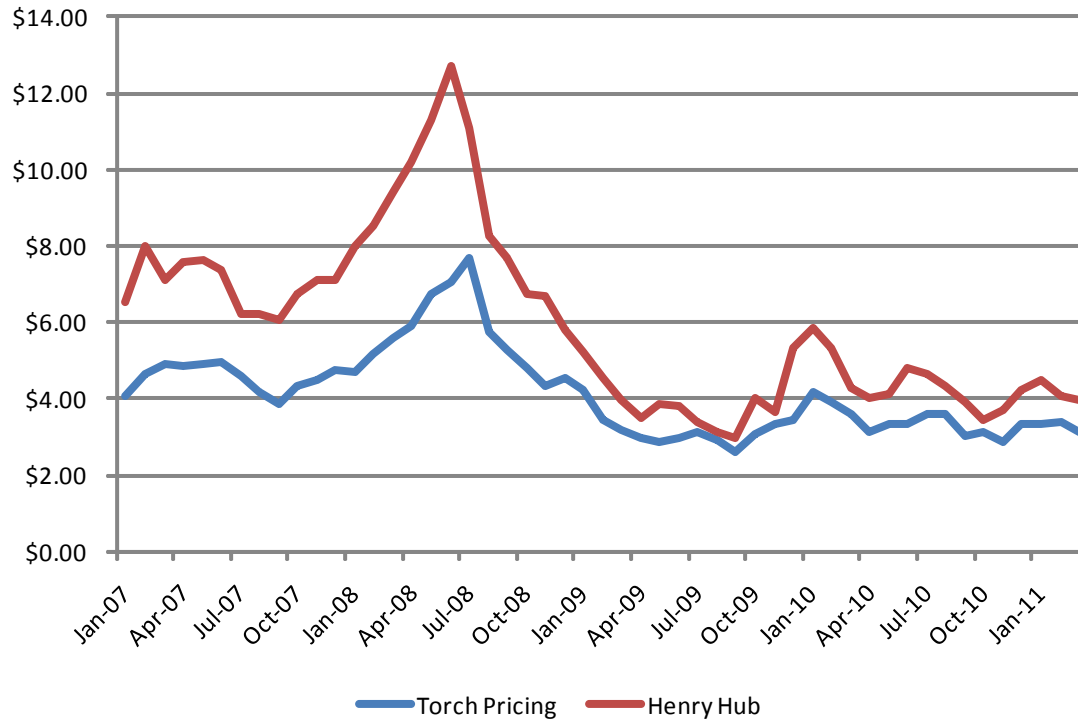
Note: For additional information concerning marketing arrangements, see Item I. of TRU's Form 10-K for the year ended December 31, 2010, the Net Overriding Royalty Conveyances, and pg. 31 of this document.

(1) Price before gathering, treating and transportation fees. Computed utilizing the terms of the each Net Overriding Royalty Conveyance.

(2) The Sharing Price is adjusted annually on January 1 for inflation.

NPI Historical Pricing Vs. Henry Hub

Historical Torch NPI Net Pricing Vs. Henry Hub



Notes

- Average differential compared to Henry Hub:
 - 2007 – (\$2.43)
 - 2008 – (\$3.24)
 - 2009 – (\$0.77)
 - 2010 – (\$0.97)
 - Q1 2011 – (\$0.89)
- Differentials are primarily due to the price sharing (see pg. 31)

Gathering, Treating and Transportation Arrangements

The Working Interest Owners are entitled to deduct the following fees for gas gathering, treating and transportation in calculating the Net Profits Interests proceeds:

Robinson's Bend Field

- Gathering, treating and transportation fee of \$0.335 per MMBtu in 2011 (adjusted annually for inflation), fuel usage equal to 5% of the revenues and a gathering fee of \$0.05 per MMBtu pertaining to production from 73 legacy wells

Cotton Valley Fields

- Gathering fee of \$0.045 per MMBtu pertaining to production from 12 legacy wells

Austin Chalk Fields

- Gathering, treating and transportation fee of \$0.38 per MMBtu plus 17% of natural gas revenues

Chalkley Field

- No gathering, treating or transportation fees are deducted from the Net Profits Interests proceeds

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