

Dominion Resources Black Warrior Trust



1st
Quarter Report
2014



The Trust

Dominion Resources Black Warrior Trust (the "Trust") was formed as a

Delaware business trust pursuant to the terms of the Trust Agreement of Dominion Resources Black Warrior Trust (the "Trust Agreement") entered into effective as of May 31, 1994, among Dominion Black Warrior Basin, Inc. ("DBWB"), as trustor, Dominion Resources, Inc. ("Dominion Resources"), and NationsBank, N.A. (now Bank of America, N.A.) (the "Trustee") and Mellon Bank (DE) National Association (the "Delaware Trustee"), as trustees.

The Trust is a grantor trust designed to provide holders ("Unitholders") of units of beneficial interest in the Trust ("Units") with quarterly cash distributions and Internal Revenue Code ("IRC") Section 29 tax credits from the production and sale of coal seam gas attributable to the Trust's royalty interests.

The only assets of the Trust other than cash and temporary investments being held for the payment of expenses and liabilities and for distribution to Unitholders, are certain overriding royalty interests (the "Royalty Interests") burdening proved coal seam gas properties located in the Pottsville coal formation in the Black Warrior Basin of Alabama (the "Underlying Properties") owned by DBWB.

The Units are listed and traded on the New York Stock Exchange under the symbol "DOM".



Distribution Information

The Trustee has declared the following distributions for 2014:

<u>Quarterly Record Date</u>	<u>Payment Date</u>	<u>Distribution per Unit</u>
3/3/14	3/11/14	\$.171950
5/30/14	6/9/14	\$.191957

The record date for quarterly cash distributions of the Trust is the 60th day after the end of the quarter (or the next business day if such day is not a business day). The distribution is payable within 70 days after the end of the calendar quarter. Accordingly, the remaining scheduled record dates and approximate related distribution dates for 2014 is as follows:

<u>Quarterly Record Date</u>	<u>Payment Date</u>
8/29/14	9/8/14
12/1/14	12/9/14



To Unitholders:

The Trust was formed to acquire and hold the Royalty Interests conveyed to the Trust by DBWB. The function of the Trustee is to collect proceeds from the sale of gas production attributable to the Royalty Interests, pay certain expenses and make quarterly cash distributions to Unitholders.

Revenues are recognized by the Trust in the period in which amounts are actually received by the Trust. The Trust generally will receive its share of the gross proceeds for production in any particular calendar quarter on or before the last business day before the 45th day following the end of the quarter.

Distributable income of the Trust generally consists of the excess of royalty income plus interest income over the general and administrative expenses of the Trust. Upon receipt by the Trust, royalty income is invested in short-term investments in accordance with the Trust Agreement until its subsequent distribution to Unitholders.

The amount of distributable income of the Trust for any quarter may differ from the amount of cash available for distribution to Unitholders in such quarter due to differences in the treatment of the expenses of the Trust in the determination of those amounts.

Periods Ended March 31, 2014

The Trust's Royalty Interests consist of overriding royalty interests burdening the Company's interest in the Underlying Properties. The Royalty Interests generally entitle the Trust to receive 65 percent of the Company's Gross Proceeds (as defined below). The Royalty Interests are non-operating interests and bear only expenses related to property, production and related taxes (including severance taxes).

"Gross Proceeds" consist generally of the aggregate amounts received by the Company attributable to the interests of the Company in the Underlying Properties from the sale of coal seam gas at the central delivery points in the gathering system for the Underlying Properties. The definitions, formulas and accounting procedures and other terms governing the computation of the Royalty Interests are set forth in the Overriding Royalty Conveyance from the Company to the Trust.

The Trust received royalty income amounting to \$1,590,079 during the first quarter of 2014 compared to \$1,592,717 during the first quarter of 2013. This revenue was derived from the receipt of cash on production of 474 Mmcf at an average price of \$3.36 per Mcf after deducting production taxes of \$98,794 compared to 502 Mmcf at an average price received of \$3.17 per Mcf after deducting production taxes of \$98,748 in the first quarter of 2013. For the three-month period ended March 31, 2014, the Trust was impacted by the increase in natural gas prices and decrease in production, as compared with the three-month period ended March 31, 2013. Natural gas prices are influenced by many factors such as seasonal temperatures, domestic demand and other factors that are beyond the control of the Trustee. The decrease in production volumes is attributed to declining production. Production taxes are based on revenues rather than production volumes. Accordingly, production taxes did not fluctuate proportionately to the decrease in volumes.

Interest income during the first quarter of 2014 amounted to \$63 compared to \$80 for the same period in 2013. This decrease is a result of less amount of monies available to invest in 2014 than in 2013.

General and administrative expenses during the first quarter of 2014 amounted to \$354,883



To Unitholders: *continued*

compared to \$296,388 in the first quarter of 2013. For this period, these expenses were primarily related to general and administrative services provided by Walter Exploration & Production, the Trustee and American Stock Transfer & Trust Company, the transfer agent, and the preparation of periodic reports for submission to the SEC and to Unitholders during the period. The increase in general and administrative expenses in the first quarter of 2014 as compared to the first quarter of 2013 is primarily due to timing of payment of expenses.

Distributable income for the first quarter of 2014 was \$1,235,259, or \$.16 per Unit, compared to distributable income for the first quarter of 2013 of \$1,296,409, or \$.17 per Unit. The Trust made a distribution on March 11, 2014 of \$0.171950 per Unit compared to a distribution of \$0.160567 per Unit made during the first quarter of 2013.

The Company informed the Trustee that it abandoned 22 wells total in 2012 and 2013 as it considered them uneconomic and will evaluate an additional 10-20 wells in 2014.

Trustee Resignation

On January 9, 2014, U.S. Trust, Bank of America Private Wealth Management gave notice to Unitholders that it will be resigning as trustee subject to the conditions set forth below. Bank of America, N.A. has nominated Southwest Bank, an independent state bank chartered under the laws of the State of Texas and headquartered in Fort Worth, Texas ("Southwest Bank"), as successor trustee at a meeting of Unitholders of the trust called for Friday, May 23, 2014, for the purpose of approving a successor trustee of the Trust. U.S. Trust, Bank of America Private Wealth Management's resignation is conditioned on the satisfaction or waiver by U.S.

Trust, Bank of America Private Wealth Management of each of the following: (i) the appointment of Southwest Bank as trustee of Sabine Royalty Trust (another royalty trust for which U.S. Trust, Bank of America Private Wealth Management currently serves as trustee); (ii) the appointment of Southwest Bank or another successor trustee as trustee of the trust and five other royalty trusts for which U.S. Trust, Bank of America Private Wealth Management currently serves as trustee and as agent under a disbursing arrangement for which it currently serves as agent; (iii) the accuracy of certain representations and warranties and performance of certain agreements made by Southwest Bank in an agreement between U.S. Trust, Bank of America Private Wealth Management and Southwest Bank; and (iv) no governmental injunction, order or other action that would prohibit Southwest Bank's appointment, U.S. Trust, Bank of America Private Wealth Management's resignation or the other actions described above. The effective date of U.S. Trust, Bank of America Private Wealth Management's resignation shall be June 30, 2014, assuming all of the conditions described above have been satisfied or waived as of such date.

DOMINION RESOURCES BLACK WARRIOR TRUST

By: Bank of America, N.A., Trustee

**By: Ron E. Hooper
Senior Vice President**

June 10, 2014

Condensed Statements of Assets, Liabilities and Trust Corpus (Unaudited) ⁽¹⁾

	March 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents.....	\$ 56,280	\$ 106,772
Royalty Interests in gas properties (less accumulated amortization of \$147,391,314 and \$146,865,502, respectively).....	8,426,186	8,951,998
TOTAL ASSETS	\$ 8,482,466	\$ 9,058,770
Liabilities and Trust Corpus		
Trust expenses payable	\$ 202,682	\$ 138,624
Trust corpus (7,850,000 units beneficial interest authorized, issued and outstanding)	8,279,784	8,920,146
TOTAL LIABILITIES AND TRUST CORPUS	\$ 8,482,466	\$ 9,058,770

Condensed Statements of Distributable Income (Unaudited) ⁽¹⁾

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Royalty income.....	\$ 1,590,079	\$ 1,592,717
Interest income	63	80
	1,590,142	1,592,797
General and administrative expenses	(354,883)	(296,388)
Distributable income.....	\$ 1,235,259	\$ 1,296,409
Distributable income per unit (7,850,000 units).....	\$.16	\$.17

Condensed Statements of Changes in Trust Corpus (Unaudited) ⁽¹⁾

	For the Three Months Ended	
	March 31, 2014	March 31, 2013
Trust corpus, beginning of period.....	\$ 8,920,146	\$ 11,003,644
Amortization of royalty interests.....	(525,812)	(726,165)
Distributable income.....	1,235,258	1,296,409
Distributions to Unitholders.....	(1,349,808)	(1,260,451)
Trust corpus, end of period.....	\$ 8,279,784	\$ 10,313,437
Distributions per unit (7,850,000 units).....	\$.17	\$.17

(1) The financial statements of the Trust are prepared on a modified cash basis and are not intended to present financial position and results of operations in conformity with generally accepted accounting principles ("GAAP"). Preparation of the Trust's financial statements on such basis includes the following:

- Royalty income and interest income are recorded in the period in which amounts are received by the Trust rather than in the month of production and accrual, respectively.
- General and administrative expenses recorded are based on liabilities paid and cash reserves established out of cash received.
- Amortization of the Royalty Interests is calculated on a unit-of-production basis and charged directly to trust corpus when revenues are received.
- Distributions to Unitholders are recorded when declared by the Trustee.

The financial statements of the Trust differ from the financial statements prepared in accordance with GAAP because royalty income is not accrued in the period of production, interest income is not accrued in the period it is earned, general and administrative expenses recorded are based on liabilities paid and cash reserves established rather than on an accrual basis, and amortization of the Royalty Interests is not charged against operating results.

Dominion Resources sold an aggregate of 6,904,000 Units in the Public Offering at a price of \$20.00 per Unit during 1994 and sold the remaining 946,000 Units to the public through the Underwriters pursuant to the Post-Effective Amendment during June 1995 at a price of \$18.75 per Unit. Accordingly, the Trust's royalty interests in gas properties and trust corpus at June 30, 1995 reflects the sale of 6,904,000 Units at the price of \$20.00 per Unit and of 946,000 Units at the price of \$18.75 per Unit.

Supplemental Information regarding Distributions

The following Summary of Distributable Cash and Tax Information tables relate to the quarterly cash distribution to Unitholders payable on June 9, 2014 to Unitholders of record on May 30, 2014. The information in these tables concerns only that distribution, and differs from the information contained in the financial

statements for the Trust appearing elsewhere in this report. The distribution includes the proceeds from the sale of production attributable to the Royalty Interests for the period from January 1, 2014 through March 31, 2014.

Summary of Distributable Cash

	June 9, 2014 Distribution
Proceeds to DBWB for Sale of Production from the Underlying Properties	\$ 3,981,838
Less: Production Taxes	(241,278)
Net Proceeds to DBWB.....	3,740,560
Cash Payable to Trust.....	\$ 1,957,613
Less: Trust Liabilities Paid	(290,826)
Adjustment of Cash Reserve	(160,000)
Interest Received.....	76
Distributable Cash.....	<u>\$ 1,506,863</u>
Distributable Cash per Unit.....	<u>\$.191957</u>

Estimated Quarterly Tax Information

The following information is intended to provide per Unit data which may be used in determining each Unitholder's share of return of capital, income, expenses and tax credits of the Trust for this distribution and should not be construed as professional tax or legal advice. This information relates to the distribution to Unitholders of record on the March 3 and May 30, 2014 record dates and may be used by

Unitholders for calculation of any future 2014 estimated tax payments. Final quarterly tax information for the year 2014 will be provided to Unitholders by the Trustee no later than March 15, 2015. Unitholders are encouraged to consult their own tax advisors.

	Quarterly Distribution (\$/Unit)	
	March 11, 2014	June 9, 2014
Gross Income.....	\$.215143	\$.265491
Production Taxes	(.012585)	(.016114)
Net Royalty Income.....	.202558	.249377
General and Administrative Expenses.....	(.028068)	(.037048)
Interest Income000008	.000010
Adjustment of Cash Reserve	(.002548)	(.020382)
Net Cash Distribution.....	<u>\$ 0.171950</u>	<u>\$ 0.191957</u>
Estimated Cost Depletion Factor.....	<u>5.87%</u>	<u>5.32%</u>

Supplemental Information Regarding the Royalty Interests

The Royalty Interests owned by the Trust burden DBWB's interest in the Underlying Properties. The Royalty Interests are passive in nature and neither the Trustee nor the Delaware Trustee has any control over or responsibility relating to the operation of the Underlying

Properties or DBWB's interest therein. The following information relating to the Royalty Interests has been prepared and furnished by DBWB to the Trustee for inclusion herein.

Summary of Production and Prices

	For Three Months Ended March 31, 2014
Production (Mcf).....	820,638
Production (MMBtu)	812,214
Average Price Received (\$/MMBtu).....	\$4.90



For information contact:

Dominion Resources Black Warrior Trust

U.S. Trust, Bank of America

Private Wealth Management

901 Main Street, 17th Floor

Dallas, Texas 75202

1-800-365-6548

www.dom-dominionblackwarriortrust.com