

CAUSE NO. C-1-PB-14-001245

IN RE: § IN THE PROBATE COURT  
§  
§ OF  
§  
TEL OFFSHORE TRUST § TRAVIS COUNTY, TEXAS

**CORPORATE TRUSTEE'S MOTION TO APPROVE PAYMENT OF THE TRUST'S  
ORDINARY BUSINESS EXPENSES OWED TO THIRD PARTIES**

The Bank of New York Mellon Trust Company, N.A. (“BNYM”), as Corporate Trustee (“the Corporate Trustee”) of the TEL Offshore Trust (“Trust”), files this Motion to Approve Payment of the Trust’s Ordinary Business Expenses Owed to Third Parties, and in support thereof, respectfully shows as follows:

1. The Trust has incurred ordinary business expenses owed to third parties in the total amount of \$44,004.90. The amount of \$22,229.87 remains in the Trust’s unrestricted account. The Corporate Trustee intends to pay \$22,229.87 of these invoices from the unrestricted account and seeks the Court to approve payment of the remaining expenses in the amount of \$21,775.03 from the segregated account holding the proceeds of the sale of the Trust’s overriding royalty interest that was created pursuant to the Final Judgment and Order of this Court dated January 15, 2016, in Cause No. C-1-PB-16-000096.

2. The ordinary business expenses owed to third parties are reflected in the following invoices:

- a. Invoice from Deloitte & Touche LLP (“Deloitte”), dated 8/8/2016, number 8002691103, for review of interim financial information of the Trust for the quarter ending June 30, 2016, prepared for submission to the U.S. Securities and Exchange Commission (“the SEC”), in the amount of \$32,500.00, attached as Exhibit “A”.
- b. Invoice from Merrill Corporation (“Merrill”), dated 9/6/2016, number 2065813, for Form 10-Q services for the quarterly period ended June 30, 2016, particularly

for document composition services; proofing services; and printing and distribution services, in the amount of \$9,197.36, attached as Exhibit “B”.

- c. Invoice from American Stock Transfer & Trust Company, LLC (“ASTT”), dated 9/6/2016, number DFE 10132850, for the monthly transfer fee and out of pocket expenses for escheatment (due-diligence mailings), in the amount of \$1,815.00, attached as Exhibit “C”.
- d. Invoice from Merrill, dated 9/9/2016, number 2072003, for Form 8-K services for the August 17, 2016 Report, particularly for document composition services and proofing services, in the amount of \$492.54, attached as Exhibit “D”.

3. The Trust Agreement (attached to the Original Petition for Modification and Termination of Trust in this proceeding) provides in Section 6.06 that the “Trustees are authorized to and shall use all money received by the Trust for the payment of all liabilities of the Trust, including but not limited to all expenses, taxes, and liabilities incurred of all kinds ... and compensation to such parties as may be consulted pursuant to Section 7.06 hereof...”

4. Section 7.06 of the Trust Agreement provides that to “perform any act required or permitted by this Trust Agreement, the Trustees may, but shall not be required to, consult with ... accountants, geologists, engineers, and other parties deemed by the Trustees to be qualified as experts on the matters submitted to them .... The Trustees are authorized to make payments of all reasonable fees for services or expenses thus incurred out of the Trust Estate.”

5. The Trust engaged Deloitte to review the interim financial information of the Trust for the quarter ending June 30, 2016, prepared for submission to the SEC. Regulation S-X, [Regulation S-B, Item 310(b)] requires that public interim financial information included in quarterly reports on Form 10-Q be reviewed by the Trust’s independent registered public accounting firm prior to filing. Deloitte’s engagement letter is attached as Exhibit “E”. Pursuant to that engagement letter, the Trust has incurred \$32,500.00 as an ordinary business expense.

6. The Trust engaged Merrill to provide document composition services, proofing services, and printing and distribution services for the Form 10-Q for the quarterly period ended June 30, 2016, and for the Form 8-K for August 17, 2016. These services were necessary for the Trust to make these SEC filings. The total ordinary business expense charged by Merrill was \$9,689.90 for these services.

7. The Trust engaged ASTT to keep the records of all the registered holders and handle the mailings. ASTT charges a monthly transfer fee of \$1,638.00 and incurred out of pocket expenses for due diligence mailings in the amount of \$177.00, for a total amount of \$1,815.00 as ordinary business expense.

8. Pursuant to the Trust Agreement, the Trust intends to use the remaining \$22,229.87 in the Trust's unrestricted account to pay the outstanding invoices and seeks this Court's approval to pay the balance of \$21,775.03 owed to third parties out of the segregated Trust account.

WHEREFORE, PREMISES CONSIDERED, the Corporate Trustee prays that this Court approve the Corporate Trustee's payment of the four invoices described above in the total amount of \$44,004.90 by approving payment of \$21,775.03 out of the segregated Trust Account, with the understanding that the Trustee will pay the remaining \$22,229.87 out of the Trust's unrestricted account; and that Corporate Trustee be granted such other and further relief to which it may be justly entitled.

Respectfully submitted,

/s/ Craig A. Haynes

Craig A. Haynes  
State Bar No. 09284020  
craig.haynes@tklaw.com

Rachelle H. Glazer  
State Bar No. 09785900  
[rachelle.glazer@tklaw.com](mailto:rachelle.glazer@tklaw.com)

THOMPSON & KNIGHT LLP  
One Arts Plaza  
1722 Routh Street, Suite 1500  
Dallas, TX 75201  
Telephone: (214) 969-1700  
Facsimile: (214) 969-1751

James E. Cousar  
State Bar No. 04898700  
[James.Cousar@tklaw.com](mailto:James.Cousar@tklaw.com)

THOMPSON & KNIGHT LLP  
98 San Jacinto Blvd., Suite 1900  
Austin, TX 78701  
Telephone: (512) 469-6100  
Facsimile: (512) 469-6180

ATTORNEYS FOR THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A., as  
CORPORATE TRUSTEE OF THE TEL  
OFFSHORE TRUST

**CERTIFICATE OF SERVICE**

I hereby certify that, on October 7, 2016, a true and correct copy of the foregoing has been served via Texas e-filing and email on Ad Litem, counsel for Ad Litem, Albert Speisman, counsel for RNR Production Land and Cattle, and counsel for Individual Trustees Gary C. Evans, Jeffrey S. Swanson, and Thomas H. Owen, Jr.. I hereby certify that, on October 5, 2016, all other interested parties in this matter will be served in accordance with the Court's Order Directing Method of Service dated January 21, 2016.

/s/ Rachelle H. Glazer  
Rachelle H. Glazer

# **Exhibit A**



# Receivables Statement

Page 1 of 1.

## Deloitte & Touche LLP



162176 0918 0 000353 000356 1/1  
ATTN: M. ULRICH  
TEL OFFSHORE TRUST  
919 CONGRESS AVE SUITE 500  
AUSTIN TX 78701-2153

### Payment Instructions:

Email remittance information to:  
deloittepayments@deloitte.com

Please pay by ACH with CTX, CCD+ or WIRE.

Include invoice numbers/amounts and your company name with the payment.

### Electronic funds payment details:

Bank Name: Bank of America  
US ACH: 011900571  
US WIRE: 026009593  
Swift Code: BOFAUS3N  
Account Name: Deloitte & Touche LLP  
Account No.: 385015866213

### Check payment mailing address:

Deloitte & Touche LLP  
P.O. Box 844708  
Dallas, TX 75284-4708

### Overnight mailing address:

Deloitte & Touche LLP LBX# 844708  
1950 N. Stemmons Freeway  
Suite 5010  
Dallas, TX 75207

Open Invoices as of 09/17/2016:

| Invoice No. | Date       | Invoice Amount | Invoice Balance |
|-------------|------------|----------------|-----------------|
| 8002691103  | 08/08/2016 | 32,500.00      | 32,500.00       |
| Total       |            |                | 32,500.00       |

| Aging    | 0 - 30 days | 31 - 60 days | 61 - 90 days | Past 90 days |
|----------|-------------|--------------|--------------|--------------|
| Analysis | 0.00        | 32,500.00    | 0.00         | 0.00         |

This statement does not include any payments made with no invoice number specified.

# **Exhibit B**

Tel Offshore Trust  
c/o The Bank of New York Trust Company, N.A.  
Global Corporate Trust  
919 Congress Avenue  
Suite 500  
Austin TX 78701  
Attn: Michael J. Ulrich

Invoice #: 2065813  
Invoice Date: 6-Sep-2016  
Our Order #: 003-16-16718-0  
Customer Order #:  
Salesperson: Hoge, Custis

Terms: Due upon receipt, sold FOB Merrill facility

**TEL OFFSHORE TRUST  
FORM 10-Q  
for the quarterly period ended June 30, 2016**

**Document Composition Services**

37 page(s) typeset from standard electronic file - less than 12 hour turnaround  
37 page(s) EDGARized from Merrill typesetting system - less than 12 hour turnaround  
20 page(s) of author's alterations - less than 12 hour turnaround  
20 page(s) of blacklining  
1 EDGAR filing(s) 15-Aug-2016  
1 formatted readback(s)

**Proofing Services**

11 PDF creation(s) for e-Proofing  
20 e-Proof(s)

**Printing & Distribution Services**

Blueline proof(s)  
Print 1,735 copies of a 40 page Form 10-Q; self cover; 8-1/4" x 10 3/4"; printed black ink  
two sides on 27# white financial opaque stock; folded, collated and saddle stitched.  
Distribution services





Tel Offshore Trust  
c/o The Bank of New York Trust Company, N.A.  
Global Corporate Trust  
919 Congress Avenue  
Suite 500  
Austin TX 78701  
Attn: Michael J. Ulrich

**Invoice #:** 2065813  
**Invoice Date:** 6-Sep-2016  
**Our Order #:** 003-16-16718-0  
**Customer Order #:**  
**Salesperson:** Hoge, Custis

Terms: Due upon receipt, sold FOB Merrill facility

|                               |                   |
|-------------------------------|-------------------|
| <b>Subtotal:</b>              | <b>\$8,933.00</b> |
| <b>Messenger and Freight:</b> | <b>\$163.19</b>   |
| <b>Postage and Handling:</b>  | <b>\$ .00</b>     |
| <b>Sales Tax:</b>             | <b>\$101.17</b>   |
| <b>Total Invoice USD:</b>     | <b>\$9,197.36</b> |

Remit Check Payment To: Merrill Communications LLC CM-  
9638  
St. Paul, MN 55170-9638

Please pay from this Invoice  
(1.5% Service Charge per month added to past due accounts)

Remit ACH/FED Wire Payment to:  
Merrill Communications LLC  
Account #: 1702-2502-6310  
USBank, N.A.  
601 Second Avenue South  
Minneapolis, MN 55402  
ABA Routing #: 091 000 022  
SWIFT CODE USBKUS44IMT

Please reference Merrill invoice number on your payment.

# **Exhibit C**



**AMERICAN STOCK**  
Transfer & Trust Company, LLC

# INVOICE

Please direct queries to:

Contact: Billing / Accounts Receivable  
Phone: +1 718-921-8319  
Facsimile: +1 718-765-8729  
Email: ar@amstock.com

MICHAEL ULRICH  
TEL OFFSHORE TRUST  
THE BANK OF NEW YORK MELLON TR  
919 CONGRESS AVENUE  
SUITE 500  
AUSTIN TX 78701

Invoice Number: DFE 10132850  
Invoice Date: Sep-06-2016  
Account Number: DBL06339

Total Due: \$1,815.00  
Date Due: Upon Receipt

MONTHLY TRANSFER FEE  
OUT OF POCKET EXPENSES FOR ESCHEATMENT (DUE-DILIGENCE MAILINGS)

1,638.00  
177.00

Grand Total

\$ 1,815.00

IMPORTANT: DETACH AND RETURN THIS STUB WITH YOUR PAYMENT - please do not staple your check to the payment stub

To ensure proper credit to your account, please reference account and/or invoice number on your check or wire.

Total Due: \$1,815.00      Amount Remitted: \_\_\_\_\_

Account Name: TEL OFFSHORE TRUST  
Account Number: DBL06339  
Invoice Number: DFE 10132850

If paying by check, please make payable and remit to:

Preferred payment by wire, please follow the instructions below:

American Stock Transfer & Trust Company, LLC  
PO Box 12893  
Philadelphia, PA 19176-0893

SANTANDER BANK N.A.  
READING, PA 19601  
ABA/Routing 231 372 691  
Account 3036002123  
Swift Code: SVRNUS33



Thank you for choosing American Stock Transfer & Trust Company

# **Exhibit D**



The Bank of New York Trust Company, N.A.  
c/o Tel Offshore Trust  
Global Corporate Trust  
919 Congress Avenue  
Suite 500  
Austin TX 78701  
Attn: Michael J. Ulrich

Invoice #: 2072003  
Invoice Date: 9-Sep-2016  
Our Order #: 003-16-17511-0  
Customer Order #:  
Salesperson: Hoge, Custis

Terms: Due upon receipt, sold FOB Merrill facility

TEL OFFSHORE TRUST  
FORM 8-K  
Date of Report: August 17, 2016

Document Composition Services

3 page(s) EDGARized from standard electronic file - less than 12 hour turnaround  
1 EDGAR filing(s) 25-Aug-2016

Proofing Services

2 PDF creation(s) for e-Proofing  
4 e-Proof(s)

|                        |          |
|------------------------|----------|
| Subtotal:              | \$455.00 |
| Messenger and Freight: | \$0.00   |
| Postage and Handling:  | \$0.00   |
| Sales Tax:             | \$37.54  |
| Total Invoice USD:     | \$492.54 |

Remit Check Payment To: Merrill Communications LLC CM-  
9638  
St. Paul, MN 55170-9638

Please pay from this Invoice  
(1.5% Service Charge per month added to past due accounts )

Remit ACH/FED Wire Payment to:  
Merrill Communications LLC  
Account #: 1702-2502-6310  
USBank, N.A.  
601 Second Avenue South  
Minneapolis, MN 55402  
ABA Routing #: 091 000 022  
SWIFT CODE USBKUS44IMT  
Please reference Merrill invoice number on your payment.

# **Exhibit E**



Deloitte & Touche LLP  
Suite 1700  
400 West 15<sup>th</sup> Street  
Austin, TX 78701  
USA

Tel: +1 512 691 2300  
Fax: +1 512 708 1035  
www.deloitte.com

August 2, 2016

Michael Ulrich  
Vice President  
The Bank of New York Mellon as Corporate Trustee of  
TEL Offshore Trust  
919 Congress Avenue, Suite 500  
Austin, TX 78701

Dear Mr. Ulrich:

Deloitte & Touche LLP (“D&T” or “we” or “us”) is pleased to confirm its engagement to perform a review of the interim financial information of TEL Offshore Trust (the “Trust”) for the quarter ending June 30, 2016, prepared for submission to the U.S. Securities and Exchange Commission (the “SEC”). Regulation S-X, Article 10 [Regulation S-B, Item 310(b)] requires that public company interim financial information included in quarterly reports on Form 10-Q be reviewed by the Trust’s independent registered public accounting firm prior to filing. Mr. Chase Berg will be responsible for the services that we perform for the Trust hereunder.

The services to be performed by D&T pursuant to this engagement are subject to the terms and conditions set forth herein and in the accompanying appendices. Such terms and conditions shall be effective as of the date of the commencement of such services.

#### **Review of Interim Financial Information**

Our engagement is to perform a review of the Trust’s interim financial information (the “interim financial information”) in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (United States) (the “PCAOB Standards”) (“interim review”). The objective of an interim review is to provide us with a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“generally accepted accounting principles”). The objective of an interim review is also to provide us with a basis for determining whether we are aware of any material modifications that, in our judgment, should be made to the Corporate Trustee’s disclosures about changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Trust’s internal control over financial reporting for the Corporate Trustee’s certifications to be accurate and to comply with the requirements of Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules and regulations.

Appendix A contains a description of an interim review in accordance with the PCAOB Standards.

If we become aware of material modifications that should be made to the interim financial information for it to conform with the modified cash basis of accounting, or if we become aware of deficiencies in internal control over financial reporting so significant that they would preclude the trustee’s preparation of interim financial information in conformity with the modified cash basis of accounting, we may be precluded from completing any of our reviews. If, for any reason, we are unable to complete any of our interim reviews, the reasons for this will be discussed with the Corporate Trustee.

#### **Corporate Trustee’s Responsibilities**

Appendix B describes the Corporate Trustee’s responsibilities.

## Corporate Trustee's Responsibility and Auditor Communications

As the independent registered public accounting firm of the Trust, we acknowledge that the Corporate Trustee is directly responsible for the appointment, compensation, and oversight of our work, and accordingly, except as otherwise specifically noted, we will report directly to the Corporate Trustee. You have advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities as subcontractors in connection with this engagement, have been approved by the Corporate Trustee in accordance with the Corporate Trustee's established preapproval policies and procedures.

Under the PCAOB Standards and SEC Rule 2-07 of Regulation S-X, we are required to communicate with the Corporate Trustee about various matters in connection with our interim reviews. Appendix C describes such communications.

### Fees

We estimate that our fees for this engagement will be \$32,500, plus expenses and will be invoiced in July 2016. Payments are due 30 days from the date of the invoice. Engagement-related expenses will be billed in addition to the fees and will be stated separately on the invoice.

Our continued service on this engagement is dependent upon payment of our invoice in accordance with these terms. Our estimated fees are based on certain assumptions, including (1) timely and accurate completion of the requested entity participation schedules and additional supporting information, (2) no inefficiencies during the review process or changes in scope caused by events that are beyond our control, (3) the effectiveness of internal control over financial reporting throughout the period under review, (4) a minimal level of adjustments (recorded or unrecorded), and (5) no changes to the timing or extent of our work plans. We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees, as necessary.

Additional services requested beyond the scope of services described herein would be subject to the mutual agreement of the Trust and D&T at such time as D&T is engaged to perform the services and would be described in a separate engagement letter.

\* \* \* \* \*

This engagement letter, including Appendices A through E attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes any other prior or contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

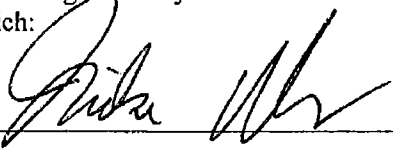
If the above terms are acceptable and the services described are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

*Deloitte & Touche LLP*



Accepted and agreed to by  
Mike Ulrich:

By: 

Title: VP

Date: 8-8-16

## APPENDIX A

### DESCRIPTION OF AN INTERIM REVIEW IN ACCORDANCE WITH THE PCAOB STANDARDS

This Appendix A is part of the engagement letter dated August 2, 2016, between Deloitte & Touche LLP and TEL Offshore Trust and acknowledged and agreed to by the Corporate Trustee.

An interim review is substantially less in scope than an audit in accordance with the PCAOB Standards, the objective of which is to express an opinion on the financial statements taken as a whole. Accordingly, an interim review will not result in the expression of an opinion concerning the fairness of the presentation of the interim financial information in conformity with the modified cash basis of accounting and cannot be relied on to reveal all significant matters that would be disclosed in an audit.

An interim review consists principally of applying analytical procedures to pertinent financial data and making inquiries of, and evaluating responses from, certain personnel of the Corporate Trustee who have responsibility for financial and accounting matters. An interim review also includes obtaining sufficient knowledge of the Trust's business and its internal control as they relate to the preparation of both annual and interim financial information to (1) identify the types of potential material misstatements in the interim financial information, and consider the likelihood of their occurrence, and (2) select the inquiries and analytical procedures that will provide us with a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with the modified cash basis of accounting. An interim review is not designed to provide assurance on internal control or to identify control deficiencies.

An interim review also includes procedures, principally observation and inquiries, relating to the Corporate Trustee's disclosures about changes in internal control over financial reporting to provide us with a basis for communicating whether we are aware of any modifications that, in our judgment, should be made to such disclosures for the trustee's certifications to be accurate and to comply with the requirements of Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules and regulations. These procedures are substantially less in scope than an audit of internal control over financial reporting in accordance with the PCAOB Standards. Accordingly, an interim review cannot be relied on to reveal all significant matters that would be disclosed in an audit of internal control over financial reporting, and we will not express an opinion on the effectiveness of internal control over financial reporting.

## THE CORPORATE TRUSTEE'S RESPONSIBILITIES

This Appendix B is part of the engagement letter dated August 2, 2016, between Deloitte & Touche LLP and TEL Offshore Trust and acknowledged and agreed to by the Corporate Trustee of TEL Offshore Trust.

### Interim Financial Information

The Corporate Trustee is responsible for the preparation, fair presentation, and overall accuracy of the interim financial information, including disclosures, in conformity with the modified cash basis of accounting. The overall accuracy of the trustee's disclosures of material changes in internal control over financial reporting and their compliance with Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules and regulations are also the responsibility of the Corporate Trustee. In this regard, the Corporate Trustee has the responsibility for, among other things:

- Selecting and applying the accounting policies
- Establishing and maintaining effective internal control over financial reporting and informing D&T of significant changes in the design or operation of the Trust's internal control over financial reporting that occurred during each fiscal quarter
- Identifying and ensuring that the Trust complies with the laws and regulations applicable to its activities and informing us of any known or possible material violations of such laws or regulations
- Adjusting the interim financial information to correct material misstatements, and affirming to D&T in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current-year period under review are immaterial, both individually and in the aggregate, to the interim financial information taken as a whole
- Providing D&T with (1) access to all information of which the trustee is aware that is relevant to the preparation and fair presentation of the interim financial information, such as records, documentation, and other matters, (2) additional information that we may request from the Corporate Trustee for the purpose of our reviews, and (3) unrestricted access to personnel within the Trust from whom we determine it necessary to obtain evidence

### The Corporate Trustee's Representations

We will make specific inquiries of the Corporate Trustee about the representations embodied in the interim financial information and their disclosures about any changes in the Trust's internal control over financial reporting that occurred during each fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. In addition, we will request that the Corporate Trustee provide us with the written representations the Trust is required to provide to its independent registered public accounting firm under the PCAOB Standards.

### Process for Obtaining Preapproval of Services

The Corporate Trustee is responsible for the preapproval of any services to be provided by D&T to the Trust in accordance with the Corporate Trustee's preapproval process.

## **Program and Subscription Services**

D&T makes available to clients and nonclients various educational and informational programs, seminars, tools, and related services, such as live programs, webcasts (including the Dbriefs webcast series), podcasts, websites, database subscriptions (including some that provide access to D&T proprietary information and tools that offer technical support and advice), checklists, research reports, surveys, published books and other materials, applications, local office seminars, Technical Library, and CXO conferences (collectively, "programs and subscriptions"). D&T may provide these programs and subscriptions free of charge, for a nominal fee, or for a fee at prevailing market rates. In some instances, D&T may include complimentary rooms or meals as part of programs or seminars. Any programs and subscriptions requested by the Trust or its affiliates and the related fees (if any) would be subject to the mutual agreement of the Trust or its affiliates, as applicable, and D&T and may be described in a separate written agreement. The Trust hereby confirms that any use or receipt by the Trust or its affiliates of these programs and subscriptions is approved by the Trustee in accordance with the Corporate Trustee's established preapproval policies and procedures.

## **Independence Matters**

In connection with our engagement, D&T and the Corporate Trustee will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence and ensuring compliance with the securities laws and regulations. D&T will communicate to its partners, principals, and employees that the Trust is an attest client. The Corporate Trustee will ensure that the Trust, together with its subsidiaries and other entities that comprise the Trust for purposes of the consolidated financial statements, has policies and procedures in place for the purpose of ensuring that neither the Trust nor any such subsidiary or other entity will act to engage D&T or accept from D&T any service that either has not been subjected to their preapproval process or that under SEC or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. Berg.

In connection with the foregoing, the Trust agrees to furnish to D&T and keep D&T updated with respect to (1) a corporate tree that identifies the legal names of the Trust's affiliates, including affiliates as defined in SEC Rule 2-01(f)(4) of Regulation S-X, (e.g., parents, subsidiaries, investors, or investees), together with the ownership relationship among such entities, and (2) any equity or debt securities of the Trust and its affiliates (including, without limitation, tax-advantaged debt of such entities that is issued through governmental authorities) that are available to individual investors (whether through stock, bond, commodity, futures or similar markets in or outside of the United States, or equity, debt, or any other securities offerings), together with related securities identification information (e.g., ticker symbols or CUSIP<sup>®</sup>, ISIN<sup>®</sup>, or Sedol<sup>®</sup> numbers). The Trust acknowledges and consents that such information may be treated by D&T as being in the public domain.

The Corporate Trustee will coordinate with D&T to ensure that D&T's independence is not impaired by hiring former or current D&T partners, principals, or professional employees for certain positions. The Corporate Trustee will ensure that the Trust, together with its subsidiaries and other entities that comprise the Trust for purposes of the consolidated financial statements, also has policies and procedures in place for purposes of ensuring that D&T's independence will not be impaired by hiring a former or current D&T partner, principal, or professional employee in an accounting role or financial reporting oversight role that would cause a violation of securities laws and regulations. Any employment opportunities with the Trust for a former or current D&T partner, principal, or professional employee should be discussed with Mr. Berg and approved by the Corporate Trustee before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee, if such opportunity relates to serving (1) as chief executive officer, controller, chief financial officer, chief accounting officer, or any equivalent position for the Trust or in a comparable position at a significant subsidiary of the Trust; (2) on the Trust's board of directors; (3) as a member of the Corporate Trustee; or (4) in any other position that would cause a violation of securities laws and regulations.

For purposes of the preceding five paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu Limited, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu Limited and its member firms; and, in all cases, any successor or assignee.

**COMMUNICATIONS WITH THE TRUSTEE**

This Appendix C is part of the engagement letter dated August 2, 2016, between Deloitte & Touche LLP and TEL Offshore Trust and acknowledged and agreed to by the Corporate Trustee of TEL Offshore Trust.

**Interim Reviews**

At the Corporate Trustee's request, we will not issue a written review report upon completion of our interim reviews; however, we will communicate to the Corporate Trustee matters that cause us to believe that (1) material modifications should be made to the interim financial information for it to conform with the modified cash basis of accounting, (2) modifications to the Corporate Trustee's disclosures about changes in internal control over financial reporting are necessary for the Corporate Trustee's certifications to be accurate and to comply with the requirements of Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules and regulations, or (3) the Trust filed the Form 10-Q before the completion of our reviews. When conducting our interim reviews, we will also determine whether any other matters required by regulations or the PCAOB Standards as they relate to interim financial information have been identified. If such matters have been identified, we will communicate them to the Corporate Trustee prior to the filing of interim financial information with the SEC.

**Fraud and Illegal Acts**

We will report directly to the Corporate Trustee any fraud of which we become aware that involves senior management and any fraud (whether caused by senior management or other employees) of which we become aware that causes a material misstatement of the interim financial information. We will report to the Corporate Trustee any fraud perpetrated by lower-level employees of which we become aware that does not cause a material misstatement of the interim financial information.

We will inform the appropriate level of the Corporate Trustee and determine that the Corporate Trustee is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our interim reviews, unless the illegal acts are clearly inconsequential.

## APPENDIX D

### GENERAL BUSINESS TERMS

This Appendix D is part of the engagement letter to which these terms are attached (the engagement letter, including its appendices, the "engagement letter") dated August 2, 2016, between Deloitte & Touche LLP and TEL Offshore Trust and acknowledged and agreed to by the Corporate Trustee of TEL Offshore Trust.

1. **Independent Contractor.** D&T is an independent contractor and D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Trust or the Trustee.
2. **Survival.** The agreements and undertakings of the Trust and the Corporate Trustee contained in the engagement letter will survive the completion or termination of this engagement.
3. **Assignment and Subcontracting.** Except as provided below, no party may assign any of its rights or obligations (including, without limitation, interests or claims) relating to this engagement without the prior written consent of the other parties. The Trust and the Corporate Trustee hereby consent to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T's affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be invoiced as expenses, unless otherwise agreed.
4. **Severability.** If any term of the engagement letter is unenforceable, such term shall not affect the other terms, but such unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.
5. **Force Majeure.** No party shall be deemed to be in breach of the engagement letter as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.
6. **Confidentiality.** To the extent that, in connection with this engagement, D&T comes into possession of any confidential information of the Trust, D&T shall not disclose such information to any third party without the Trust's consent, using at least the same degree of care as it employs in maintaining in confidence its own confidential information of a similar nature, but in no event less than a reasonable degree of care. The Trust and the Trustee hereby consent to D&T disclosing such information (1) as may be required by law or regulation, or to respond to governmental inquiries, or in accordance with applicable professional standards or rules, or in connection with litigation or arbitration pertaining hereto; (2) to the extent such information (i) is or becomes publicly available other than as the result of a disclosure in breach hereof, (ii) becomes available to D&T on a nonconfidential basis from a source that D&T believes is not prohibited from disclosing such information to D&T, (iii) is already known by D&T without any obligation of confidentiality with respect thereto, or (iv) is developed by D&T independently of any disclosures made to D&T hereunder; or (3) to contractors providing administrative, infrastructure, and other support services to D&T and subcontractors providing services in connection with this engagement, in each case, whether located within or outside of the United States, provided that such contractors and subcontractors have agreed to be bound by confidentiality obligations similar to those in this paragraph.
7. **Dispute Resolution.** Any controversy or claim between the parties arising out of or relating to the engagement letter or this engagement (a "Dispute") shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix E and made a part hereof.

## APPENDIX E

### DISPUTE RESOLUTION PROVISION

This Appendix E is part of the engagement letter dated August 2, 2016, between Deloitte & Touche LLP and TEL Offshore Trust and acknowledged and agreed to by the Corporate Trustee of TEL Offshore Trust.

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

**Mediation:** All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

**Arbitration Procedures:** If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in New York, New York. The arbitration shall be solely between the parties and shall be conducted in accordance with the CPR Rules for Non-Administered Arbitration that are in effect at the time of the commencement of the arbitration, except to the extent modified by this Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators. Each of the Trust and Deloitte & Touche LLP shall designate one arbitrator in accordance with the "screened" appointment procedure provided in the Rules, and the two party-designated arbitrators shall jointly select the third in accordance with the Rules. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of this Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of New York (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

All aspects of the arbitration shall be treated as confidential, as provided in the Rules. Before making any disclosure permitted by the Rules, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

**Costs:** Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators equally.



## THOMPSON & KNIGHT LLP

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PARIS

October 7, 2016

*Via e-file*

Probate Clerk  
Travis County Probate Court  
Travis County Court House  
100 Guadalupe, Room 217  
Austin, TX 78701

Re: *In Re Tel Offshore Trust*; Cause No. C-1-PB-14-001245; In the Probate Court of  
Travis County, Texas.

Dear Clerk:

On behalf of The Bank of New York Mellon Trust Company, N.A., as Corporate Trustee,  
I am this date e-filing with the Court the following:

- (1) Proposed Order as to Corporate Trustee's Motion to Approve Payment of the Trust's  
Ordinary Business Expenses Owed to Third Parties.

I am also paying the \$2.00 fee for the signature for the Order.

Thank you for your assistance with this filing.

Very truly yours,

/s/ Rachelle H. Glazer

Rachelle H. Glazer

Enclosure

IN RE: § IN THE PROBATE COURT  
§  
§ OF  
§  
TEL OFFSHORE TRUST § TRAVIS COUNTY, TEXAS

**ORDER GRANTING CORPORATE TRUSTEE'S MOTION TO APPROVE PAYMENT OF THE TRUST'S ORDINARY BUSINESS EXPENSES OWED TO THIRD PARTIES**

On this day came on to be considered the Corporate Trustee's Motion to Approve Payment of the Trust's Ordinary Business Expenses Owed to Third Parties. The Court, having considered the Motion and any Objections filed by the Ad Litem, finds that ordinary business expenses have been incurred and are owed to third parties.

It is therefore ORDERED that the Corporate Trustee pay the following third party expenses incurred as ordinary business expenses:

- a. Invoice from Deloitte & Touche LLP ("Deloitte"), dated 8/8/2016, number 8002691103, in the amount of \$32,500.00.
- b. Invoice from Merrill Corporation ("Merrill"), dated 9/6/2016, number 2065813, in the amount of \$9,197.36.
- c. Invoice from American Stock Transfer & Trust Company, LLC ("ASTT"), dated 9/6/2016, number DFE 10132850, in the amount of \$1,815.00; and
- d. Invoice from Merrill, dated 9/9/2016, number 2072003 in the amount of \$492.54.

It is further ORDERED that funds to pay the above third party expenses, in the amount of \$44,004.90, be drawn from two accounts: The Corporate Trustee is allowed to withdraw the sum of \$21,775.03 from the segregated Trust Account and the remaining sum of \$22,229.87 from the Trust's unrestricted account.

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JUDGE PRESIDING