

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

In Re: § IN THE PROBATE COURT NO. 1
§
TEL Offshore Trust § OF
§
§ TRAVIS COUNTY, TEXAS
§

**RNR PRODUCTION LAND AND CATTLE’S RESPONSES
TO INDIVIDUAL TRUSTEES’ REQUEST FOR DISCLOSURE**

TO: Individual Trustees Gary C. Evans, Jeffrey S. Swanson, and Thomas H. Owen, Jr , by and through their attorneys of record, Paul Trahan, Peter Stokes, Norton Rose Fulbright US, L.L.P., 98 San Jacinto Blvd., Suite 1100, Austin, Texas 78701-04255 and Daniel M. McClure, 1301 McKinney, Suite 5100, Houston, Texas 77010

NOW COMES Defendant RNR Production Land and Cattle (“RNR”), and provides the following responses to Rule 194 Disclosures.

- (a) the correct names of the parties to the lawsuit.

RESPONSE:

RNR believes the parties are correctly identified.

- (b) the name, address, and telephone number of any potential parties.

RESPONSE:

RNR is aware of no additional potential parties at this time but reserves the right to supplement this response as discovery proceeds.

- (c) the legal theories and, in general, the factual bases of the responding party’s claims or defenses.

RESPONSE:

RNR believes the Trustees of the TEL Offshore Trust have failed in their obligations to RNR in the following manners:

1. The TEL Offshore Trustees intentionally, in bad faith, with gross negligence, fraud or with reckless indifference to the interests of the beneficiaries failed to disclose that the Trust had terminated by its own provisions no later than May, 2009;

2. The Trustees of the TEL Offshore Trust intentionally, in bad faith, with gross negligence, fraud or with reckless indifference to the interests of the beneficiaries failed to act in accordance with the express provisions of the Trust Agreement to take steps to terminate the Trust in or shortly after May, 2009;
3. Despite the acknowledged limited ability of the Trust to generate future revenues sufficient to provide for distributions to unit holders, subsequent to May, 2009, the Trustees of the TEL Offshore Trust intentionally, in bad faith, with gross negligence, fraud or with reckless indifference to the interests of the beneficiaries took no steps to terminate the Trust;
4. The Trustees of the TEL Offshore Trust intentionally, in bad faith, with gorses negligence, fraud or with reckless indifference to the interests of the beneficiaries continued to incur trustees' fees and administrative expenses and other costs well beyond such time as it was apparent that the Trust would not be able to make any distributions to unit holders and prudent for the Trust to continue to exist.

Discovery in this matter is ongoing and RNR reserves the right to amend or otherwise supplement these responses as discovery proceeds and in accordance with the Scheduling Order that it anticipates will be entered in this matter.

- (d) the amount and any method of calculating economic damages.

RESPONSE:

RNR is entitled to damages of not less than its costs to acquire the units held by RNR plus accrued interest and attorneys' fees. Alternatively, RNR is entitled to its proportionate share of the proceeds from the sale of the net profits interest attributable to the Trust that would have been realized had the Trustees not intentionally postponed acting in accordance with the provisions of the TEL Offshore Trust Agreement, plus interest. In addition, RNR is entitled to its proportionate share of the fees incurred by the Trustees and other administrative expenses, including Directors and Officers insurance, plus interest, that would have been unnecessary had the Trustees of the TEL Offshore Trust acted in a timely manner in accordance with the Trust Agreement. RNR is also entitled to its proportionate share of the Reserve for Future Trust Expense established by the Trustees that would have otherwise been in place had the Trustees acted timely in terminating the Trust, plus interest. RNR is also entitled to its proportionate share of the management fee that was charged by Chevron to the Trust that would have terminated had the Trust been terminated in a timely manner, plus interest and such other relief as RNR may show itself to be entitled. The exact dollar amounts have not yet been determined and discovery is ongoing. RNR will supplement

this answer as discovery continues and in accordance with the Scheduling Order that it anticipates will be entered in this matter.

- e) the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person’s connection with the case.

RESPONSE:

1.	RNR Production Land and Cattle Roy Rimmer Paul Willingham	c/o Shannon H. Ratliff Ratliff Law Firm PLLC 600 Congress Avenue, Suite 3100 Austin, Texas 78701 512-493-9601
Mr. Rimmer and Mr. Willingham are aware of RNR’s unit dates and acquisition costs.		
2.	Bank of New York Mellon- Corporate Trustee Michael Ulrich Sarah Newell James Favola Mary Jo Davis	c/o Craig Haynes Thompson & Knight LLP One Arts Plaza 1722 Routh Street, Suite 1500 Dallas, Texas 75201 214-969-1239
RNR believes these individuals have knowledge of facts and activities surrounding the operation of the TEL Offshore Trust including the bank’s role as corporate trustee, the manner in which it calculated its fees to the Trust for serving as a corporate trustee and the actions and inactions of the bank, as corporate trustee, and the other trustees in administering the TEL Offshore Trust.		
3.	Gary C. Evans	c/o Paul Trahan Peter Stokes Norton Rose Fulbright Us, LLP 98 San Jacinto Boulevard, Suite 1100 Austin, Texas 78701-4255 512- 474-5201
RNR believes Mr. Evans has knowledge of facts and activities surrounding the operation of the TEL Offshore Trust including the actions and inactions of the trustees in administering the TEL Offshore Trust.		
4.	Jeffrey S. Swanson	c/o Paul Trahan Peter Stokes Norton Rose Fulbright Us, LLP 98 San Jacinto Boulevard, Suite 1100 Austin, Texas 78701-4255 512- 474-5201
RNR believes Mr. Swanson has knowledge of facts and activities surrounding the		

operation of the TEL Offshore Trust including the actions and inactions of the trustees in administering the TEL Offshore Trust.		
5.	Thomas H. Owen, Jr.	c/o Paul Trahan Peter Stokes Norton Rose Fulbright Us, LLP 98 San Jacinto Boulevard, Suite 1100 Austin, Texas 78701-4255 512- 474-5201
RNR believes Mr. Owen has knowledge of facts and activities surrounding the operation of the TEL Offshore Trust including the actions and inactions of the trustees of the TEL Offshore Trust..		
6.	Daniel O. Conwill, IV	70 Audubon Blvd. New Orleans, Louisiana 70118
RNR believes Mr. Conwill has knowledge of facts and activities surrounding the operation of the TEL Offshore Trust including the actions and inactions of the trustees in administering the TEL Offshore Trust.		
7.	Andrews Kurth Lance Schuler	
RNR believes Mr. Schuler and potentially others with the Andrews Kurth firm have knowledge regarding the facts and activities surrounding the operation of the TEL Offshore Trust including the actions and inactions of the trustees in administering the TEL Offshore Trust. Additionally, Mr. Schuler may have information relating to the discussions and activities at the quarterly meetings of the Trustees of the TEL Offshore Trust.		
8.	Deloitte Touche Wyn Smith Dustin Oslund	
RNR believes Mr. Smith, Mr. Oslund and potentially others with Deloitte Touche may have knowledge regarding the facts and activities surrounding the operation of the TEL Offshore Trust including the actions and inactions of the trustees in administering the TEL Offshore Trust.		
9.	Chevron U.S.A. Inc. Yesenia Cruz-Partida Peter Uvay Robert Poindexter Alex Kniper	
RNR believes the individuals from Chevron may have knowledge regarding the information provided or otherwise available to the trustees of the TEL Offshore Trust including information relating to the operations of the interests held by the Trust as well as information provided to DeGolyer and MacNaughton in conjunction with their assessments of the Trust properties. Additionally, Ms. Cruz-Partida may have information relating to the discussions and activities at the quarterly meetings of the Trustees of the TEL Offshore Trust.		
	DeGolyer and MacNaughton Paul J. Szatkowski	
RNR believes that DeGolyer and MacNaughton and Mr. Szatkowski may have knowledge		

regarding the analysis performed by DeGolyer and MacNaughton regarding their assessment of the Trust properties. Additionally, Mr. Szatkowski may have knowledge of discussions and information between DeGolyer and MacNaughton, representatives of Chevron and one or more Trustees or representatives of Trustees of the TEL Offshore Trust.

Defendant RNR Production Land and Cattle reserves the right to supplement this list as discovery continues and designate any other witnesses with knowledge listed by any other party to this litigation and not objected to by Defendant RNR Production Land and Cattle.

- (f) for any testifying expert:
 - (1) the expert's name, address and telephone number;
 - (2) the subject matter on which the expert will testify;
 - (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to the control of the responding party, documents reflecting such information;
 - (4) if the expert is retained by, employed by, or otherwise subject to the control of the responding party:
 - (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and,
 - (B) the expert's current resume and bibliography.

RESPONSE:

Discovery is currently ongoing and RNR has not made a final determination of its expert(s) in this matter. RNR will supplement this answer in accordance with the Scheduling Order that it anticipates will be entered in this matter.

- (g) any indemnity and insuring agreements described in Rule 192.3(f);

RESPONSE:

None

- (h) any settlement agreements described in Rule 192.3(g);

RESPONSE:

None.

- (i) any witness statements described in Rule 192.3(h);

RESPONSE:

The deposition of Michael Ulrich, the representative of Bank of New York Mellon, the corporate trustee, has been taken. Additionally, he has testified in at least one hearing on this matter. Otherwise, RNR is not aware of any witness statements relating to this matter.

- (l) the name, address, and telephone number of any person who may be designated as a responsible third party.

RESPONSE:

None at this time.

Defendant RNR Production Land and Cattle's investigation and discovery in this matter are ongoing. Defendant RNR Production Land and Cattle reserves the right to amend or supplement this disclosure as may be necessary.

Dated: October 17, 2016

Respectfully Submitted,

/s/ Shannon H. Ratliff

Shannon H. Ratliff

State Bar No. 16573000

sratliff@ratlifflaw.com

Lisa A. Paulson

State Bar No. 00784732

lpaulson@ratlifflaw.com

RATLIFF LAW FIRM, P.L.L.C.

600 Congress Avenue, Suite 3100

Austin, Texas 78701

(512) 493-9600

(512) 493-9625 (facsimile)

ATTORNEYS FOR DEFENDANT
RNR PRODUCTION LAND AND CATTLE

CERTIFICATE OF SERVICE

I hereby certify that on October 17, 2016, a true and correct copy of the foregoing has been served by mail and email on counsel for Individual Trustees Gary C. Evans, Jeffrey S. Swanson, and Thomas H. Owen, Jr. I hereby certify that, on October 17, 2016, all other interested parties in this matter will be served in accordance with the Court's Orders Directing Method of Service dated September 28, 2015, January 21, 2016 and June 9, 2016.

/s/ Shannon H. Ratliff

Shannon H. Ratliff