

NO. C-1-PB-17-000132

In Re: § **In the Probate Court No. 1**
§
§ **of**
§
TEL Offshore Trust § **Travis County, Texas**

ATTORNEY AD LITEM’S MOTION TO APPROVE ALLOCATION AGREEMENT

Glenn M. Karisch, Attorney Ad Litem (“Ad Litem”), for the unit holders of TEL Offshore Trust (“Trust”) who were served by publication and did not answer or appear in this proceeding (“AAL Parties”), moves the Court to approve an agreement between the Plaintiffs on how to allocate the proceeds from settlements in the case as follows.

Ad Litem, RNR Production Land and Cattle Company (“RNR”) and Albert and Joyce Speisman (the “Speismans”) (collectively, “Plaintiffs”) and the Bank of New York Mellon Trust Company, N.A. (“BNYM” or “Corporate Trustee”) have reached a settlement agreement that resolves all claims between them. Under the agreement, BNYM will pay \$4 million into the Qualified Settlement Fund established in Cause No. C-1-PB-17-00132. It will also transfer any amounts remaining in the Segregated Fund established pursuant to the Final Judgment in Cause No. C-1-PB-16-000096, after payment of Ad Litem’s fees and expenses and any other court-approved fees into the Qualified Settlement Fund. As a result, the Trust will have no remaining assets, and any distributions to the unit holders will be from the Qualified Settlement Fund. Under an earlier settlement, the individual trustees paid \$2 million into the Qualified Settlement Fund.

Ad Litem, RNR and the Speismans also entered an Allocation of Settlement Proceeds Agreement (“Allocation Agreement”), which is attached as Exhibit A. Subject to Court approval, the Allocation Agreement determines how distributions from the Qualified Settlement Fund are allocated among unit holders owning when the Trustees filed suit and those who own

currently. The Allocation Agreement specifically provides that Ad Litem is not bound unless the Court approves the Agreement. Ad Litem asks the Court to approve the Allocation Agreement.

Respectfully submitted,

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Attorney Ad Litem

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served or will be served in accordance with the Court's orders regarding service dated September 28, 2015 and January 21, 2016.

/s/ Daniel C. Bitting
Daniel C. Bitting

EXHIBIT A

Allocation of Settlement Proceeds Agreement

Defined terms:

- a. "BNYM" means The Bank of New York Mellon Trust Company, N. A.
- b. "AAL" means Glenn M. Karisch, attorney ad litem for the unit holders of TEL Offshore Trust who were served by publication and did not answer or appear in this proceeding.
- c. "RNR" means RNR Production Land and Cattle.
- d. The "Speismans" means Albert Speisman and Joyce E. Speisman.
- e. "QSF" means the TEL Offshore Trust Qualified Settlement Fund established by the Third Severed Action.
- f. The "Third Severed Action" means Cause No. C-1-PB-17-000132 in the Probate Court No. 1 of Travis County, Texas.
- g. The "QSF Trustee" means Karl Johnson, trustee of the QSF.
- h. The "First Severed Action" means Cause No. C-1-PB-16-000096 styled In re: TEL Offshore Trust, in the Probate Court No. 1 of Travis County, Texas.
- i. The "Segregated Fund" means the segregated account holding the proceeds of the sale of net profits interests pursuant to the First Severed Action.

Subject to (a) consummation and funding of the settlement with BNYM, and (b) Court approval of this agreement and the settlement agreement with BNYM, which all signatories will support, it is agreed as follows:

The Segregated Fund shall be used to pay those items described in paragraphs 1a, 1b, and 1c of the Mediation Settlement Agreement. The QSF Trustee shall establish a reasonable reserve from the funds in the QSF to pay those items described in paragraphs 1a, 1b, and 1c to the extent the Segregated Fund is insufficient to pay those items. QSF administration costs include without limitation the QSF Trustee's court approved compensation and expenses, CPA expenses and expenses of implementing a distribution system and paying distributions to Unit Holders. The QSF Trustee shall administer the amount, if any, of the Segregated Fund that is not used to pay the items described above plus the portion of the QSF not held in reserve for payment of these items (together, the "Settlement Distribution Funds") as follows:

20% of the Settlement Distribution Funds shall be allocated for record holders of units as of July 11, 2014, including RNR (collectively the "2014 Unit Holders").

80% of the Settlement Distribution Funds shall be allocated for record holders of units as of the record date established by the Court, including the Speismans and RNR (collectively the "2017 Unit Holders").

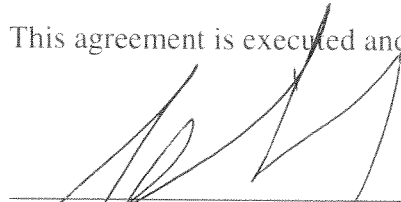
The QSF Trustee shall establish a claims process whereby the 2014 Unit Holders and the 2017 Unit Holders may file claims for their pro rata interests in the 2014 Fund and the 2017 Fund, respectively. The claims process is subject to the approval of the Ad Litem and the Court. The Ad Litem agrees to use his best efforts to cause distributions from the QSF to be timely made.

The QSF Trustee shall distribute the pro rata share of each of the 2014 Unit Holders who timely file a claim in accordance with the claims process to that Unit Holder. To the extent all 2014 Unit Holders do not timely file claims in accordance with the claims process, the pro rata share of the Settlement Distribution Funds of those 2014 Unit Holders shall be reallocated to and distributed to the 2014 Unit Holders who made timely claims in accordance with the claims process, pro rata. At the conclusion of the administration of the QSF, the QSF Trustee shall distribute 20% of the unused reserve pro rata to the 2014 Unit Holders who timely filed claims in accordance with the claims process.

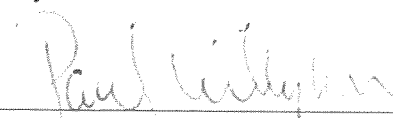
The QSF Trustee shall distribute the pro rata share of each of the 2017 Unit Holders who timely file a claim in accordance with the claims process to that Unit Holder. To the extent all 2017 Unit Holders do not timely file claims in accordance with the claims process, the pro rata share of the Settlement Distribution Funds of those 2017 Unit Holders shall be reallocated to and distributed to the 2017 Unit Holders who made timely claims in accordance with the claims process, pro rata. At the conclusion of the administration of the QSF, the QSF Trustee shall distribute 80% of the unused reserve pro rata to the 2017 Unit Holders who timely filed claims in accordance with the claims process.

Ad Litem cannot be bound by to this agreement unless the Court approves it.

This agreement is executed and effective this 18th day of April, 2017.



Glenn Karisch
Attorney Ad Litem



RNR Production Land and Cattle
by Paul Willingham, CFO



Doug Brothers as attorney for
Albert Speisman and Joyce E. Speisman