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# **LL&E ROYALTY TRUST**

## **1998 Tax Information**

Chase Bank of Texas, National Association as Trustee for LL&E Royalty Trust has established the following toll free information line for unit holder inquiries:

**1-800-852-1422**

and an Internet news source which may be accessed at:

[www.businesswire.com/cnn/lrt.htm](http://www.businesswire.com/cnn/lrt.htm)

**LL&E ROYALTY TRUST**  
**1998 Federal Income Tax Information**

LL&E Royalty Trust (the "Trust") was created on June 28, 1983 pursuant to a trust agreement between Burlington Resources, Inc., formerly The Louisiana Land and Exploration Company (the "Company") and Chase Bank of Texas, N.A., formerly Texas Commerce Bank National Association, successor in interest to New First City Texas-Houston, N.A., as Trustee (the "Trustee"). Upon creation of the Trust, the Company conveyed to the Trust various overriding royalty interests (equivalent to net profits interests) in certain productive oil and gas properties and a 3 percent royalty interest in certain fee lands owned by the Company (collectively referred to herein as the "Royalties"). LL&E Royalty Partnership (the "Partnership") holds title to the Royalties. The Trust and the Company are the only partners, with respective interests of 99 percent and 1 percent.

The Trust is a fixed-investment grantor trust and the Trustee has only such powers as are necessary for the collection and distribution of revenues from the Royalties, the payment of Trust liabilities and the conservation and protection of the Trust corpus.

**Manner of Presentation of Tax Data**

This booklet contains worksheets and specific instructions designed to help Unit owners compute their 1998 taxable income. All Unit owners will use this booklet to compute their income from the Royalties, Trust administrative expenses, and depletion deduction. Furthermore, Unit owners who sold Units during 1998 will use this booklet to compute gain or loss on sale.

Calculations on the worksheets included in this booklet usually consist of multiplying the appropriate table amounts by the number of Units in each block held by the owner. If you owned different blocks of Units purchased at different times, you must make your computations for each separate block or period.

The tables included in this booklet typically set forth the tax data by means of "per Unit" factors or amounts. To determine the appropriate factor or amount applicable to a Unit, you must locate in the left margin of the table the time period correlating to the date of acquisition of a particular Unit. After finding this date, read across the row to the column corresponding to the last monthly cash distribution you received with respect to that Unit.

**THE INSTRUCTIONS CONTAINED IN THIS BOOKLET ARE DESIGNED TO ASSIST UNIT OWNERS IN THEIR INCOME TAX COMPLIANCE AND ARE MERELY RECOMMENDATIONS. THE CORRECTNESS OF RETURNS PREPARED IN CONFORMITY WITH THESE INSTRUCTIONS MAY BE QUESTIONED BY TAX AUTHORITIES. A UNIT OWNER SHOULD CONSULT THEIR OWN ADVISOR ON ALL TAX COMPLIANCE MATTERS.**

Chase Bank of Texas, N.A.,  
Trustee  
P.O. Box 4717  
Houston, TX 77210  
1-800-852-1422

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# HIGHLIGHTS

## Tax Matters Relating to LL&E Royalty Trust

### The Trust and the Partnership

For income tax purposes, the Trust is treated as a grantor trust. Each Unit owner of a grantor trust is taxable on a pro rata share of the income and deductions thereof. Thus, each Unit owner is treated as a partner in the Partnership and, as a result, each Unit owner must take into account their pro rata share of all items of Partnership income and deduction in computing their federal income tax liability. Since the transfer of a Unit also represents a transfer of an interest in the Partnership, the Partnership is considered a publicly-traded partnership for federal income tax purposes.

The amount of income a Unit owner is required to include as income from the Partnership is based on the taxable year of the Partnership (which ends with or within the taxable year of the Unit owner) and the Partnership's method of accounting.

The Partnership determines taxable income on a calendar year basis. Therefore, a Unit owner with a taxable year other than the calendar year reports its portion of the Partnership's income and deductions in its taxable year in which the Partnership's taxable year ends. If a Unit owner acquired a Unit or disposed of a Unit during the year, a short period computation is required. Thus, monthly data has been provided.

The Partnership is required to use the accrual method of accounting. Therefore, each Unit owner must also recognize, for federal income tax purposes, their share of the Partnership's income on the accrual basis method of accounting.

### Partnership Income and Cash Distributions

During 1998, Unit owners who held their Units on each record date received cash distributions in the approximate amount of \$.4930 per Unit but recognized approximately \$.3258 per Unit of taxable income (before deducting depletion). Each year, there is a difference in the amount of cash distributed and taxable income before depletion reported because the Partnership must utilize the accrual method of accounting for tax purposes.

Under the accrual method, the partnership's monthly taxable income is determined based on minerals actually produced and sold that month. Cash distributions of income to Unit owners, however, do not occur until three months after the month in which minerals are produced and sold. Because the Partnership uses

the accrual method to report income, cash distributions received will differ from income reported to Unit owners for income tax purposes.

For the year 1998, taxable income from the Partnership was less than cash distributions because income from minerals produced and sold in the last quarter of 1998 (for which cash is not distributed until 1999) was less than income from minerals produced and sold in the last quarter of 1997 (for which cash was distributed in 1998). To illustrate the effect of the difference in timing of income recognition (accrual method) and the actual distribution of partnership income, the following reconciliation is provided.

1998 Accrual Basis to Cash Per Unit Reconciliation	
1998 Partnership income (accrual basis) . . .	\$ .3534
Add: 1997 Partnership income distributed in 1998 . . . . .	.2152
Subtract: 1998 Partnership income distributed in 1999 . . . . .	(.0480)
Less Trust Administrative expenses . . . . .	<u>(.0276)</u>
1998 Cash Basis income . . . . .	<u>\$ .4930</u>
1998 Actual Cash distributions . . . . .	<u>\$ .4930</u>

### Classification of Partnership Income

Rulings received from Internal Revenue Service confirm that the Trust is a fixed-investment grantor trust which is prohibited from engaging in any business or other investment activity. Royalty income (such as that flowing through the Trust) not derived from a trade or business is characterized as portfolio income rather than passive activity income. As a result, income from the Trust should be characterized as portfolio income for federal income tax purposes.

Tax-exempt organizations are subject to tax on their unrelated business income. Previously, income and deductions from publicly traded partnership interests acquired by tax-exempt organizations after December 17, 1987 were automatically treated as unrelated business income and deductions. Effective for partnership years beginning after 1993, income and deductions from publicly traded partnerships are no longer automatically treated as unrelated business income and deductions. As a result, tax-exempt Unit owners should consult their tax advisors to determine if they are subject to tax on net income attributable to Units in the Trust.

## Depletion

Each Unit owner is entitled to a depletion deduction. The allowable deduction is generally calculated as the greater of the amount determined under the cost method or percentage method.

All Unit owners may use the cost method but only those Unit owners acquiring Units after October 11, 1990 may utilize the percentage method to calculate their depletion deduction. These Unit owners calculate their depletion deduction for each property under both the cost and percentage method to determine which provides the greater deduction.

For 1998, the cost method yields a greater depletion deduction for almost all Unit owners on all Partnership properties. However, Unit owners who originally acquired their Units between November of 1990 and October of 1993 may realize a greater depletion deduction on certain properties under the percentage method. Unit owners who used the percentage method to calculate their depletion deductions on certain properties in prior years may also continue to realize a greater depletion deduction on those properties under the percentage method. Since certain Unit owners may derive a higher depletion deduction under the percentage method, information required to compute depletion under the percentage method is included in this booklet.

Most Unit owners will calculate their depletion deduction for 1998 using the cost method and will not need to refer to the information included in the booklet to compute their depletion deduction under the percentage method.

### — Cost Method

The depletion deduction determined under the cost method is computed separately for each Unit owner using the Unit owner's depletable basis in each Royalty property. Unit owners acquiring Units in the original distribution are not eligible to use the percentage method. Unit owners acquiring Units in the original distribution who held such Units at least through December 7, 1998 (except for foreign corporations and nonresident aliens) should use the worksheet titled "How To Compute 1998 Taxable Income" to compute their allowable depletion deduction under the cost method. Worksheet B will assist other Unit owners in calculating their depletion deduction under the cost method.

*Units Acquired Prior To September 7, 1983 (Except for Domestic Corporations and Nonresident Aliens Receiving Units in the June 28, 1983 Distribution)* — Al-

though the Trust was not created until June 28, 1983, income from the Royalties accrued from April 1, 1983. The Company (rather than the Unit owners) was taxed on the income accrued from April 1, 1983 through June 28, 1983. The subsequent distributions which were attributable to production during the April 1 through June 28 period are referred to herein as the "Cash Payment Rights". Since the Cash Payment Rights do not represent taxable income to the Unit owners, the receipt of the Cash Payment Rights resulted in a nontaxable return of capital and a corresponding reduction of a Unit owner's tax basis.

If you acquired Units anytime before September 7, 1983 (except for Units owners who are corporations or nonresident aliens receiving Units in the initial June 28, 1983 distribution), you must use Worksheet C to determine your original basis (taking into account the effects of the Cash Payment Rights) and your depletable basis before calculating your depletion deduction under the cost method on Worksheet B.

*Units Acquired After September 6, 1983* — The basis of Unit owners who acquired Units subsequent to September 6, 1983 should not be reduced by any Cash Payment Rights. The amount paid for each Unit purchased will be the original basis in such Units.

*Domestic Corporations Receiving Units in the June 28, 1983 Distribution* — For a domestic corporation receiving Units in the June 28, 1983 distribution, the cost depletion deduction per Unit is set forth in Table III.

### — Percentage Method

Unit owners who acquired their Units after October 11, 1990, may be entitled to claim a depletion deduction calculated based on the percentage method (if it results in a greater deduction than that determined under the cost method). The depletion deduction available under the percentage method is determined by multiplying the gross income from each property by a statutory percentage rate (currently 15 percent). The actual depletion deduction available is limited to the lesser of this amount or the net income from the property. Information to compute depletion with respect to such Units under the percentage method is included in Tables VIII and IX. Table VIII reflects gross income by month for each property. Table IX reflects net income by month for each property.

The depletion deduction determined under the percentage method should be compared to the deduction

determined under the cost method for each property for the relevant period. The depletion deduction with respect to such Units acquired after October 11, 1990, will be the greater of the amount determined under the cost or percentage method for each property.

### **Sale of Units**

If a Unit owner sold Units during the year, the realized gain or loss is the difference between the selling price and the adjusted basis of the Units sold. To calculate the adjusted basis of your Units, an adjustment is required to reflect the difference between amounts reported as taxable income and actual cash distributions (the “Net Basis Adjustment”). Worksheet D will assist a Unit owner in calculating gain or loss on the sale of Units.

Internal Revenue Code Section 1254 provides that depletion deductions claimed for property placed in service after December 31, 1986 generally must be recaptured as ordinary income upon disposition of the property. However, the Section 1254 depletion recapture provisions do not apply to property placed in service after December 31, 1986 if it was acquired pursuant to a binding written contract entered into before September 25, 1985. Because the Partnership acquired the Royalties before September 25, 1985, it does not appear that a Unit owner will be subject to this provision. However, little guidance exists as to the interpretation of this provision. Therefore, Unit owners should consult their tax advisors with respect to the potential application of this provision.

Table VII presents allocation factors for properties owned by the Partnership. These allocation factors are based primarily on the projected future net revenues from proved reserves at the beginning of specified periods, as estimated by petroleum engineers. These relative estimated amounts are provided to assist Unit owners in determining gain or loss allocable to state jurisdictions upon disposition of a Unit, in computing allocation factors for state income or franchise tax purposes, and in otherwise fulfilling tax obligations.

### **Basis of Unit Owners**

To allow a Unit owner to recover their investment through cost depletion, the Partnership has made an election under Internal Revenue Code Section 754. The tables in this booklet include the effect of such election. In connection with that election, the regulations under Internal Revenue Code Section 743 require that a purchasing Unit owner must include a

statement in their income tax return for the year of purchase indicating the allocation of their purchase price among the various assets of the Partnership. The statement should indicate that a Section 754 election has been made by the Partnership in connection with the purchase of a Unit in the Trust and that information regarding the allocation of the purchase price is maintained by the Partnership.

The Internal Revenue Service has ruled that a partner must maintain a single aggregate adjusted tax basis in partnership interests acquired in multiple transactions. Upon a sale of a portion of such aggregate interest, such partner would be required to allocate their aggregate tax basis between the interest sold and the interest retained by some equitable apportionment method such as the relative fair market values of such interests on the date of sale. It is unclear whether the ruling would apply to owners of publicly traded units of beneficial interests in a trust (such as the Trust) which owns interests in a partnership (such as the Partnership). Unit owners should consult their tax advisors as to the possible consequences of this ruling.

### **Nonresident State Income Tax Returns**

Because the Partnership owns interests in various jurisdictions, Unit owners may have to file a return in jurisdictions other than their state of residence. In 1998, the Royalties produced income in three states which impose an income tax — Alabama, Louisiana and Florida. The laws of these states consider royalty income from minerals produced within the state to be subject to state income tax. The Royalties also produced income from certain federal leases. Generally, Unit owners are not subject to tax on income from federal leases by any state jurisdiction other than their state of residence. Tables VIII-XIV provide information to determine income by property which can be used to determine a Unit owner’s income in each state. Each Unit owner should consult their individual tax advisor regarding the requirements for filing state income tax returns in their state of residence and the states from which the Trust’s income is derived.

### **Foreign Persons**

The federal and state income taxation of nonresident aliens and foreign corporations is highly complex and it is recommended that such persons or entities consult their tax advisors.

## LL&E ROYALTY TRUST

### 1998 Tax Information

#### HOW TO COMPUTE 1998 TAXABLE INCOME (Taxpayers Receiving Units in the Original Distribution)

When and how a Unit owner acquired Trust Units determines the parts of this booklet needed to compute taxable income. The following will help determine which parts apply to you.

- I. A taxpayer receiving Units in the initial June 28, 1983 distribution, who is not a corporation or nonresident alien, and holding such Units at least through December 7, 1998 has the following federal income tax items to report for such Units:

<u>Item of Income or Expense</u>	<u>Per Unit</u>	<u>Number of Units Owned</u>	<u>Total</u>	<u>Where to Enter on Form 1040 (See Example on Page 7)</u>
Partnership Income . . . . .	\$.35341	× _____	= \$ _____	Part II, Schedule E
Trust Administrative Expenses (show as a reduction to your Partnership Income) . . . . .	\$.02762	× _____	= \$ _____	Part II, Schedule E
Cost Depletion (show as a reduction to your Partnership Income) . . . . .	\$.20886	× _____	= \$ _____	Part II, Schedule E

- II. All domestic corporations receiving Units in the initial June 28, 1983 distribution and holding such Units at least through December 7, 1998 have the following income tax items to report for such Units:

<u>Item of Income or Expense</u>	<u>Per Unit</u>	<u>Number of Units Owned</u>	<u>Total</u>
Partnership Income . . . . .	\$.35341	× _____	= \$ _____
Trust Administrative Expenses . . . . .	\$.02762	× _____	= \$ _____
Cost Depletion . . . . .	\$.00206	× _____	= \$ _____

- III. Unit owners that are not in Groups I or II above must use Worksheets A and B to determine taxable income. Computation of taxable income is on Worksheet A, and computation of cost depletion is on Worksheet B. Unit owners that are not in Groups I or II above, acquiring Units anytime before September 7, 1983, should complete Worksheet C before completing Worksheet A or Worksheet B. Other Unit owners should proceed first to Worksheet B before completing Worksheet A.

**EXAMPLE — SCHEDULE E (FORM 1040) REPORTING**

[INSERT CRC-SCHEDULE E]

The above illustration is for a taxpayer, who is not a corporation or nonresident alien, receiving 100 Units in the initial June 28, 1983 distribution and holding such Units at least through December 7, 1998.

Items of 1998 income or expense were calculated as follows:

<u>Item of Income or Expense</u>	<u>Per Unit</u>	<u>Number of Units Owned</u>	<u>Total</u>	<u>Where to Enter on Form 1040</u>
Partnership Income . . . . .	\$.35341 ×	100	= \$35.34	Part II, Schedule E
Trust Administrative Expenses (show as a reduction to your Partnership Income) . . . . .	\$.02762 ×	100	= \$ 2.76	Part II, Schedule E
Cost Depletion (show as a reduction to your Part- nership Income) . . . . .	\$.20886 ×	100	= \$20.89	Part II, Schedule E

LL&E ROYALTY TRUST

1998 TAX INFORMATION

WORKSHEET A

COMPUTATION OF 1998 TAXABLE INCOME

THIS WORKSHEET COVERS \_\_\_\_\_ UNITS ACQUIRED \_\_\_\_\_  
 (See Specific Instructions Below)

<u>Item of Income or Expense</u>	<u>Table Factor</u>	<u>Number of Units Owned</u>	<u>Total (Multiply Number of Units by Table Factor)</u>	<u>Where to Enter on Form 1040. (See Specific Instructions)</u>
1. Partnership Income (Table Ia) . . . . .	\$ _____	× _____	= \$ _____	Schedule E, Part II
2. Trust Administrative Expenses (Table Ib) . . . . .	\$ _____	× _____	= \$ _____	Schedule E, Part II
3. Cost Depletion Deduction (Work- sheet B) . . . . .			\$ _____	Schedule E, Part II

SPECIFIC INSTRUCTIONS

- If you own Units in several blocks or the number of Units you own in a single block changed during the year, you should reproduce the necessary copies of this worksheet and complete a separate worksheet for each block of Units acquired on a different date or at a different price or held for a different period.
- The factor amounts from Tables 1a and 1b are the components of taxable income allocable to you on a per Unit basis.
- Use Worksheet B to calculate your cost depletion deduction.
- References are to the 1998 Form 1040, Schedule E (Supplemental Income Schedule). An illustration of how to fill out Form 1040 Schedule E is included herein. Corporations, partnerships and trusts and estates should refer to Internal Revenue Service instructions for Forms 1120, 1065 and 1041, respectively, for proper reporting of income of the Trust.

LL&E ROYALTY TRUST

1998 TAX INFORMATION

WORKSHEET B

COMPUTATION OF COST DEPLETION

THIS WORKSHEET COVERS \_\_\_\_\_ UNITS ACQUIRED \_\_\_\_\_  
(See Specific Instructions on Page 10)

- Group I: For all Unit owners acquiring Units prior to September 7, 1983, except corporations which received Units in the June 28, 1983 distribution and except nonresident aliens who received Units in the June 28, 1983 distribution.
- A. Depletable basis (Worksheet C, line 5) ..... \$ \_\_\_\_\_
  - B. Cost depletion rate (Table II) ..... \_\_\_\_\_
  - C. Cost depletion deduction (multiply line A by line B. Transfer amount to Worksheet A, line 3) ..... \$ \_\_\_\_\_
- Group II: For all Unit owners acquiring Units after September 6, 1983.
- A. Original cost of Units ..... \$ \_\_\_\_\_
  - B. Factor for computing Unit Owner's basis (Table IV) ..... \_\_\_\_\_
  - C. Basis before Accounts Receivable Adjustment (multiply line A by line B) .. \$ \_\_\_\_\_
  - D. Less: Allocation of Basis to Accounts Receivable  
(Table VI factor \_\_\_\_\_ × line A amount) ..... \$ \_\_\_\_\_
  - E. Depletable basis (line C less line D) ..... \$ \_\_\_\_\_
  - F. Cost depletion rate (Table II) ..... \_\_\_\_\_
  - G. Cost depletion deduction (multiply line E by line F. Transfer amount to Worksheet A, line 3) ..... \$ \_\_\_\_\_
- Group III: Domestic corporations which received Units in the June 28, 1983 distribution.
- A. Cost depletion amount per Unit (Table III) ..... \$ \_\_\_\_\_
  - B. Number of Units owned ..... \_\_\_\_\_
  - C. Cost depletion deduction (multiply line A by line B. Transfer amount to Worksheet A, line 3) ..... \$ \_\_\_\_\_
- Group IV: Foreign corporations which received Units in the June 28, 1983 distribution and nonresident aliens who received Units in the June 28, 1983 distribution.
- A. Cost depletion amount per Unit (see instructions for Group IV) ..... \$ \_\_\_\_\_
  - B. Number of Units owned ..... \_\_\_\_\_
  - C. Cost depletion deduction (multiply line A by line B. Transfer amount to Worksheet A, line 3) ..... \$ \_\_\_\_\_

**LL&E ROYALTY TRUST  
1998 TAX INFORMATION  
WORKSHEET B  
SPECIFIC INSTRUCTIONS**

If you own Units in several blocks or the number of Units you own in a single block changed during the year, you should reproduce the necessary copies of Worksheet B and complete separate worksheets for each block of Units acquired on a different date or at a different price or held for a different period.

**Group I instructions:**

- Calculate your depletable basis on Worksheet C and enter on line A.
- Enter your cost depletion factor from Table II on line B.
- Determine your cost depletion deduction by multiplying your basis on line A by the cost depletion factor on line B and enter on line C.

**Group II instructions:**

- Enter your original cost of acquisition on line A.
- Enter your factor for computing Unit owner's basis from Table IV on line B.
- Determine your basis before accounts receivable adjustment on line C by multiplying your basis on line A by the factor for computing Unit owner's basis on line B.
- Determine your allocation of basis to accounts receivable on line D by multiplying your basis on line A by the Table VI factor.
- Determine your depletable basis on line E by subtracting line D from line C.
- Enter your cost depletion rate from Table II on line F.
- Determine your cost depletion deduction by multiplying your depletable basis on line E by the cost depletion factor on line F and enter on line G.

**Group III instructions:**

- Enter the cost depletion amount per Unit from Table III on line A.
- Enter the number of Units you own on line B.
- Determine your cost depletion deduction by multiplying the depletion amount per Unit on line A by the number of Units owned on line B and enter on line C.

**Group IV instructions:**

- To compute the Group IV cost depletion amount per Unit for use on line A, you must combine the cost depletion amount per Unit from Table III, and the cost depletion amount per Unit attributable to your tax on the initial June 28, 1983 distribution (the lesser of the tax withheld per your 1983 Form 1042S or your actual 1983 tax) as follows:

1. Cost depletion amount per Unit from Table III . . . .		\$ _____
2. Tax per Unit on initial June 28, 1983 distribution . . .	\$ _____	
3. Factor for computing Unit Owner's basis . . . . .	<u>×.07160</u>	
4. Remaining depletable amount (multiply line 2 by line 3) . . . . .	_____	
5. Cost depletion rate from Table II . . . . .	_____	
6. Cost depletion amount per Unit on tax (line (4) multiplied by line (5)) . . . . .		\$ _____
7. Cost depletion amount per Unit for Group IV, Worksheet B, line A (sum of lines (1) and (6)) . . . . .		\$ _____

- Enter the number of Units you own on line B.
- Determine your cost depletion deduction by multiplying the cost depletion amount per Unit on line A by the number of Units owned on line B and enter on line C.

**LL&E ROYALTY TRUST**  
**1998 TAX INFORMATION**

**WORKSHEET C**

**COMPUTATION OF UNIT OWNER'S ORIGINAL BASIS AND DEPLETABLE BASIS**  
**(FOR UNITS ACQUIRED PRIOR TO SEPTEMBER 7, 1983)**

**THIS WORKSHEET COVERS \_\_\_\_\_ UNITS ACQUIRED \_\_\_\_\_**  
**(See Specific Instructions Below)**

1. Amount of taxable dividend on original distribution of Units or cost of acquisition  
 (See Specific Instructions below). \$ \_\_\_\_\_
2. Less: Cash Payment Rights attributable to the distribution
  - a. For July, 1983 distribution . . . . .  $\$.07886 \times \underline{\hspace{2cm}}$  Units = \$ (                      )
  - b. For August, 1983 distribution . . . . .  $\$.09217 \times \underline{\hspace{2cm}}$  Units = \$ (                      )
  - c. For September, 1983 distribution . . . .  $\$.07039 \times \underline{\hspace{2cm}}$  Units = \$ (                      )
3. Original basis (line 1 less lines 2a, 2b and 2c). \$ \_\_\_\_\_
4. Factor for Computing Unit Owner's Basis (Table IV) \_\_\_\_\_
5. Depletable Basis (multiply line 3 by line 4) \$ \_\_\_\_\_

**SPECIFIC INSTRUCTIONS**

- If you own Units in several blocks or the number of Units you own in a single block changed during the year, you should reproduce the necessary copies of this worksheet and complete separate worksheets for each block of Units acquired on a different date or at a different price or held for a different period.
- For Units acquired in the original distribution on June 28, 1983, line 1 should be the amount of the 1983 taxable dividend on the original distribution (\$13.125 per Unit for individual Unit owners and \$.77847 per Unit for corporate or nonresident alien Unit owners) multiplied by the number of Units distributed to you. For Units purchased prior to September 7, 1983, line 1 should be the amount you paid for the Units.
- If you received a July, 1983 cash distribution, you must multiply \$.07886 by the number of Units you held and enter the amount on line 2a.
- If you received an August, 1983 cash distribution, you must multiply \$.09217 by the number of Units you held and enter the amount on line 2b.
- If you received a September, 1983 cash distribution, you must multiply \$.07039 by the number of Units you held and enter the amount on line 2c.
- Unit owners included in Group I, Worksheet B, should transfer the line 5 amount to Worksheet B, Group I, line A to compute cost depletion.

**NOTE:** This worksheet should be preserved indefinitely as part of a Unit owner's tax records to permit computation of cost depletion allowances and determination of gain or loss upon disposition of Units.

**LL&E ROYALTY TRUST**  
**1998 TAX INFORMATION**

**WORKSHEET D**

**COMPUTATION OF UNIT OWNER'S  
GAIN OR (LOSS) ON SALE OF UNITS**

**THIS WORKSHEET COVERS \_\_\_\_\_ UNITS ACQUIRED \_\_\_\_\_**  
**(See Specific Instructions Below)**

1. AMOUNT REALIZED FROM SALE OF UNITS .....	\$ _____
2. ADJUSTED BASIS:	
a. Original basis .....	\$ _____
b. Factor For Computing Unit Owner's Basis (Table IV) .....	_____
c. Basis Before Other Adjustments (line 2a multiplied by line 2b) ....	\$ _____
d. Plus/Minus: Net Basis Adjustment	
_____ X _____ Units Sold = .....	\$ _____
(Table V)	
e. Minus: 1998 Depletion .....	\$ ( _____ )
f. Adjusted Basis (line 2c plus/minus line 2d minus line 2e) .....	\$ _____
3. GAIN OR (LOSS)	
(line 1 minus line 2f) .....	\$ _____

**SPECIFIC INSTRUCTIONS**

- If you own Units in several blocks or the number of Units you own in a single block changed during the year, you should reproduce the necessary copies of this worksheet and complete a separate worksheet for each block of Units acquired on a different date or at a different price or held for a different period.
- Enter the amount realized from the sale of Units on line 1.
- For Unit owners who acquired their Units before September 7, 1983, see Worksheet C, line 3 to compute original basis on line 2a. For Unit owners who acquired their Units subsequent to September 6, 1983, original basis on line 2a is equal to the purchase price of the Units.
- Enter your Factor For Computing Unit Owner's Basis from Table IV on line 2b.
- Determine your Basis Before Other Adjustments on line 2c by multiplying your Original Basis on line 2a by your Factor For Computing Unit Owner's Basis on line 2b.
- Determine your Net Basis Adjustment on line 2d by multiplying the Net Basis Adjustment Factor from Table V by the number of Units sold.
- Enter the amount of your 1998 depletion deduction on line 2e.
- Determine your Adjusted Basis on line 2f by adding/subtracting line 2d and subtracting line 2e from line 2c.
- Determine your Gain or (Loss) by subtracting line 2f from line 1.



















































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