

**MESA  
ROYALTY  
TRUST**

**2007**

**FEDERAL INCOME TAX  
INFORMATION**

**MESA ROYALTY TRUST**  
(The “Trust”)

**2007**

**FEDERAL INCOME TAX INFORMATION**

**Instructions for Schedules A, B and C**

**Schedule A**

For Certificate Holders who file income tax returns on the basis of the calendar year and the cash method during 2007, the Trustee has prepared Schedule A as an **EXAMPLE** which summarizes the income and expenses (for depletion computation see Schedule C below) required to prepare 2007 tax returns as if the Certificate Holder had held 100 Units during all of 2007.

**Schedule B**

Schedule B summarizes the monthly income and expenses (for depletion computation see Schedule C below) on a one Unit basis. Each Certificate Holder should compute his tax information by using the relevant information for each month that he was a Certificate Holder of record. The results of all appropriate months should be combined. Thus, a Certificate Holder with a taxable year ending January 31, 2007 would combine the results of February through December for 2006 and January for 2007.

**Schedule C**

Schedule C should be used by all Certificate Holders to compute depletion. Schedule C summarizes monthly depletion rates for each royalty interest on a one Unit basis. Calendar year Certificate Holders who acquired their Units in the initial distribution from Mesa Petroleum Co. and continue to own those Units should use Schedule C, Part I. Other Certificate Holders who acquired their Units subsequent to the initial distribution from Mesa Petroleum Co. should use Schedule C, Part II. Certificate Holders who acquired Units after October 11, 1990 may be entitled to percentage depletion on royalty income attributable to those Units and should also use Schedule C, Part III.

**I. FEDERAL INCOME TAX INFORMATION**

**1. Reporting of Income and Deductions.**

(a) *Direct Ownership Reporting.* Each Certificate Holder is taxable on his pro rata share of the income and expense of the Trust as if he were the direct owner of a pro rata share of the Trust assets. Thus, the taxable year for reporting a Certificate Holder’s share of the Trust’s income and expense is controlled by his taxable year and his method of accounting; the taxable year and method of accounting of the Trust are irrelevant, as is the period in which distributions are made by the Trust.

(b) *Types and Reporting of Trust Income and Deductions.*

(i) In general, royalty income is computed monthly based on proceeds realized in the preceding month by the Lease Owner from sales of oil and gas produced in an earlier month, and is received by the Trustee in the same month that the amount thereof is computed. Each schedule reports the amount received during the period covered by that schedule. Schedule B, Part I reports the royalty income and state severance taxes on a per Unit basis for each month. Schedule A, Part I reports the royalty income and state severance taxes based on 100 Units held by an example Certificate Holder of record during each month.

(ii) The Trustee invests the net proceeds received from the working interest owners (net of administration expenses) at the end of each month. The interest income earned on the net proceeds received from the working interest owners (net of administration expenses) at the end of a month is distributed to the Certificate Holders of record for that month. Schedule B, Part II reports, on a per Unit basis, the interest earned by the Trust on distributions received by the Trust from the working interest owners during 2007. Schedule A, Part II reports interest income based on 100 Units held by an example Certificate Holder of record during each month and assumes the Certificate Holder utilizes the cash method of accounting for federal income tax purposes. Accrual basis taxpayers should report interest income in the period it accrues regardless of when it is received. Cash basis taxpayers should report interest income in the period it is received by the Trustee.

(iii) Administration expenses shown on each schedule represent amounts paid for and incurred during the period. Schedule B, Part II reports the administration expense on a per Unit basis for each month. Schedule A, Part II reports the administration expense based on 100 Units held by an example Certificate Holder of record during each month.

(c) *Taxable Year.* All schedules are prepared on a calendar year basis. Therefore, Certificate Holders with taxable years other than the calendar year or who are unable to use Schedule A should use Schedules B and C. Schedules B and C are prepared by month on a per Unit basis to permit Certificate Holders to obtain their tax information by computing the relevant information for each month during their taxable year and then combining the results of each month.

(d) *Unit Multiplication.* Because Schedules B and C show only results per Unit, it will be necessary to multiply the results shown by the number of Units owned by the Certificate Holder during the applicable period to obtain the amount to be reported on his tax return. Income and deductions other than depletion may be taken directly from the appropriate schedules. Depletion per Unit must be computed as provided in paragraph 2 below.

(e) *Individual Taxpayer.* For Certificate Holders who held Units as an investment during 2007 and who file Form 1040, it is suggested that the items of income and deduction for 2007 be reported in the following manner:

<u>Item</u>	<u>Form 1040</u>
Royalty Income*	Line 4, Part I, Schedule E
Depletion	Line 20, Part I, Schedule E
Severance Taxes	Line 16, Part I, Schedule E
Interest Income	Line 1, Part I, Schedule B
Administration Expense	Line 23, Schedule A

\* The San Juan royalty is divided into two parts for state tax purposes. For federal income tax purposes, it may be shown as a single royalty.

The Tax Reform Act of 1986 made changes as to the classification of certain income and expense items. Royalty income, net of depletion and severance taxes, is considered portfolio income. Interest income is also portfolio income. Administration expense is "investment expense." See Exhibits I through III for examples of how to report the items listed above.

(f) *Sale of Units.* The sale, exchange or other disposition of a Unit is a taxable transaction for federal income tax purposes and may be a taxable transaction for state income tax purposes. Gain or loss is computed under the usual tax principles as the difference between the selling price and the adjusted basis of a Unit. The adjusted basis of a Unit is the original cost or other basis of the Unit reduced by any depletion allowed or allowable and adjusted for any decrease (increase) in the Non-Tax Account during the time the Units were owned. Effective for property placed in service after December 31, 1986, the amount of gain, if any, realized upon the disposition of oil and gas property is treated as ordinary income to the extent of the intangible drilling and development costs incurred with respect to the property and depletion claimed with respect to that property to the extent it reduced the taxpayer's basis in the property. Under this provision, depletion attributable to a Unit acquired after 1986 will be subject to recapture as ordinary income upon disposition of the Unit or upon disposition of the oil and gas property to which the depletion is attributable. The balance of any gain or any loss will be capital gain or loss if those Units were held by the Certificate Holder as a capital asset, either long-term or short-term depending on the holding period of the Units. That capital gain or loss will be long-term if a Certificate Holder's holding period for those Units exceeded one year as of the date of sale or exchange. A long-term capital gains rate of 15% applies to most capital assets sold with a holding period of more than one year. Capital gain or loss will be short-term if the Unit has not been held for more than one year at the time of the disposition. Capital gain or loss should be reported on Schedule D, Form 1040 for an individual.

**2. Computation of Depletion.** Subject to the date restrictions for percentage depletion discussed herein, each Certificate Holder should determine his depletion allowance by taking the greater of cost or percentage depletion allowable. Percentage depletion with respect to the fixed contract gas from the Hugoton royalty is no longer available due to the expiration (at the end of 1989) of the underlying gas contract. However, as a result of the Revenue Reconciliation Act of 1990 (the "1990 Act"), Certificate Holders may be eligible for percentage depletion with respect to royalty income attributable to Units acquired after October 11, 1990. Consequently, if Units were acquired on or before October 11, 1990, Certificate Holders need only determine cost depletion.

(a) *Cost Depletion.* Certificate Holders who acquired their Units in the initial distribution from Mesa Petroleum Co. and continue to own those Units need not compute cost depletion since that amount has been computed and is shown on Schedule C, Part I (on a per Unit basis). All other Certificate Holders should multiply their adjusted basis in each royalty by the percentage indicated on Schedule C, Part II. This percentage was obtained by dividing gross royalty income realized during the period by total estimated gross income from the royalty. A Certificate Holder's basis in each royalty is determined by apportioning his basis in the Units among the royalties based on the relative fair market value of each on the date the Units were acquired by him. Schedule C, Part II ("Basis Allocation Percentage") sets forth the Trustee's opinion of the relative fair market values of the royalties on December 31, 2007. The Trustee intends to redetermine the relative values of the royalties annually.

(b) *Percentage Depletion.* Generally, prior to the 1990 Act, the transferee of an oil and gas property could not claim percentage depletion with respect to production from that property if it was proven at the time of transfer. As a result of the 1990 Act, this rule will not be applicable in the case of transfers of properties after October 11, 1990. Eligible Certificate Holders that acquired Units after October 11, 1990 may be entitled to claim an allowance for percentage depletion with respect to royalty income from each royalty (Hugoton or San Juan) attributable to those Units to the extent that this allowance exceeds cost depletion with respect to that royalty (Hugoton or San Juan) as computed above for the relevant period. Percentage depletion with respect to those Units may be calculated using the per Unit factors on Schedule C, Part III. These factors were obtained by multiplying the corresponding royalty income factors on Schedule B by the statutory percentage depletion rate of 15%. Percentage depletion should then be compared to the cost depletion calculated for the relevant period for those Units. The depletion allowance with respect to Units acquired after October 11, 1990 will be the greater of cost or percentage depletion.

**3. Reconciliation of Net Income and Cash Distributions - Non-Tax Account.** The difference between the per Unit net income for a period and the per Unit cash distributions reported for that period (even though distributed in a later period) is attributable to adjustments in the Non-Tax Account. The Non-Tax Account is increased by expenditures which are not deductible and by increases in the cash reserves established by the Trustee for the payment of future expenditures. The Non-Tax Account is decreased by the recoupment of capital items and by reductions in previously established cash reserves.

**4. Adjustments to Basis.** Each Certificate Holder should reduce his tax basis in each royalty by the amount of depletion allowable with respect to that royalty and his tax basis in his Units by the amount of depletion allowable with respect to all royalties. Each Certificate Holder should also increase his basis in the Units by his pro rata share of any increase in the Non-Tax Account and decrease his basis in the Units by his pro rata share of any decrease in the Non-Tax Account.

**5. Foreign Persons.** The federal income taxation of non-resident aliens and foreign corporations is highly complex, and it is recommended that such persons consult their own tax advisors.

**6. Section 29 Credit.** The Trust receives royalty payments attributable to coal seam gas production from the Fruitland Coal Formation properties. Previously, Certificate Holders were potentially eligible to claim their share of the tax credit attributable to this production. The credit expired at the end of 2002.

## **II. STATE INCOME TAX RETURNS**

Schedules A, B and C set forth the states from which the income of the Trust is derived. Each Certificate Holder should consult his tax advisor regarding the requirements for filing state income tax returns in his state of residence and the states from which the Trust's income is derived.

The Bank of New York Mellon Trust Company, N.A.  
Corporate Trustee  
919 Congress Avenue  
Austin, Texas 78701  
(800) 852-1422

**MESA ROYALTY TRUST**  
 EIN 74-6284806  
 TAX INFORMATION FOR THE YEAR 2007

**SCHEDULE A: CERTIFICATE HOLDER CALCULATIONS**

**For Certificate Holders Filing Returns On The Basis of Calendar Year and the Cash Method**

**EXAMPLE**

The calculations below are based on 100 Units held each month.  
 (See Schedule B for factors used in the calculations).

<u>Month</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>
Units held	100	100	100	100	100	100	100	100	100	100	100	100

**Part I - Royalty Information**

	Royalty Income (Line 4, Part I, Sched. E)	Severance Taxes (Line 16, Part I, Sched. E)
Kansas	\$306.17	\$0.00
New Mexico	\$329.73	\$41.52
Colorado	\$63.81	\$2.67
Total	\$699.71	\$44.19

**Part II - Other Income And Expenses**

	Interest Income (Line 1, Part I, Sched. B)	Administration Expense (Line 23, Schedule A)
Period	\$5.22	\$4.91
Post Period	\$0.00	\$0.00
Total	\$5.22	\$4.91

**Part III - Reconciliation Of Net Income and Cash Distribution**

NET INCOME	
Royalty Income	\$699.71
Interest Income	5.22 *
Less: Severance Tax	(44.19)
Administration Expense	(4.91)
DECREASE (INCREASE) IN NON-TAX ACCT.	0.00
TOTAL (EQUALS CASH DISTRIBUTION)	\$655.83

\* Includes taxes withheld from amounts distributable to non-resident aliens and foreign corporations.

**MESA ROYALTY TRUST**  
EIN 74-6284806  
**TAX INFORMATION FOR THE YEAR 2007**

**SCHEDULE B: ONE UNIT FACTORS**

Multiply amounts per unit shown below by the number of units owned at the end of each record month. Combine the results and report where indicated on Form 1040.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year Totals
<b>Part I - Royalty Information</b>													
Royalty Income													
Kansas	\$0.146960	\$0.245037	\$0.244281	\$0.198306	\$0.183373	\$0.233659	\$0.189552	\$0.253317	\$0.210680	\$0.789683	\$0.199101	\$0.167760	\$3,061,709
New Mexico	\$0.213762	\$0.229312	\$0.267672	\$0.242544	\$0.309771	\$0.282870	\$0.317420	\$0.333477	\$0.311983	\$0.268421	\$0.235483	\$0.284645	\$3,297,360
Colorado	\$0.030537	\$0.065673	\$0.028951	\$0.030081	\$0.031690	\$0.028819	\$0.145839	\$0.044460	\$0.015968	\$0.039720	\$0.150912	\$0.025423	\$0,638,073
Totals	\$0.391259	\$0.540022	\$0.540904	\$0.470931	\$0.524834	\$0.545348	\$0.652811	\$0.631254	\$0.538631	\$1,097824	\$0.585496	\$0.477828	\$6,997,142
<b>Severance Taxes</b>													
Kansas	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0,000,000
New Mexico	\$0.030263	\$0.027958	\$0.032245	\$0.032395	\$0.037547	\$0.037487	\$0.036860	\$0.038176	\$0.036461	\$0.032690	\$0.032165	\$0.040917	\$0,415,164
Colorado	\$0.001637	\$0.003211	\$0.001524	\$0.001541	\$0.001672	\$0.001549	\$0.001846	\$0.001919	\$0.000935	\$0.002118	\$0.007326	\$0.001464	\$0,026,742
Totals	\$0.031900	\$0.031169	\$0.033769	\$0.033936	\$0.039219	\$0.039036	\$0.038706	\$0.040095	\$0.037396	\$0.034808	\$0.039491	\$0.042381	\$0,441,906

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year Totals
<b>Part II - Other Income And Expense</b>													
Interest Income													
Period	\$0.004375	\$0.005596	\$0.002166	\$0.005437	\$0.004014	\$0.002286	\$0.009411	\$0.001672	\$0.002269	\$0.011855	\$0.001355	\$0.001763	\$0,052,199
Post Period	--	--	--	--	--	--	--	--	--	--	--	--	\$0,000,000
Totals	\$0.004375	\$0.005596	\$0.002166	\$0.005437	\$0.004014	\$0.002286	\$0.009411	\$0.001672	\$0.002269	\$0.011855	\$0.001355	\$0.001763	\$0,052,199
<b>Administration Expense</b>													
Period	\$0.002177	\$0.001724	\$0.003104	\$0.007997	\$0.005244	\$0.004889	\$0.006134	\$0.000940	\$0.002617	\$0.006636	\$0.006749	\$0.000888	\$0,049,999
Post Period	--	--	--	--	--	--	--	--	--	--	--	--	\$0,000,000
Totals	\$0.002177	\$0.001724	\$0.003104	\$0.007997	\$0.005244	\$0.004889	\$0.006134	\$0.000940	\$0.002617	\$0.006636	\$0.006749	\$0.000888	\$0,049,999

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year Totals
<b>Part III - Reconciliation Of Net Income And Cash Distribution Per Unit</b>													
Net Income:													
Royalty Income	\$0.391259	\$0.540022	\$0.540904	\$0.470931	\$0.524834	\$0.545348	\$0.652811	\$0.631254	\$0.538631	\$1,097824	\$0.585496	\$0.477828	\$6,997,142
Interest Income	\$0.004375	\$0.005596	\$0.002166	\$0.005437	\$0.004014	\$0.002286	\$0.009411	\$0.001672	\$0.002269	\$0.011855	\$0.001355	\$0.001763	\$0,052,199
Less: Severance Tax	\$0.031900	\$0.031169	\$0.033769	\$0.033936	\$0.039219	\$0.039036	\$0.038706	\$0.040095	\$0.037396	\$0.034808	\$0.039491	\$0.042381	\$0,441,906
Administration Expense	\$0.002177	\$0.001724	\$0.003104	\$0.007997	\$0.005244	\$0.004889	\$0.006134	\$0.000940	\$0.002617	\$0.006636	\$0.006749	\$0.000888	\$0,049,999
Decrease (Increase) in Non-Tax Account	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0,000,000
Total (equals cash distributions)*	\$0.361557	\$0.512725	\$0.506197	\$0.434435	\$0.484385	\$0.503709	\$0.617382	\$0.591891	\$0.500887	\$1,068235	\$0.540611	\$0.436322	\$6,583,336

\* Includes taxes withheld from amounts otherwise distributable to non-resident aliens and foreign corporations.

**MESA ROYALTY TRUST**  
 EIN 74-6284806  
 TAX INFORMATION FOR THE YEAR 2007

**SCHEDULE C: DEPLETION**

See page 3 of instructions for the computation of depletion.  
 The amounts shown below are per unit.

**Part I**

Cost depletion for Calendar Year individuals who acquired their Units as a distribution from Mesa Petroleum Co. on Nov. 16, 1979 and continue to own those Units.

Depletion: \$0.394420 Per Unit

**Part II**

Cost depletion percentages per Unit for Calendar Year individuals who acquired their Units subsequent to the distribution from Mesa Petroleum Co.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	Basis Allocation Percentage
<b>Cost Depletion Percentage</b>														
1) Hugoton Royalty (Kansas)	0.764250%	0.750929%	0.729570%	0.757457%	0.609630%	0.755890%	0.728565%	0.784621%	0.740285%	0.797570%	0.802353%	0.771101%	8.972221%	23.965458%
2) San Juan Royalty														
(a) New Mexico	0.256749%	0.238017%	0.306033%	0.271666%	0.327722%	0.323166%	0.295750%	0.316629%	0.320526%	0.308495%	0.296739%	0.335874%	3.597366%	72.711995%
(b) Colorado	1.044015%	1.790984%	1.007798%	0.895513%	0.999246%	0.975599%	1.093259%	1.129721%	0.670193%	1.149659%	1.15312%	1.175295%	13.084194%	3.322547%
(c) Total San Juan	1.300764%	2.029001%	1.313831%	1.166979%	1.326968%	1.298565%	1.38909%	1.446350%	0.990719%	1.458154%	1.450051%	1.511169%	16.681560%	76.034542%
														<b>100.00%</b>

**Part III**

Percentage depletion per Unit for Calendar Year individuals who acquired Units after October 11, 1990.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Percentage Depletion</b>													
1) Hugoton Royalty (Kansas)	\$0.022044	\$0.036756	\$0.036642	\$0.029746	\$0.027506	\$0.035049	\$0.028433	\$0.037998	\$0.031602	\$0.118452	\$0.029865	\$0.025164	\$0.459257
2) San Juan Royalty													
(a) New Mexico	\$0.032064	\$0.034397	\$0.040151	\$0.036382	\$0.046466	\$0.042431	\$0.047613	\$0.050022	\$0.046797	\$0.040263	\$0.035322	\$0.042697	\$0.494605
(b) Colorado	\$0.004581	\$0.009851	\$0.004343	\$0.004512	\$0.004753	\$0.004323	\$0.021876	\$0.006669	\$0.002395	\$0.005958	\$0.022637	\$0.003813	\$0.095711
(c) Total San Juan	\$0.036645	\$0.044248	\$0.044494	\$0.040894	\$0.051219	\$0.046754	\$0.069489	\$0.056691	\$0.049192	\$0.046221	\$0.057959	\$0.046510	\$0.590316



**MESA ROYALTY TRUST**  
EIN 74-6284806

**Exhibit II**

**Individual Unit Holder's Specific Location Of Administration Expense On Schedule A**

SCHEDULES A&B (Form 1040)	Schedule A—Itemized Deductions (Schedule B is on back)	OMB No. 1545-0074 <b>2007</b> Attachment Sequence No. <b>07</b>
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040. ▶ See instructions for Schedules A&B (Form 1040).	Your social security number
Name(s) shown on Form 1040		
<b>Medical and Dental Expenses</b>	<p><b>Caution.</b> Do not include expenses reimbursed or paid by others.</p> <p><b>1</b> Medical and dental expenses (see page A-1) . . . . . <b>1</b></p> <p><b>2</b> Enter amount from Form 1040, line 38 <b>2</b></p> <p><b>3</b> Multiply line 2 by 7.5% (.075) . . . . . <b>3</b></p> <p><b>4</b> Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . . <b>4</b></p>	
<b>Taxes You Paid</b> (See page A-2.)	<p><b>5</b> State and local (check only one box):</p> <p style="margin-left: 20px;"><b>a</b> <input type="checkbox"/> Income taxes, or</p> <p style="margin-left: 20px;"><b>b</b> <input type="checkbox"/> General sales taxes } . . . . . <b>5</b></p> <p><b>6</b> Real estate taxes (see page A-5) . . . . . <b>6</b></p> <p><b>7</b> Personal property taxes . . . . . <b>7</b></p> <p><b>8</b> Other taxes. List type and amount ▶ . . . . . <b>8</b></p> <p><b>9</b> Add lines 5 through 8 . . . . . <b>9</b></p>	
<b>Interest You Paid</b> (See page A-5.)	<p><b>10</b> Home mortgage interest and points reported to you on Form 1098 <b>10</b></p> <p><b>11</b> Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶ . . . . . <b>11</b></p> <p><b>Note.</b> Personal interest is not deductible.</p> <p><b>12</b> Points not reported to you on Form 1098. See page A-6 for special rules . . . . . <b>12</b></p> <p><b>13</b> Qualified mortgage insurance premiums (See page A-7) . . . . . <b>13</b></p> <p><b>14</b> Investment interest. Attach Form 4952 if required. (See page A-7.) . . . . . <b>14</b></p> <p><b>15</b> Add lines 10 through 14 . . . . . <b>15</b></p>	
<b>Gifts to Charity</b> If you made a gift and got a benefit for it, see page A-8.	<p><b>16</b> Gifts by cash or check. If you made any gift of \$250 or more, see page A-8 . . . . . <b>16</b></p> <p><b>17</b> Other than by cash or check. If any gift of \$250 or more, see page A-8. You <b>must</b> attach Form 8283 if over \$500 . . . . . <b>17</b></p> <p><b>18</b> Carryover from prior year . . . . . <b>18</b></p> <p><b>19</b> Add lines 16 through 18 . . . . . <b>19</b></p>	
<b>Casualty and Theft Losses</b>	<b>20</b> Casualty or theft loss(es). Attach Form 4684. (See page A-9.) . . . . . <b>20</b>	
<b>Job Expenses and Certain Miscellaneous Deductions</b> (See page A-9.)	<p><b>21</b> Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-9.) ▶ . . . . . <b>21</b></p> <p><b>22</b> Tax preparation fees. . . . . <b>22</b></p> <p><b>23</b> Other expenses—investment, safe deposit box, etc. List type and amount ▶ . . . . . <b>23</b></p> <p style="margin-left: 20px;"><u>MESA ROYALTY TRUST 74-6284806</u></p> <p><b>24</b> Add lines 21 through 23 . . . . . <b>24</b></p> <p><b>25</b> Enter amount from Form 1040, line 38 <b>25</b></p> <p><b>26</b> Multiply line 25 by 2% (.02) . . . . . <b>26</b></p> <p><b>27</b> Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- . . . . . <b>27</b></p>	
<b>Other Miscellaneous Deductions</b>	<b>28</b> Other—from list on page A-10. List type and amount ▶ . . . . . <b>28</b>	
<b>Total Itemized Deductions</b>	<p><b>29</b> Is Form 1040, line 38, over \$156,400 (over \$78,200 if married filing separately)?</p> <p style="margin-left: 20px;"><input type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. } ▶ <b>29</b></p> <p style="margin-left: 20px;"><input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See page A-10 for the amount to enter.</p> <p><b>30</b> If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ <input type="checkbox"/></p>	

**Administration Expense** →

**MESA ROYALTY TRUST**  
EIN 74-6284806

**Exhibit III**

**Individual Unit Holder's Specific Location Of Interest Income On Schedule B**

**Schedule B—Interest and Ordinary Dividends**

Attachment  
Sequence No. **08**

**Interest  
Income** →

<b>Part I Interest</b>		<b>Amount</b>												
<p><b>1</b> List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶</p> <p style="margin-left: 20px;"><u>MESA ROYALTY TRUST 74-6284806</u></p> <p>(See page B-1 and the instructions for Form 1040, line 8a.)</p> <p><b>Note.</b> If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.</p>	<p>1</p>													
<p><b>2</b> Add the amounts on line 1 . . . . .</p> <p><b>3</b> Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 . . . . .</p> <p><b>4</b> Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶</p> <p><b>Note.</b> If line 4 is over \$1,500, you must complete Part III.</p>	<p>2</p> <p>3</p> <p>4</p>													
<b>Part II Ordinary Dividends</b>		<b>Amount</b>												
<p><b>5</b> List name of payer ▶</p> <p>(See page B-1 and the instructions for Form 1040, line 9a.)</p> <p><b>Note.</b> If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.</p>	<p>5</p>													
<p><b>6</b> Add the amounts on line 5. Enter the total here and on Form 1040, line 9a . ▶</p> <p><b>Note.</b> If line 6 is over \$1,500, you must complete Part III.</p>	<p>6</p>													
<p><b>Part III Foreign Accounts and Trusts</b></p> <p>(See page B-2.)</p> <p>You must complete this part if you <b>(a)</b> had over \$1,500 of taxable interest or ordinary dividends; or <b>(b)</b> had a foreign account; or <b>(c)</b> received a distribution from, or were a grantor of, or a transferor to, a foreign trust.</p>		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Yes</th> <th style="width: 25%; text-align: center;">No</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><b>7a</b> At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1, . . . . .</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;"><b>b</b> If "Yes," enter the name of the foreign country ▶</td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;"><b>8</b> During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2 . . . . .</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table>		Yes	No	<b>7a</b> At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1, . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<b>b</b> If "Yes," enter the name of the foreign country ▶			<b>8</b> During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2 . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No												
<b>7a</b> At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1, . . . . .	<input type="checkbox"/>	<input type="checkbox"/>												
<b>b</b> If "Yes," enter the name of the foreign country ▶														
<b>8</b> During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2 . . . . .	<input type="checkbox"/>	<input type="checkbox"/>												