



**2010**  
**Third Quarter Report**

## The Trust

**D**ominion Resources Black Warrior Trust (the “Trust”) was formed as a Delaware business trust pursuant to the terms of the Trust Agreement of Dominion Resources Black Warrior Trust (the “Trust Agreement”) entered into effective as of May 31, 1994, among Dominion Black Warrior Basin, Inc. (“DBWB”), as trustor, Dominion Resources, Inc. (“Dominion Resources”), and NationsBank, N.A. (now Bank of America, N.A.) (the “Trustee”) and Mellon Bank (DE) National Association (the “Delaware Trustee”), as trustees.

The Trust is a grantor trust designed to provide holders (“Unitholders”) of units of beneficial interest in the Trust (“Units”) with quarterly cash distributions and Internal Revenue Code (“IRC”) Section 29 tax credits from the production and sale of coal seam gas attributable to the Trust’s royalty interests. The only assets of the Trust other than cash and temporary investments being held for the payment of expenses and liabilities and for distribution to Unitholders, are certain overriding royalty interests (the “Royalty Interests”) burdening proved coal seam gas properties located in the Pottsville coal formation in the Black Warrior Basin of Alabama (the “Underlying Properties”) owned by DBWB.

The Units are listed and traded on the New York Stock Exchange under the symbol “DOM”.

## Distribution Information

**T**he Trustee has declared the following distributions for 2010:

<u>Quarterly Record Date</u>	<u>Payment Date</u>	<u>Distribution per Unit</u>
3/1/10	3/11/10	\$ .272321
6/1/10	6/9/10	\$ .321086
8/30/10	9/8/10	\$ .277926
11/29/10	12/9/10	\$ .291694

The record date for quarterly cash distributions of the Trust is the 60th day after the end of the quarter (or the next business day if such day is not a business day). The distribution is payable within 70 days after the end of the calendar quarter.

## To Unitholders:

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The Trust was formed to acquire and hold the Royalty Interests conveyed to the Trust by DBWB. The function of the Trustee is to collect proceeds from the sale of gas production attributable to the Royalty Interests, pay certain expenses and make quarterly cash distributions to Unitholders.

Revenues are recognized by the Trust in the period in which amounts are actually received by the Trust. The Trust generally will receive its share of the gross proceeds for production in any particular calendar quarter on or before the last business day before the 45th day following the end of the quarter.

Distributable income of the Trust generally consists of the excess of royalty income plus interest income over the general and administrative expenses of the Trust. Upon receipt by the Trust, royalty income is invested in short-term investments in accordance with the Trust Agreement until its subsequent distribution to Unitholders.

The amount of distributable income of the Trust for any quarter may differ from the amount of cash available for distribution to Unitholders in such quarter due to differences in the treatment of the expenses of the Trust in the determination of those amounts.

### **Periods Ended September 30, 2010**

The Trust's Royalty Interests consist of overriding royalty interests burdening the Company's interest in the Underlying Properties. The Royalty Interests generally entitle the Trust to receive 65 percent of the Company's Gross Proceeds (as defined below) during the preceding calendar quarter. The Royalty Interests are non-operating interests and bear only expenses related to property, production and related taxes (including

severance taxes). "Gross Proceeds" consist generally of the aggregate amounts received by the Company attributable to the interests of the Company in the Underlying Properties from the sale of coal seam gas at the central delivery points in the gathering system for the Underlying Properties. The definitions, formulas and accounting procedures and other terms governing the computation of the Royalty Interests are set forth in the Overriding Royalty Conveyance from the Company to the Trust.

The Trust received royalty income amounting to \$2,393,118 during the third quarter of 2010 compared to \$2,319,293 during the third quarter of 2009. This revenue was derived from the receipt of cash on production of 606 MMcf at an average price received of \$3.95 per mcf after deducting production taxes of \$127,260 compared to 690 MMcf at an average price received of \$3.36 per mcf after deducting production taxes of \$147,689 in the third quarter of 2009. The Trust received royalty income amounting to \$7,735,240 during the nine months ended September 30, 2010 compared to \$10,262,889 during the nine months ended September 30, 2009. This revenue was derived from the receipt of cash on production of 1,810 MMcf at an average price received of \$4.27 per mcf after deducting production taxes of \$634,497 during the nine months ended September 30, 2010 compared to 2,084 MMcf at an average price received of \$4.93 per mcf after deducting production taxes of \$654,926 in the nine months ended September 30, 2009. For the three- and nine-month periods ended September 30, 2010, the Trust was positively impacted for the three months ended, but negatively impacted for the nine months ended September 30, 2010 by the fluctuations of natural gas prices and

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production, as compared with the three- and nine-month periods ended September 30, 2009. Natural gas prices are influenced by many factors such as seasonal temperatures, domestic demand and other factors that are beyond the control of the Trustee. The decrease in production volumes is attributed to declining production. Production taxes are based on revenues rather than production volumes. Accordingly, production taxes did not fluctuate proportionately to the decrease in volumes.

Interest income during the third quarter of 2010 amounted to \$251 compared to \$307 for the same period in 2009 due to lower interest rates and fewer funds available for investing. Interest income during the nine months ended September 30, 2010 amounted to \$601 compared to \$4,394 for the nine months ended September 30, 2009. This decrease is a result of substantially lower interest rates in 2010 than in 2009.

Administrative expenses during the third quarter of 2010 amounted to \$189,266 compared to \$214,542 in the third quarter of 2009. Administrative expenses during the nine months ended September 30, 2010 amounted to \$764,943 compared to \$946,085 for the nine months ended September 30, 2009. For this period, these expenses were primarily related to administrative services provided by Walter Exploration & Production LLC, the Trustee and Mellon Bank (DE) National Association, a national bank, and

the preparation of periodic reports for submission to the SEC and to Unitholders during the period. The decrease in administrative expenses in the third quarter of 2010 as compared to the third quarter of 2009 is primarily due to lower professional expenses.

Distributable income for the third quarter of 2010 was \$2,204,103, or \$.28 per Unit, compared to distributable income for the third quarter of 2009 of \$2,105,058, or \$.27 per Unit. Distributable income for the nine months ended September 30, 2010 was \$6,970,898, or \$.89 per Unit, compared to \$9,321,198, or \$1.19 per Unit, for the nine months ended September 30, 2009. The Trust made a distribution on September 8, 2010 of \$0.277926 per Unit compared to a distribution of \$0.264913 per Unit made during the third quarter of 2009.

## **DOMINION RESOURCES BLACK WARRIOR TRUST**

**By: Bank of America, N.A., Trustee**



**By: Ron E. Hooper  
Senior Vice President**

November 29, 2010

## Condensed Statements of Assets, Liabilities and Trust Corpus <sup>(1)</sup>

	September 30, 2010 (Unaudited)	December 31, 2009
<b>Assets</b>		
Cash and cash equivalents.....	\$ 105,444	\$ 13,123
Royalty Interests in gas properties (less accumulated amortization of \$138,558,303 and \$136,316,950, respectively) .....	17,259,197	19,500,550
TOTAL ASSETS .....	<u>\$ 17,364,641</u>	<u>\$ 19,513,673</u>
<b>Liabilities and Trust Corpus</b>		
Trust expenses payable.....	\$ 129,109	\$ 167,722
Trust corpus (7,850,000 units beneficial interest authorized, issued and outstanding) .....	17,235,532	19,345,951
TOTAL LIABILITIES AND TRUST CORPUS .....	<u>\$ 17,364,641</u>	<u>\$ 19,513,673</u>

## Condensed Statements of Distributable Income (Unaudited) <sup>(1)</sup>

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Royalty income .....	\$ 2,393,118	\$ 2,319,293	\$ 7,735,240	\$ 10,262,889
Interest income .....	251	307	601	4,394
	<u>2,393,369</u>	<u>2,319,600</u>	<u>7,735,841</u>	<u>10,267,283</u>
General and administrative expenses .....	(189,266)	(214,542)	(764,943)	(946,085)
Distributable income.....	<u>\$ 2,204,103</u>	<u>\$ 2,105,058</u>	<u>\$ 6,970,898</u>	<u>\$ 9,321,198</u>
Distributable income per unit (7,850,000 units) .....	<u>\$ .28</u>	<u>\$ .27</u>	<u>\$ .89</u>	<u>\$ 1.19</u>

## Condensed Statements of Changes in Trust Corpus (Unaudited) <sup>(1)</sup>

	For the Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009
Trust corpus, beginning of period .....	\$ 19,345,951	\$ 22,941,064
Amortization of royalty interests .....	(2,241,353)	(2,411,450)
Distributable income.....	6,970,898	9,321,198
Distributions to Unitholders.....	(6,839,964)	(9,443,682)
Trust corpus, end of period.....	<u>\$ 17,235,532</u>	<u>\$ 20,407,130</u>
Distributions per unit (7,850,000 units).....	<u>\$ .87</u>	<u>\$ 1.20</u>

(1) The financial statements of the Trust are prepared on a modified cash basis and are not intended to present financial position and results of operations in conformity with generally accepted accounting principles ("GAAP"). Preparation of the Trust's financial statements on such basis includes the following:

- Royalty income and interest income are recorded in the period in which amounts are received by the Trust rather than in the month of production and accrual, respectively.
- General and administrative expenses recorded are based on liabilities paid and cash reserves established out of cash received.
- Amortization of the Royalty Interests is calculated on a unit-of-production basis and charged directly to trust corpus when revenues are received.
- Distributions to Unitholders are recorded when declared by the Trustee.

The financial statements of the Trust differ from the financial statements prepared in accordance with GAAP because royalty income is not accrued in the period of production, interest income is not accrued in the period it is earned, general and administrative expenses recorded are based on liabilities paid and cash reserves established rather than on an accrual basis, and amortization of the Royalty Interests is not charged against operating results.

Dominion Resources sold an aggregate of 6,904,000 Units in the Public Offering at a price of \$20.00 per Unit during 1994 and sold the remaining 946,000 Units to the public through the Underwriters pursuant to the Post-Effective Amendment during June 1995 at a price of \$18.75 per Unit. Accordingly, the Trust's royalty interests in gas properties and trust corpus at June 30, 1995 reflects the sale of 6,904,000 Units at the price of \$20.00 per Unit and of 946,000 Units at the price of \$18.75 per Unit.

## Supplemental Information regarding Distributions

The following Summary of Distributable Cash and Tax Information tables relate to the quarterly cash distribution to Unitholders payable on December 9, 2010 to Unitholders of record on November 29, 2010. The information in these tables concerns only that distribution, and differs

from the information contained in the financial statements for the Trust appearing elsewhere in this report. The distribution includes the proceeds from the sale of production attributable to the Royalty Interests for the period from July 1, 2010 through September 30, 2010.

### Summary of Distributable Cash

	December 9, 2010 Distribution
Proceeds to DBWB for Sale of Production from the Underlying Properties .....	\$ 5,002,246
Less: Production Taxes .....	(300,134)
Net Proceeds to DBWB.....	4,702,112
Cash Payable to Trust .....	\$ 2,472,283
Less: Trust Liabilities Paid.....	(182,718)
Adjustment of Cash Reserve.....	-0-
Interest Received.....	238
Distributable Cash.....	<u>\$ 2,287,804</u>
Distributable Cash per Unit.....	<u>\$ .291694</u>

### Estimated Quarterly Tax Information

The following information is intended to provide per Unit data which may be used in determining each Unitholder's share of return of capital, income, expenses and tax credits of the Trust for this distribution and should not be construed as professional tax or legal advice. This information relates to the distribution to Unitholders of record on the March 1, June 1, August 30 and

November 29, 2010 record dates and may be used by Unitholders for calculation of any future 2010 estimated tax payments. Final quarterly tax information for the year 2010 will be provided to Unitholders by the Trustee no later than March 15, 2011. Unitholders are encouraged to consult their own tax advisors.

	Quarterly Distribution (\$/Unit)			
	March 11, 2010	June 9, 2010	Sept. 8, 2010	Dec. 9, 2010
Gross Income.....	\$ .338672	\$ .384451	\$ .321067	\$ .335043
Production Taxes .....	(.018607)	(.023991)	(.016212)	(.020103)
Net Royalty Income.....	.320065	.360460	.304856	.314941
General and Administrative Expenses.....	(.033125)	(.039389)	(.039699)	(.023276)
Interest Income.....	.000032	.000015	.000031	.000030
Adjustment of Cash Reserve.....	(.014650)	-0-	.012739	-0-
Net Cash Distribution .....	<u>\$ .272321</u>	<u>\$ .321086</u>	<u>\$ .277926</u>	<u>\$ .291694</u>
Estimated Cost Depletion Factor.....	<u>4.05%</u>	<u>3.59%</u>	<u>3.85%</u>	<u>3.81%</u>

## Supplemental Information Regarding the Royalty Interests

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The Royalty Interests owned by the Trust burden DBWB's interest in the Underlying Properties. The Royalty Interests are passive in nature and neither the Trustee nor the Delaware Trustee has any control over or responsibility relating to the operation

of the Underlying Properties or DBWB's interest therein. The following information relating to the Royalty Interests has been prepared and furnished by DBWB to the Trustee for inclusion herein.

## Summary of Production and Prices

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	For Three Months Ended September 30, 2010
Production .....	1.144
Production (Trillion Btu) .....	1.142
Average Price Received (\$/MMBtu) .....	\$4.39

## **For information contact:**

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### ***Dominion Resources Black Warrior Trust***

U.S. Trust, Bank of America

Private Wealth Management

901 Main Street, 17th Floor

Dallas, Texas 75202

1-800-365-6548

[www.dom-dominionblackwarriortrust.com](http://www.dom-dominionblackwarriortrust.com)