

WILLIAMS COAL SEAM GAS ROYALTY TRUST

**2010
TAX INFORMATION**

Williams Coal Seam Gas Royalty Trust

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Williams Coal Seam Gas Royalty Trust

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February 21, 2010

IMPORTANT 2010 TAX INFORMATION

To Unitholders:

This tax booklet contains the information needed by Unitholders of Williams Coal Seam Gas Royalty Trust (the “Trust”) to compute the 2010 Federal and state taxable income and deductions attributable to their Units. The items of income, deduction, and any other information shown in this booklet must be taken into account in computing your taxable income and credits on your Federal income tax return and any state tax returns. The information in this tax booklet consists of the following:

- (a) Federal Income Tax Information and Instructions for Schedules A and B.
- (b) Grantor Trust—Schedules A and B (Part I).
- (c) Supplemental Tax Tables (Schedule B—Part II) and Worksheet.

In an attempt to simplify the use of the information herein for Unitholders, we have created specific schedules for two categories of Unitholders: (1) those who owned the same Units of record on all four quarterly record dates during 2010 (February 16, May 17, August 16 and November 15), and (2) those who either acquired, sold or exchanged Units under circumstances such that they were not the holder of record of the same Units on all four quarterly record dates in 2010. For those Unitholders in category (1), Schedule A, page 13, provides information for Federal income tax purposes on a calendar year basis per Unit for 2010. For those Unitholders in category (2), Part I of Schedule B, page 14, provides information for Federal income tax purposes on a quarterly basis per Unit for 2010.

Individual taxpayers who held Units as an investment and who file Form 1040 for 2010 on a calendar year basis will find specific reference to the applicable lines of Form 1040 on page 4 of this tax booklet under the caption “*Individual Taxpayers.*”

The Trust terminated effective March 1, 2010 pursuant to the terms of the Trust Agreement. On October 27, 2010, the Trust sold the remaining assets owned by the Trust, and on November 29, 2010, the Trust made a per Unit special liquidating cash distribution of the proceeds from such sale equal to \$2.381443 to Unitholders of record on November 15, 2010 (the “Liquidating Distribution”). In addition to the 2010 cash distributions related to royalty income, Unitholders must also take into account their Liquidating Distribution in computing their 2010 Federal and state taxable income and deductions attributable to their Units.

The Trustee has included with this tax booklet, if the requisite information was available to the Trustee, individualized tax information for the Unitholder. The requisite information was available to the Trustee only if (i) you held your Units of record in your own name or (ii) you held your Units in “street name” or through some other nominee and your brokerage firm or the other record holder has made your name and address available to the Trustee as the beneficial owner of the Units.

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Unitholders are encouraged to read all of the enclosed material very carefully and to retain it as part of their tax records. The information and instructions contained herein are designed to assist Unitholders who are U.S. citizens in complying with their Federal and state income tax reporting requirements and should not be construed as advice to any specific Unitholder. Unitholders should also consult any IRS Forms 1099 and written tax statements issued by certain middlemen (discussed in more detail on page 29) that hold Trust Units on your behalf. Each Unitholder should consult the Unitholder's own tax adviser regarding all tax compliance matters relating to his Units.

U.S. TRUST, BANK OF AMERICA PRIVATE WEALTH MANAGEMENT, TRUSTEE

Williams Coal Seam Gas Royalty Trust

FEDERAL INCOME TAX INFORMATION AND INSTRUCTIONS FOR SCHEDULES A AND B

Reporting of Income and Deductions

Direct Ownership Reporting. The Trust* is treated as a grantor trust for Federal income tax purposes. As a result, each Unitholder is treated as owning directly an interest in the Royalty Interests, and each Unitholder will be taxed directly on his pro rata share of income and deductions attributable to the Royalty Interests consistent with the Unitholder's method of accounting and without regard to the taxable year or accounting method employed by the Trust. Therefore, a cash-basis Unitholder would report his pro rata share of income or deductions of the Trust received or paid by the Trust during his tax year. An accrual-basis Unitholder would report his pro rata share of income or deductions of the Trust accrued by the Trust during his tax year.

For purposes of reporting income and deductions from the Trust, both cash and accrual-basis Unitholders should be treated as realizing income and incurring deductions only on quarterly record dates. Therefore, if you were the Unitholder of record on one or more of the four quarterly record dates in 2010, you should use the tax information provided herein for such record date(s) in determining the proper amount of income and deduction for 2010.

Taxable Year. If Trust expenses do not exceed income in a calendar quarter, the Trust distributes cash within 60 days after the end of each calendar quarter to Unitholders of record on the associated record date (*i.e.*, the 45th day following the end of each calendar quarter or if such day is not a business day, the next business day thereafter). Schedule B reflects amounts for each such quarterly record date during the 2010 calendar year. Schedule B provides Unitholders the relevant information to compute the tax consequences of owning Units on each such quarterly record date during his taxable year. For the convenience of Unitholders who report on the calendar year and who owned the same Units on all four quarterly record dates during 2010, Schedule A, which aggregates the quarterly information set forth in Parts I and II of Schedule B, is also attached. Unitholders should also refer to pages 6-7 under "Trust Termination / Asset Sales and Dispositions" for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

2010 Information Regarding Trust Income and Deductions. The relevant tax information is reported in the included schedules as follows:

- (i) *Royalty Income.* The gross amount of royalty income received by the Trust from the Royalty Interests (on a per Unit basis) during the period covered is reported in Column (a) of Part I of Schedule A.
- (ii) *Severance Tax.* Severance tax allocated to the Royalty Interests held by the Trust (on a per Unit basis) during the period covered is reported in Column (b) of Part I of Schedule A.
- (iii) *Interest Income.* Interest income (on a per Unit basis) during the period covered is reported in Part II of Schedule A.
- (iv) *Administrative Expenses.* Administrative expenses paid (on a per Unit basis) during the period covered are reported in Part II of Schedule A.

* Capitalized terms used herein are defined in the section titled "GENERAL INFORMATION CONCERNING THE TRUST" at the end of this booklet.

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Unitholders should also refer to pages 6-7 under “Trust Termination / Asset Sales and Dispositions” for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

Unit Multiplication. Because each schedule shows results only on a per Unit basis, it will be necessary for each Unitholder to multiply the gross royalty income and severance tax shown in Part I of either Schedule A or B and the interest income and administrative expenses shown in either Part II of Schedule A or Part I of Schedule B by the number of Units owned by such Unitholder on each quarterly record date on which he owned Units during the applicable period in order to obtain the amount to be reported on his tax return for that period. Income and deductions (other than depletion) may be computed directly from the appropriate schedules. Depletion per Unit must be computed as provided below under the heading “Computation of Depletion.” Unitholders should also refer to pages 6-7 under “Trust Termination / Asset Sales and Dispositions” for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

Individual Taxpayers. For Unitholders who held the Units as an investment and who file Form 1040 for 2010 on a calendar year basis, it is suggested that the items of income and deduction computed from the appropriate schedules be reported in the following manner:

Item	Form 1040
Gross Royalty Income	Line 4, Part I, Schedule E
Severance Tax	Line 16, Part I, Schedule E
Administrative Expenses	Line 18, Part I, Schedule E
Depletion	Line 20, Part I, Schedule E
Interest Income	Line 1, Part I, Schedule B

Nominee Reporting. Any person who held Units as nominee for another person should report the distributions from the Trust (other than the Liquidating Distribution, as defined below) as royalty income on Form 1099—MISC. It is suggested that the net taxable income before depletion should be reported on Form 1099—MISC in accordance with the included schedules. In years where there are no reconciling items, the net taxable income before depletion will equal the cash distributions from the Trust (other than the Liquidating Distribution, as defined below) . See “Reconciliation of Taxable Income and Cash Distributions” below. Any person who held Units as nominee for another person should report the Liquidating Distribution (as defined below) on Form 1099-B. See also page 29 regarding certain reporting requirements imposed upon middlemen under U.S. Treasury Regulations because the Trust is considered a WHFIT for Federal income tax purposes.

Computation of Depletion

Each Unitholder may determine his depletion deduction by using the greater of cost or percentage depletion. See “Apportionment of Basis” below. As discussed in more detail herein, Unitholders may be entitled to a deduction for either cost depletion or percentage depletion (but not both), depending

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upon each Unitholder's individual facts relating to the ownership of Units. Accordingly, the Trust is providing amounts for computing cost depletion and percentage depletion.

Cost Depletion. Each Unitholder is entitled to compute cost depletion with respect to his share of royalty income received by the Trust. To compute cost depletion for the period covered, each Unitholder should multiply his basis in each Royalty Interest (reduced by the prior period depletion, if any) by the factor indicated in Column (d) of Part I of Schedule A, which factor was obtained by dividing the estimated quantity of reserves at the beginning of the year into the quantity produced and sold during the period.

Apportionment of Basis. For cost depletion purposes, a Unitholder's basis in each Royalty Interest is determined by apportioning his basis in his Units among each Royalty Interest in proportion to the relative fair market values of each Royalty Interest on the date the Units were acquired by him. For Unitholders acquiring Units in 2010, Column (e) of Part I of Schedule A sets forth a newly revised basis allocation factor which is based on the Trustee's determination of the relative fair market value of each Royalty Interest for 2010. A Unitholder should allocate his basis in accordance with the basis allocation factor in Column (e) of Part I of Schedule A for the quarter in which he purchased Units and should not thereafter reallocate his basis.

A 2010 Cost Depletion Worksheet is enclosed to assist Unitholders in computing their cost depletion deduction. Notes are contained in the Specific Instructions for 2010 Cost Depletion Worksheet to explain certain aspects of the depletion deduction calculation and two examples are included at the end of such worksheet to illustrate the computation of the cost depletion deduction.

For your convenience, a simple cost depletion calculator is available on the Williams Coal Seam Gas Royalty Trust website at: www.wtu-williamscoalseamgastrust.com on the "Home" page.

Percentage Depletion. A percentage depletion schedule is also enclosed to assist Unitholders in computing their percentage depletion deduction. A Unitholder is entitled to a percentage depletion deduction, in lieu of a cost depletion deduction, if percentage depletion exceeds cost depletion for any taxable period. To compute percentage depletion for any taxable period, Unitholders should multiply the appropriate percentage depletion factor indicated on Table VIII of Part II of Schedule B by the number of Units owned by such Unitholder. Unlike cost depletion, percentage depletion is not limited to a Unitholder's depletable tax basis in the Units. Rather, a Unitholder is entitled to a percentage depletion deduction as long as the Royalty Interests generate gross income.

Reconciliation of Taxable Income and Cash Distributions

The difference between the per Unit taxable income for any period and the per Unit cash distributions, if any, reported for such period is attributable to (i) items that are not currently deductible, such as an increase in the cash reserve maintained by the Trust for the payment of future expenditures, and (ii) items that do not constitute taxable income, such as a decrease in the cash reserve maintained by the Trust and/or a return of capital. See "Distributions Constituting Reconciling Items" below. In 2010, there were no increases or decreases in the cash reserve maintained by the Trust.

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2010 Quarterly Record Dates, Payment Dates and Cash Distributions Per Unit

<u>Quarterly Record Date</u>	<u>Payment Date</u>	<u>Cash Distribution Per Unit</u>
February 16, 2010	March 1, 2010	\$0.016972
May 17, 2010	May 28, 2010	\$0.011100
August 16, 2010	August 27, 2010	\$0.132276
November 15, 2010	November 29, 2010	\$0.034323
November 15, 2010	December 31, 2010	\$0.043749

The Trust terminated effective March 1, 2010 pursuant to the terms of the Trust Agreement. On October 27, 2010, the Trust sold the remaining assets owned by the Trust, and on November 29, 2010, the Trust made a per Unit special liquidating cash distribution of the proceeds from such sale equal to \$2.381443 to Unitholders of record on November 15, 2010 (the "Liquidating Distribution"). In addition to the above four per Unit non-liquidating cash distributions, Unitholders must also take into account their Liquidating Distribution in computing their 2010 Federal and state taxable income and deductions attributable to their Units. Unitholders should refer to pages 6-7 under "Trust Termination / Assets Sales and Dispositions" for relevant information to compute the tax consequences related to the Liquidating Distribution.

Distributions Constituting Reconciling Items

For calendar year 2010, taxable income per Unit is equal to the cash distributions per Unit because there were no "Reconciling Items," as shown in Part III of Schedule A under "Reconciling Items." There were no Reconciling Items in 2010 because there were no increases or decreases to the cash reserve maintained by the Trust.

Adjustments to Basis

Each Unitholder should reduce his tax basis (but not below zero) in the New Mexico and Colorado Royalty Interests (and, correspondingly, his Units) by the amount of depletion allowable with respect to the Royalty Interests and by the amount of any return of capital (including returns of capital resulting from decreases in the cash reserve maintained by the Trust). See Part III of Schedule A; see also Part I of Schedule B for a breakdown of the annual information on a quarterly basis per Unit.

Non-Passive Activity, Income, Credits and Loss

The income, credits and expenses of the Trust are not taken into account in computing the passive activity losses and income under Section 469 of the Internal Revenue Code for a Unitholder who acquires and holds Units as an investment and did not acquire them in the ordinary course of a trade or business.

Sale of Units

Generally, a Unitholder will realize gain or loss on the sale or exchange of his Units measured by the difference between the amount realized on the sale or exchange and his adjusted basis for such Units. Gain or loss on the sale of Units by a Unitholder who is not a dealer with respect to such Units and who has a holding period for the Units of more than one year will be treated as long-term capital

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gain or loss except to the extent of the depletion recapture amount as explained below. A Unitholder's basis in his Units generally will be equal to the amount paid for such Units. Such basis will be reduced (but not below zero) by deductions for depletion claimed by the Unitholder and by any purchase price adjustment that constitutes a return of capital.

For Federal income tax purposes, the sale of a Unit will be treated as a sale by the Unitholder of his interest in the Royalty Interests. Thus, upon the sale of the Units, a Unitholder must treat as ordinary income his depletion recapture amount, which is an amount equal to the lesser of (i) gain on such sale attributable to disposition of the Royalty Interests or (ii) the sum of the prior depletion deductions taken with respect to the Royalty Interests (but not in excess of the initial basis of such Units allocated to the Royalty Interests).

Trust Termination / Asset Sales and Dispositions

The Trust terminated effective March 1, 2010 pursuant to the terms of the Trust Agreement. On October 27, 2010, the Trust sold the remaining Royalty Interests owned by the Trust at such time (the "Remaining Royalty Interests"). On November 29, 2010, the Trust made a per Unit special liquidating cash distribution of the proceeds from the sale of the Remaining Royalty Interests equal to \$2.381443 per Unit.

For Federal income tax purposes, the sale of the Remaining Royalty Interests is taxable to the Unitholders. Each Unitholder will recognize gain or loss on such sale measured by the difference between the Unitholder's share of the amount realized from the sale of the Remaining Royalty Interests and such Unitholder's adjusted basis in his or her Units.

Prior to determining the gain or loss resulting from the sale of the Remaining Royalty Interests, each Unitholder should reduce his tax basis (but not below zero) in the Remaining Royalty Interests (and, correspondingly, his Units) by (1) the amount of depletion allowable with respect to the Remaining Royalty Interests through the date of the sale, and (2) by the amount of any return of capital.

Assuming a Unitholder holds his or her Units as a capital asset, gain or loss from the sale of the Remaining Royalty Interests will be treated as a capital gain or loss. If the Units have been held for more than one year, the gain or loss will constitute a long-term capital gain or loss; otherwise, the gain or loss will constitute a short-term capital gain or loss. Notwithstanding the foregoing, a Unitholder must treat as ordinary income his or her depletion recapture amount, which is an amount equal to the lesser of (i) the Unitholder's gain on the sale of the Remaining Royalty Interests or (ii) the sum of the prior depletion deductions taken by the Unitholder with respect to the Remaining Royalty Interests (but not in excess of the initial basis of such Units allocated to the Remaining Royalty Interests).

Redemptions

As discussed immediately above under "Trust Termination / Asset Sales and Dispositions," the Trust terminated effective March 1, 2010. The Trust thereafter sold the Remaining Royalty Interests, and on November 29, 2010, the Trust made a per Unit special liquidating cash distribution of the proceeds of such sale equal to \$2.381443 to Unitholders of record on November 15, 2010. Prior to the foregoing special liquidating cash distribution resulting from the termination of the Trust, there had been no redemptions of Trust interests during the year.

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Tax Shelter Registration

Because certain tax benefits are anticipated, the Trust is registered as a tax shelter with the Internal Revenue Service (“IRS”). Prior law provided that a Unitholder who sold or otherwise transferred a Unit must furnish the tax shelter registration number to the transferee. Prior law provided further that Unitholders were required to disclose the tax shelter registration number of the Trust on Form 8271 to be attached to the Unitholder’s tax return on which any deduction, loss, credit or other benefit generated by the Trust was claimed or income of the Trust was included. The IRS has issued Treasury Regulations that modify the reporting requirements for Unitholders in circumstances described herein. According to the preamble to such Treasury Regulations issued by the IRS, Unitholders are no longer required to file Form 8271 otherwise due on or after August 3, 2007. Form 8271 has accordingly been obsoleted by the IRS and is not included in these materials.

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Form **6251**

Alternative Minimum Tax—Individuals

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

2010
Attachment
Sequence No. **32**

▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 6. (If less than zero, enter as a negative amount.)		
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-		
3	Taxes from Schedule A (Form 1040), lines 5, 6, and 8		
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions		
5	Miscellaneous deductions from Schedule A (Form 1040), line 27		
6	If filing Schedule L (Form 1040A or 1040), enter as a negative amount the sum of lines 6 and 17 from that schedule	()
7	Tax refund from Form 1040, line 10 or line 21	()
8	Investment interest expense (difference between regular tax and AMT)		
9	Depletion (difference between regular tax and AMT)		
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount		
11	Alternative tax net operating loss deduction	()
12	Interest from specified private activity bonds exempt from the regular tax		
13	Qualified small business stock (7% of gain excluded under section 1202)		
14	Exercise of incentive stock options (excess of AMT income over regular tax income)		
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)		
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)		
17	Disposition of property (difference between AMT and regular tax gain or loss)		
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)		
19	Passive activities (difference between AMT and regular tax income or loss)		
20	Loss limitations (difference between AMT and regular tax income or loss)		
21	Circulation costs (difference between regular tax and AMT)		
22	Long-term contracts (difference between AMT and regular tax income)		
23	Mining costs (difference between regular tax and AMT)		
24	Research and experimental costs (difference between regular tax and AMT)		
25	Income from certain installment sales before January 1, 1987.	()
26	Intangible drilling costs preference		
27	Other adjustments, including income-based related adjustments		
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$219,900, see page 8 of the instructions.)		

Part II Alternative Minimum Tax (AMT)

29	Exemption. (If you were under age 24 at the end of 2010, see page 8 of the instructions.) IF your filing status is AND line 28 is not over THEN enter on line 29 Single or head of household \$112,500 \$47,450 Married filing jointly or qualifying widow(er) 150,000 72,450 Married filing separately 75,000 36,225 If line 28 is over the amount shown above for your filing status, see page 8 of the instructions.		
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 33 and 35 and skip the rest of Part II		
31	• If you are filing Form 2555 or 2555-EZ, see page 9 of the instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on the back and enter the amount from line 54 here. • All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.		
32	Alternative minimum tax foreign tax credit (see page 9 of the instructions)		
33	Tentative minimum tax. Subtract line 32 from line 31		
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be refigured without using Schedule J (see page 11 of the instructions)		
35	AMT. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45		

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Part III Tax Computation Using Maximum Capital Gains Rates

<p>36 Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet on page 9 of the instructions</p>	36		
<p>37 Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as refigured for the AMT, if necessary) (see page 11 of the instructions). If you are filing Form 2555 or 2555-EZ, see page 11 of the instructions for the amount to enter</p>	37		
<p>38 Enter the amount from Schedule D (Form 1040), line 19 (as refigured for the AMT, if necessary) (see page 11 of the instructions). If you are filing Form 2555 or 2555-EZ, see page 11 of the instructions for the amount to enter</p>	38		
<p>39 If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as refigured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see page 11 of the instructions for the amount to enter</p>	39		
<p>40 Enter the smaller of line 36 or line 39</p>	40		
<p>41 Subtract line 40 from line 36</p>	41		
<p>42 If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result</p>	42		
<p>43 Enter:</p> <ul style="list-style-type: none"> • \$68,000 if married filing jointly or qualifying widow(er), • \$34,000 if single or married filing separately, or • \$45,550 if head of household. 	43		
<p>44 Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter -0-</p>	44		
<p>45 Subtract line 44 from line 43. If zero or less, enter -0-</p>	45		
<p>46 Enter the smaller of line 36 or line 37</p>	46		
<p>47 Enter the smaller of line 45 or line 46</p>	47		
<p>48 Subtract line 47 from line 46</p>	48		
<p>49 Multiply line 48 by 15% (.15)</p>	49		
<p>If line 38 is zero or blank, skip lines 50 and 51 and go to line 52. Otherwise, go to line 50.</p>			
<p>50 Subtract line 46 from line 40</p>	50		
<p>51 Multiply line 50 by 25% (.25)</p>	51		
<p>52 Add lines 42, 49, and 51</p>	52		
<p>53 If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result</p>	53		
<p>54 Enter the smaller of line 52 or line 53 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet on page 9 of the instructions</p>	54		

Williams Coal Seam Gas Royalty Trust

NEW MEXICO AND COLORADO STATE INCOME TAX INFORMATION

All revenues attributable to the Royalty Interests are from sources within either Colorado or New Mexico, as reflected in the Supplemental Tax Tables included herein as Part II of Schedule B. Colorado and New Mexico tax income of nonresidents from real property located within that state. The Trust has been advised by Colorado and New Mexico tax counsel that those states will each tax nonresidents on royalty income from the Royalty Interests located in that state. The revenues and expenses attributable to the Royalty Interests located in each state are reflected in the various Tables I—VII of Part II of Schedule B to assist Unitholders in complying with state tax obligations. The sale of the Remaining Royalty Interests may also be a taxable event to the Unitholders for state tax purposes. Each Unitholder should consult his tax adviser regarding the requirements for filing state income tax returns for his state of residence, Colorado and New Mexico.

Copies of certain Colorado and New Mexico state income tax forms for individuals are included in this booklet. Further information and other state forms may be obtained from the Colorado and New Mexico taxing authorities at the addresses below:

Colorado Department of Revenue
1375 Sherman Street
Denver, Colorado 80261
(303) 238-3278 (Forms)
(303) 238-7378 (Tax Information)
www.revenue.state.co.us/

New Mexico Taxation and Revenue Department
1100 S. St. Francis Drive
P.O. Box 630
Santa Fe, New Mexico 87504-0630
(505) 827-0700
www.tax.state.nm.us

THE INFORMATION AND INSTRUCTIONS CONTAINED IN THIS BOOKLET ARE DESIGNED TO ASSIST UNITHOLDERS WHO ARE U.S. CITIZENS IN COMPLYING WITH THEIR FEDERAL AND STATE INCOME TAX REPORTING REQUIREMENTS BASED ON THE TREATMENT OF THE TRUST AS A GRANTOR TRUST AND SHOULD NOT BE CONSTRUED AS TAX ADVICE TO ANY SPECIFIC UNITHOLDER. A UNITHOLDER SHOULD CONSULT THE UNITHOLDER'S OWN TAX ADVISER REGARDING ALL TAX COMPLIANCE MATTERS RELATING TO SUCH UNITHOLDER'S UNITS.

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SUPPLEMENTAL TAX TABLES AND WORKSHEET

In addition to Schedules A and B (Part I), Supplemental Tax Tables (Part II of Schedule B) and a Worksheet are provided for the use of Unitholders. The Supplemental Tax Tables (Part II of Schedule B) and Worksheet comprise eight tables and a 2010 Cost Depletion Worksheet.

For purposes of computing income and deductions (excluding depletion), Unitholders who are calendar year taxpayers and held the same Units of record on all four quarterly record dates during 2010 should use Schedule A. Unitholders who have a taxable year other than December 31 should use Schedule B (Part I). Tables I—V (Part II of Schedule B) should be used only by calendar year Unitholders who acquired, sold or exchanged Units during 2010 under circumstances such that they were not the holder of record of the same Units on all four quarterly record dates during 2010. Unitholders should also refer to pages 6-7 under “Trust Termination / Asset Sales and Dispositions” for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

To assist all Unitholders in calculating their cost depletion or percentage depletion deduction, as the case may be, Tables VI—VIII (Part II of Schedule B) and the 2010 Cost Depletion Worksheet are provided. Notes are contained in the Specific Instructions for the 2010 Cost Depletion Worksheet to explain and assist in preparing a Unitholder’s cost depletion deduction.

Williams Coal Seam Gas Royalty Trust

Grantor Trust—SCHEDULE A—2010

EIN: 75—6437433
CUSIP NO.: 96945010

PART I—ROYALTY INFORMATION PER UNIT

For a taxpayer who (i) owned the same Units of record on all four quarterly record dates during 2010 (February 16, May 17, August 16, and November 15) and (ii) reports his Federal income taxes on a calendar year basis, the following table reflects the relevant tax information on a per Unit basis for the entire year 2010.

	(a)	(b)	(c)	(d)	(e)
	Gross Royalty Income	Severance Tax	Net Royalty Income (A)	Cost Depletion Factor	Basis Allocation Factor
New Mexico — Gas	\$0.397480	\$0.108895	\$0.288585	0.235352	0.935271
Colorado — Gas	0.089236	-0-	0.089236	0.069841	0.064729
TOTAL FOR YEAR	\$0.486716	\$0.108895	\$0.377821		1.000000

PART II—OTHER INCOME AND EXPENSE PER UNIT

Interest Income (B)	\$0.000039
Administrative Expenses (C)	\$0.139440

PART III—RECONCILIATION OF TAXABLE INCOME AND CASH DISTRIBUTIONS PER UNIT

Taxable Income, before Depletion (A + B - C)	\$0.238420
Reconciling Items	
Net Annual (Increase) Decrease to Cash Reserve	-0-
Cash Distributions	\$0.238420*

* Unitholders should also refer to pages 6-7 under “Trust Termination / Asset Sales and Dispositions” for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

Williams Coal Seam Gas Royalty Trust

Grantor Trust—SCHEDULE B—2010

EIN: 75—6437433
CUSIP NO.: 96945010

FACTORS FOR 2010
(In dollars per Unit)

PART I—ROYALTY INCOME AND EXPENSE PER UNIT

For a taxpayer who either (i) acquired, sold or exchanged Units under circumstances such that they were not the holder of record of the same Units on all four quarterly record dates in 2010, or (ii) reports his Federal income taxes on other than a calendar year basis, the following table reflects the specified tax information on a per Unit basis for each quarterly record date during 2010. Unitholders should also refer to pages 6-7 under “Trust Termination / Asset Sales and Dispositions” for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

	<u>Quarterly Record Date</u>			
	<u>February 16</u>	<u>May 17</u>	<u>August 16</u>	<u>November 15</u>
Gross Royalty Income	\$0.110634	\$0.057407	\$0.193934	\$0.124741
Severance Tax	0.031812	0.015389	0.041045	0.020649
Interest Income	0.000005	0.000007	0.000006	0.000021
Administrative Expenses	0.061855	0.030925	0.020619	0.026041
Taxable Income, before Depletion	0.016972	0.011100	0.132276	0.078072
Reconciling Items — (Increase)/Decrease to Cash				
Reserve	-0-	-0-	-0-	-0-

Williams Coal Seam Gas Royalty Trust

Grantor Trust—SCHEDULE B—2010 (Continued)

PART II—SUPPLEMENTAL TAX TABLES

The following tables I—III and VI—VII reflect the specified tax information for 2010 on a per Unit basis stated in dollars segregated by the state of production. The remaining tables IV—V and VIII reflect the specified tax information for each quarter during 2010 on a per Unit basis stated in dollars. Unitholders should also refer to pages 6-7 under “Trust Termination / Asset Sales and Dispositions” for relevant information to compute the tax consequences related to the termination of the Trust, and the associated per Unit special liquidating cash distribution of the proceeds from the sale of the remaining assets of the Trust, which was made on November 29, 2010 to Unitholders of record on November 15, 2010.

Table I. Gross Royalty Income—New Mexico

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	\$0.086974	\$0.106635	\$0.276719	\$0.397480
May 17		0.019661	0.189745	0.310506
August 16			0.170084	0.290845
November 15				0.120761

Table II. Gross Royalty Income—Colorado

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	\$0.023660	\$0.061406	\$0.085256	\$0.089236
May 17		0.037746	0.061596	0.065576
August 16			0.023850	0.027830
November 15				0.003980

Table III. Severance Tax—New Mexico

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	\$0.031812	\$0.047201	\$0.088246	\$0.108895
May 17		0.015389	0.056434	0.077083
August 16			0.041045	0.061694
November 15				0.020649

Williams Coal Seam Gas Royalty Trust

Grantor Trust—SCHEDULE B—2010 (Continued)

PART II—SUPPLEMENTAL TAX TABLES (Continued)

Table IV. Administrative Expenses

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	\$0.061855	\$0.092780	\$0.113399	\$0.139440
May 17		0.030925	0.051544	0.077585
August 16			0.020619	0.046660
November 15				0.026041

Table V. Interest Income

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	\$0.000005	\$0.000012	\$0.000018	\$0.000039
May 17		0.000007	0.000013	0.000034
August 16			0.000006	0.000027
November 15				0.000021

Table VI. Cost Depletion Factors—New Mexico Royalty Interests

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	0.070842	0.131289	0.197520	0.235352
May 17		0.060447	0.126678	0.164510
August 16			0.066231	0.104063
November 15				0.037832

Table VII. Cost Depletion Factors—Colorado Royalty Interests

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	0.024192	0.045327	0.058454	0.069841
May 17		0.021135	0.034262	0.045649
August 16			0.013127	0.024514
November 15				0.011387

Williams Coal Seam Gas Royalty Trust

Grantor Trust—SCHEDULE B—2010 (Continued)

PART II—SUPPLEMENTAL TAX TABLES (Continued)

Table VIII. Percentage Depletion Factors

For a Unit owned of record as of the following quarterly record dates:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
February 16	\$0.016595	\$0.025206	\$0.054296	\$0.073007
May 17		0.008611	0.037701	0.056412
August 16			0.029090	0.047801
November 15				0.018711

Williams Coal Seam Gas Royalty Trust

2010 COST DEPLETION WORKSHEET

The following may help you calculate your *cost depletion* to be reported on your Federal income tax return.

A. If you *owned* the same Units on all four quarterly record dates during 2010, your cost depletion would be calculated as follows:

	<u>Tax Basis</u>	×	<u>Basis Allocation Factors</u>	=	<u>Tax Basis Allocated</u>	-	<u>Cost Depletion Allowed or Allowable in Prior Years and Adjustments for Return of Capital</u>	=	<u>Adjusted Tax Basis Allocated</u>	×	<u>2010 Cost Depletion Factor</u>	=	<u>Cost Depletion</u>
New Mexico — Gas		×		=		-		=		×	0.235352	=	
Colorado — Gas		×		=		-		=		×	0.069841	=	
Total		×	1.00	=		-		=				=	

B. If you *sold* the Units during 2010 or *acquired* or exchanged the Units during 2010 under circumstances such that you did not own the same Units on all four quarterly record dates during 2010, your cost depletion for the portion of the year that you held the Units would be calculated as follows:

	<u>Tax Basis</u>	×	<u>Basis Allocation Factors</u>	=	<u>Tax Basis Allocated</u>	-	<u>Cost Depletion Allowed or Allowable in Prior Years and Adjustments for Return of Capital</u>	=	<u>Adjusted Tax Basis Allocated</u>	×	<u>Partial Year Cost Depletion Factor</u>	=	<u>Cost Depletion</u>
New Mexico — Gas		×		=		-		=		×	0._____	=	
Colorado — Gas		×		=		-		=		×	0._____	=	
Total		×	1.00	=		-		=				=	

Specific Instructions For 2010 Cost Depletion Worksheet

Basis. A Unitholder’s tax basis in his Units must be determined from the Unitholder’s records and generally will equal the amount paid for the Units including broker’s commissions (or, in the case of Williams, the adjusted tax basis of WPC of such Units on the date they were distributed). However, there could be other taxable events which cause the original basis to be revised. For example, the original basis of Units passing through an estate will be changed to reflect the fair market value of the Units on date of death. Please consult your tax adviser concerning your original basis and any revisions thereto. The original basis should be entered in each blank of the first column of the 2010 Cost Depletion Worksheet.

Although the NPI and the Infill NPI comprise the Royalty Interests, only the NPI has had any production or reserves. Consequently, the Trustee believes that all of a Unitholder’s basis should be allocated to the NPI.

Williams Coal Seam Gas Royalty Trust

This worksheet assumes a Unitholder will take the cost depletion deduction. Some Unitholders may be entitled to a percentage depletion deduction in lieu of a cost depletion deduction, in which case Part II, Table VIII of Schedule B should be used to compute such Unitholder's depletion deduction. See pages 4-5 of this booklet for additional information regarding depletion deductions.

For your convenience, a simple cost depletion calculator is available on the Williams Coal Seam Gas Royalty Trust website at: www.wtu-williamscoalseamgastrust.com on the "Home" page.

Examples

EXAMPLE 1: UNITS ACQUIRED IN THE PUBLIC OFFERING AND OWNED AT THE END OF 2010.

Assume: A Unitholder acquired 100 Units in the Public Offering on January 21, 1993 at a price per Unit of \$20.00 and continued to own the same Units of record on November 15, 2010 (the last quarterly record date in 2010). To calculate the Unitholder's cost depletion for 2010, the Unitholder would reduce his initial tax basis allocation by the cost depletion allowed (and allowable) for each of the years from 1993 through 2009 and multiply the remainder times the cost depletion factors for 2010 as shown below.

	Tax Basis Allocated	-	Assumed Cost Depletion Allowed or Allowable in Prior Years and Adjustments for Return of Capital	=	Adjusted Tax Basis Allocated	×	Cost Depletion Factor	=	2010 Cost Depletion
New Mexico — Gas	\$1,862		\$1,084		\$778		0.235352		\$183.10
Colorado — Gas	138		105		33		0.069841		2.30
Total	\$2,000		\$1,189		\$811				\$185.40

EXAMPLE 2: UNITS ACQUIRED AFTER THE PUBLIC OFFERING AND SOLD DURING 2010.

Assume: A Unitholder acquired 100 Units on May 3, 2010, at a price per Unit of \$2.21 and sold them on October 15, 2010. To calculate the Unitholder's cost depletion for 2010, the Unitholder would multiply his initial tax basis allocation by the cost depletion factors for 2010 (for those quarterly record dates upon which he held the Units) obtained from Tables VI and VII of Part II of Schedule B.

	Tax Basis Allocated	-	Cost Depletion Allowed or Allowable in Prior Years and Adjustments for Return of Capital	=	Adjusted Tax Basis Allocated	×	Cost Depletion Factor	=	2010 Cost Depletion
New Mexico — Gas	\$207		\$ 0		\$207		.126678		\$26.18
Colorado — Gas	14		0		14		.034262		.48
Total	\$221		\$ 0		\$221				\$26.66

Williams Coal Seam Gas Royalty Trust

HISTORICAL INFORMATION CASH DISTRIBUTIONS AND SECTION 29 TAX CREDITS

WILLIAMS CASH DISTRIBUTIONS 1993-2009						
		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YTD
1993	RECORD DATES	2/16/93	5/17/93	8/16/93	11/15/93	EOY BAL
	DISTRIBUTION FACTORS	0.357452	0.486117	0.543523	0.547099	1.934191
1994	RECORD DATES	2/14/94	5/16/94	8/15/94	11/14/94	EOY BAL
	DISTRIBUTION FACTORS	0.584786	0.578101	0.612578	0.461049	2.236514
1995	RECORD DATES	2/14/95	5/15/95	8/14/95	11/14/95	EOY BAL
	DISTRIBUTION FACTORS	0.590825	0.672417	0.733171	0.695386	2.691799
1996	RECORD DATES	2/14/96	5/15/96	8/14/96	11/14/96	EOY BAL
	DISTRIBUTION FACTORS	0.657528	0.488130	0.564256	0.535875	2.245789
1997	RECORD DATES	2/14/97	5/15/97	8/14/97	11/14/97	EOY BAL
	DISTRIBUTION FACTORS	0.408865	0.617428	0.472711	0.430231	1.929235
1998	RECORD DATES	2/17/98	5/15/98	8/14/98	11/16/98	EOY BAL
	DISTRIBUTION FACTORS	0.302827	0.533202	0.473926	0.322739	1.632694
1999	RECORD DATES	2/16/99	5/17/99	8/16/99	11/15/99	EOY BAL
	DISTRIBUTION FACTORS	0.410741	0.286978	0.232301	0.277213	1.207233
2000	RECORD DATES	2/14/00	5/15/00	8/14/00	11/14/00	EOY BAL
	DISTRIBUTION FACTORS	0.402856	0.305708	0.246454	0.728103	1.683121
2001	RECORD DATES	2/14/01	5/15/01	8/14/01	11/14/01	EOY BAL
	DISTRIBUTION FACTORS	.0588029	0.893011	0.658097	0.366405	2.505542
2002	RECORD DATES	2/14/02	5/15/02	8/14/02	11/14/02	EOY BAL
	DISTRIBUTION FACTORS	0.199148	0.111184	0.221029	0.356223	0.887584
2003	RECORD DATES	2/14/03	5/15/03	08/14/03	11/14/03	EOY BAL
	DISTRIBUTION FACTORS	0.211474	0.378439	0.415848	0.441042	1.446803
2004	RECORD DATES	2/17/04	5/17/04	8/16/04	11/15/04	EOY BAL
	DISTRIBUTION FACTORS	0.346311	0.396403	0.405316	0.379323	1.527353
2005	RECORD DATES	2/14/05	5/16/05	8/15/05	11/14/05	EOY BAL
	DISTRIBUTION FACTORS	0.346311	0.321706	0.357841	0.379323	1.405181
2006	RECORD DATES	2/15/06	5/15/06	8/15/06	11/15/06	EOY BAL
	DISTRIBUTION FACTORS	0.562572	0.266448	0.231941	0.282846	1.343807
2007	RECORD DATES	2/14/07	5/15/07	8/14/07	11/14/07	EOY BAL
	DISTRIBUTION FACTORS	0.208780	0.216611	0.260930	0.194669	0.880990
2008	RECORD DATES	2/14/08	5/15/08	8/14/08	11/14/08	EOY BAL
	DISTRIBUTION FACTORS	0.179608	0.187237	0.349784	0.755888	1.472517
2009	RECORD DATES	2/17/09	5/15/09	8/14/09	11/16/09	EOY BAL
	DISTRIBUTION FACTORS	0.113810	0.065169	0.000000	0.022074	0.201052

2010 Tax Information
Williams Coal Seam Gas Royalty Trust

Williams Coal Seam Gas Royalty Trust

WILLIAMS SEC. 29 TAX CREDIT 1993-2009						
		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YTD
1993	RECORD DATES	2/16/93	5/17/93	8/16/93	11/15/93	EOY BAL
	SEC 29 TAX CREDIT	0	0.283417	0.430718	0.485697	1.199832
1994	RECORD DATES	2/14/94	5/16/94	8/15/94	11/14/94	EOY BAL
	SEC 29 TAX CREDITS	0.503702	0.512286	0.494438	0.518701	2.029127
1995	RECORD DATES	2/14/95	5/15/95	8/14/95	11/14/95	EOY BAL
	SEC 29 TAX CREDITS	0.595956	0.637212	0.688261	0.689289	2.610718
1996	RECORD DATES	2/14/96	5/15/96	8/14/96	11/14/96	EOY BAL
	SEC 29 TAX CREDITS	0.678106	0.533041	0.659525	0.495855	2.366527
1997	RECORD DATES	2/14/97	5/15/97	8/14/97	11/14/97	EOY BAL
	SEC 29 TAX CREDITS	0.450205	0.380729	0.537550	0.476736	1.845220
1998	RECORD DATES	2/17/98	5/15/98	8/14/98	11/16/98	EOY BAL
	SEC 29 TAX CREDITS	0.265645	0.609267	0.484234	0.438952	1.798098
1999	RECORD DATES	2/16/99	5/17/99	8/16/99	11/15/99	EOY BAL
	SEC 29 TAX CREDITS	0.425729	0.468290	0.314287	0.289276	1.497582
2000	RECORD DATES	2/14/00	5/15/00	8/14/00	11/14/00	EOY BAL
	SEC 29 TAX CREDITS	0.390355	0.327591	0.281367	0.377625	1.376938
2001	RECORD DATES	2/14/01	5/15/01	8/14/01	11/14/01	EOY BAL
	SEC 29 TAX CREDITS	0.282134	0.323599	0.352279	0.328452	1.286464
2002	RECORD DATES	2/14/02	5/15/02	8/14/02	11/14/02	EOY BAL
	SEC 29 TAX CREDITS	0.248948	0.155683	0.203726	0.292901	0.901258
2003	RECORD DATES	2/14/03	5/15/03	08/14/03	11/14/03	EOY BAL
	SEC. 29 TAX CREDITS	0.151645	—	—	—	0.151645
2004	RECORD DATES	2/17/04	5/17/04	8/16/04	11/15/04	EOY BAL
	SEC. 29 TAX CREDITS	—	—	—	—	—
2005	RECORD DATES	2/14/05	5/16/05	8/15/05	11/14/05	EOY BAL
	SEC. 29 TAX CREDITS	—	—	—	—	—
2006	RECORD DATES	2/14/06	5/15/06	8/14/06	11/14/06	EOY BAL
	SEC. 29 TAX CREDITS	—	—	—	—	—
2007	RECORD DATES	2/14/07	5/15/07	8/14/07	11/14/07	EOY BAL
	SEC. 29 TAX CREDITS	—	—	—	—	—
2008	RECORD DATES	2/14/08	5/15/08	8/14/08	11/14/08	EOY BAL
	SEC. 29 TAX CREDITS	—	—	—	—	—
2009	RECORD DATES	2/17/09	5/15/09	8/14/09	11/16/09	EOY BAL
	SEC. 29 TAX CREDITS	—	—	—	—	—

2010 Tax Information
Williams Coal Seam Gas Royalty Trust

Williams Coal Seam Gas Royalty Trust

HISTORICAL INFORMATION COST DEPLETION FACTORS

WILLIAMS TAX DEPLETION FACTORS 1993-2009						
		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YTD
1993	RECORD DATES	2/16/93	5/17/93	8/16/93	11/15/93	EOY BAL
	DEPL FACTOR	0	0.022556	0.034805	0.039825	0.097186
1994	RECORD DATES	2/14/94	5/16/94	8/15/94	11/14/94	EOY BAL
	DEPL FACTOR	0.040029	0.039380	0.039237	0.041749	0.160395
1995	RECORD DATES	2/14/95	5/15/95	8/14/95	11/14/95	EOY BAL
	DEPL FACTORS	0.031035	0.034376	0.038778	0.037869	0.142058
1996	RECORD DATES	2/14/96	5/15/96	8/14/96	11/14/96	EOY BAL
	DEPL FACTOR	0.044314	0.034072	0.043727	0.031722	0.153835
1997	RECORD DATES	2/14/97	5/15/97	8/14/97	11/14/97	EOY BAL
	DEPL FACTOR	0.029473	0.027921	0.036011	0.029108	0.122513
1998	RECORD DATES	2/17/98	5/15/98	8/14/98	11/16/98	EOY BAL
	DEPL FACTOR	0.032617	0.063779	0.049217	0.044163	0.189776
1999	RECORD DATES	2/16/99	5/17/99	8/16/99	11/15/99	EOY BAL
	DEPL FACTOR	0.064792	0.070918	0.048526	0.044445	0.228681
2000	RECORD DATES	2/14/00	5/15/00	8/14/00	11/14/00	EOY BAL
	DEPL FACTOR	0.062779	0.051531	0.046780	0.060672	0.221762
2001	RECORD DATES	2/14/01	5/15/01	8/14/01	11/14/01	EOY BAL
	DEPL FACTOR	0.038991	0.044380	0.050887	0.047839	0.182097
2002	RECORD DATES	2/14/02	5/15/02	8/14/02	11/14/02	EOY BAL
	DEPL FACTOR	.055758	0.034749	0.045443	0.064851	0.200801
2003	RECORD DATES	2/14/03	5/15/03	8/14/03	11/14/03	EOY BAL
	DEPL FACTOR	0.042495	0.051407	0.055846	0.041446	0.191194
2004	RECORD DATES	2/17/04	5/17/04	3/16/04	11/15/04	EOY BAL
	DEPL FACTOR	0.033003	0.047039	0.045030	0.039660	0.164732
2005	RECORD DATES	2/14/05	5/16/05	8/15/05	11/14/05	EOY BAL
	DEPL FACTOR	0.041537	0.041009	0.041145	0.038405	0.162096
2006	RECORD DATES	2/15/06	5/15/06	8/15/06	11/15/06	EOY BAL
	DEPL FACTOR	0.051330	0.037232	0.039992	0.047173	0.175727
2007	RECORD DATES	2/14/07	5/15/07	8/14/07	11/14/07	EOY BAL
	DEPL FACTOR	0.037976	0.034282	0.043669	0.032718	0.148645
2008	RECORD DATES	2/14/08	5/15/08	8/14/08	11/14/08	EOY BAL
	DEPL FACTOR	0.074631	0.057589	0.075960	0.073054	0.281234
2009	RECORD DATES	2/17/09	5/15/09	8/14/09	11/16/09	EOY BAL
	DEPL FACTOR	0.115626	0.104052	0.024003	0.069421	0.313102

2010 Tax Information
Williams Coal Seam Gas Royalty Trust

Williams Coal Seam Gas Royalty Trust

2010 FORM 104

(0013) COLORADO INDIVIDUAL INCOME TAX RETURN

Departmental Use Only


FULL-YEAR RESIDENT(S)
 PART-YEAR RESIDENT(S) OR NONRESIDENT(S)
 (or resident, part-year, nonresident combinations)
 For calendar year 2010 or fiscal year _____

LAST NAME	FIRST NAME AND INITIAL	DECEASED	SOCIAL SECURITY NUMBER
Yourself		<input type="checkbox"/> YES	
Spouse, if joint		<input type="checkbox"/> YES	
Mailing Address			Your telephone number ()
City	State	ZIP Code	Email Address
If you use a tax preparer and do not want this booklet mailed to you next year, please check here <input type="checkbox"/>			
Avoid math errors. e-file! NetFile is a free service: www.netfile.state.co.us ROUND TO THE NEAREST DOLLAR			
1 ENTER AMOUNT from federal Form 1040, line 43; or from federal Form 1040 A, line 27; or from federal Form 1040 EZ, line 6 (Federal Taxable Income).....			1 .00
ADDITIONS TO FEDERAL TAXABLE INCOME			
2 Enter the state income tax deduction, if any, from line 5 of Schedule A of your federal Form 1040,.....			2 .00
3 Other additions, explain:.....			3 .00
4 Total of lines 1 through 3			4 .00
SUBTRACTIONS FROM FEDERAL TAXABLE INCOME			
5 Enter the state income tax refund, if any, you reported on line 10 of your federal Form 1040			5 .00
6 United States government interest			6 .00
7 Pension-annuity subtraction, taxpayer			7 .00
8 Pension-annuity subtraction, spouse.....			8 .00
9 Colorado source capital gain (5 year assets acquired on or after 5/9/94)			9 .00
10 Tuition program contribution			10 .00
11 Qualifying charitable contribution			11 .00
12 Other subtractions, see instructions and check applicable box: <input type="checkbox"/> PERA contribution made in 1984-1986; <input type="checkbox"/> DPSRS contributions made in 1986; <input type="checkbox"/> tier I or II railroad benefits; <input type="checkbox"/> qualified reservation income <input type="checkbox"/> wildfire mitigation measures.....			12 .00
13 Total of lines 5 through 12			13 .00
14 COLORADO TAXABLE INCOME, line 4 minus line 13.....			14 .00
GO TO THE TAX TABLE ON PAGES 22 AND 23 WITH YOUR TAXABLE INCOME FROM LINE 14 TO FIND YOUR TAX.			
FULL-YEAR RESIDENTS ENTER YOUR TAX ON LINE 15. PART-YEAR RESIDENTS AND NONRESIDENTS GO TO FORM 104PN.			
INCOME TAX, PREPAYMENTS AND CREDITS			
15 COLORADO TAX from the tax table. Part-year residents and nonresidents enter tax from line 36, Form 104PN			15 .00
16 Alternative minimum tax from Form 104AMT			16 .00
17 Recapture of prior year credits			17 .00
18 Total of lines 15 through 17			18 .00
19 Total non-refundable credits from line 47, form 104CR (may not exceed total tax on lines 15 and 16).....			19 .00
20 Net Tax, line 18 minus line 19.....			20 .00
21 COLORADO INCOME TAX WITHHELD from wages and winnings.....			21 .00
22 ESTIMATED TAX payments and credits; extension payments; and amounts withheld on nonresident real estate sales and partnership/S corp/fiduciary income			22 .00
23 Total refundable credits from line 9, Form 104CR.....			23 .00
24 Total of lines 21 through 23			24 .00

STAPLE W-2, W2-G, AND 1099 FORMS HERE
 (only if Colorado tax withheld is reported on the form)

Williams Coal Seam Gas Royalty Trust

Page 14

VOLUNTARY CONTRIBUTIONS CHECKOFF COLORADO	25 Enter the amount from federal Form 1040, line 37; or from federal Form 1040A, line 21; or from federal Form 1040EZ, line 4 (Federal Adjusted Gross Income)..... ● 25	.00
	26 If line 24 is more than line 20, subtract line 20 from line 24. This is your overpayment 26	.00
	27 Amount you want credited to your 2011 estimated tax ● 27	.00
	ENTER THE AMOUNT, IF ANY, YOU WISH TO CONTRIBUTE TO:	
	28 The Nongame and Endangered Wildlife Cash Fund..... ● 28	.00
	29 The Colorado Domestic Abuse Program Fund..... ● 29	.00
	30 The Homeless Prevention Activities Program Fund..... ● 30	.00
	31 The Special Olympics Colorado Fund..... ● 31	.00
	32 The Western Slope Military Veterans' Cemetery Fund..... ● 32	.00
	33 The Pet Overpopulation Fund ● 33	.00
	34 The Colorado Healthy Rivers Fund ● 34	.00
	35 The Alzheimer's Association Fund ● 35	.00
	36 The Military Family Relief Fund..... ● 36	.00
	37 The Colorado Breast and Women's Reproductive Cancers Fund..... ● 37	.00
38 The Adult Stem Cell Cure Fund..... ● 38	.00	
39 The 9Health Fair Fund..... ● 39	.00	
40 The Make-A-Wish Foundation of Colorado Fund..... ● 40	.00	
41 The Colorado 2-1-1 First Call for Help Fund ● 41	.00	
42 The Unwanted Horse Fund ● 42	.00	
43 Total of lines 27 through 42 43	.00	
REFUND	44 Line 26 minus line 43. This is your REFUND. e-file this return. Get your refund faster! ● 44	.00
	(See page 9)  Routing number <input style="width: 100px; height: 15px; border: 1px solid black;" type="text"/> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings Account number <input style="width: 150px; height: 15px; border: 1px solid black;" type="text"/>	
AMOUNT OWED	AMOUNT YOU OWE	
	45 Penalty, also include on line 48 if applicable ● 45	.00
	46 Interest, also include on line 48 if applicable ● 46	.00
	47 Estimated tax penalty, also include on line 48 if applicable ● 47	.00
48 If line 20 is more than line 24, subtract line 24 from line 20. This is the amount you owe. Include amount entered on line 43 ● 48	.00	
• Pay online at www.colorado.gov/paytax , or make check payable to Colorado Department of Revenue. • To ensure you receive credit for your payment by check, write your social security number and "2010 Form 104" on your check. • DO NOT send cash; DO NOT staple check to return. <small>The State may convert your check to a one time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your bank account electronically.</small>		
THIRD PARTY DESIGNEE	Do you want to allow another person to discuss this return with the Colorado Department of Revenue (see page 9)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No	
	Designee's Name	Phone Number Personal Identification Number (PIN)
SIGN YOUR RETURN	Under penalties of perjury, I declare that to the best of my knowledge and belief, this return is true, correct, and complete.	
	Your Signature	Spouse's Signature. If joint return, BOTH must sign.
	Date	Year of Birth
	MAIL YOUR RETURN TO: COLORADO DEPARTMENT OF REVENUE DENVER, CO 80261-0005	
Paid Preparer's Name, Address and Telephone Number		

(10/07/10)

Williams Coal Seam Gas Royalty Trust

2010 PIT-1 NEW MEXICO PERSONAL INCOME TAX RETURN



For the year January 1 - December 31, 2010
 or fiscal year beginning _____ ending _____
 If amending use Form 2010 PIT-X.

Check this box if address is new or changed.

Print your name (first, middle, last) _____ Print your spouse's name (first, middle, last) Include spouse if married filing separately. _____ Mailing address _____ City, state and ZIP code _____	1. SOCIAL SECURITY NUMBER _____	Residency status: complete for each taxpayer. Enter "R" if RESIDENT; "N" if NON-RESIDENT; "F" if FIRST-YEAR RES.; "P" if PART-YEAR RES.	Check if taxpayer or spouse named on the return is deceased. Enter date of death. _____
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If a deceased taxpayer's refund must be made payable to a person other than the taxpayer or spouse named on the return, enter the name and SSN of that person. - You must also attach RPD-41083.

2. **EXEMPTIONS** - Number of Qualified Exemptions.
 If you are a dependent of another taxpayer, enter 00.

3. **EXTENSION OF TIME TO FILE** - Mark the box if you have a federal or state extension, and enter the extension date.

____/____/____

4. Check this box if federal Form(s) 8886, *Reportable Transaction Disclosure Statement*, is required to be attached.

5. FILING STATUS - Check only one box below.

<input type="checkbox"/> (1) Single
<input type="checkbox"/> (2) Married filing jointly
<input type="checkbox"/> (3) Married filing separately (Enter spouse's social security number above)
<input type="checkbox"/> (4) Head of household (Enter name of person qualifying you as head of household if that person is not counted as a qualified exemption on your federal return.)
<input type="checkbox"/> (5) Qualifying widow(er) with dependent child

6. DEPENDENTS: As listed on your federal return
 (Report additional dependents on Schedule PIT-S)

First name	Last name	Dependent's SSN	Date of birth (MM/DD/CCYY)

- 7. **FEDERAL ADJUSTED GROSS INCOME** (From federal Form 1040, line 38; Form 1040A, line 22; or Form 1040EZ, line 4)
- 8. If you itemized your federal deduction amount, enter the amount of state and local income or general sales tax deduction claimed on line 5, federal Form 1040, Schedule A. **+**
- 9. Additions for federal income (From line 5 of PIT-ADJ; **attach PIT-ADJ**) **+**
- 10. Federal standard or itemized deduction amount (From federal Form 1040, line 40; Form 1040A, line 24; or Form 1040EZ, line 5.) **-**
- 10a. Check the box if you **itemized**. You must also complete line 8, if applicable.
- 10b. Check if your standard deduction includes a federal net disaster loss or a new motor vehicle state or local sales or excise tax paid deduction claimed on federal Schedule L, Form 1040.
- 11. Federal exemption amount (From federal Form 1040, line 42; Form 1040A, line 28; or leave blank if you filed Form 1040EZ) **-**
- 12. New Mexico low- and middle-income tax exemption (See PIT-1 instructions) **-**
- 13. Deductions/Exemptions from federal income (Line 20 of PIT-ADJ; **attach PIT-ADJ**) **-**
- 14. Medical care expense deduction (See PIT-1 instructions) (You must complete both lines 14 and 14a or the deduction will be denied.) **-**
- 14a. Unreimbursed and uncompensated medical care expenses 14a **-**
- 15. **NEW MEXICO TAXABLE INCOME** (Add lines 7, 8 and 9, then subtract lines 10, 11, 12, 13 and 14) **=**
- 16. Tax on amount on line 15 **-**
- 16a. If from the Rate Table, enter "R". If from line 14 of PIT-B, enter "B"
- 17. Additional amount for tax on lump-sum distributions (See PIT-1 instructions) **+**
- 18. Credit for taxes paid to another state. You must have been a New Mexico resident during all or part of the year. (See PIT-1 instructions. **Include a copy of other state's return.**) **-**
- 19. Non-refundable credits from Schedule PIT-CR (Line 18 of PIT-CR; **attach PIT-CR**) **-**
- 20. **NET NEW MEXICO INCOME TAX** (Add lines 16 and 17 then subtract lines 18 and 19) **=**
 Cannot be less than zero.)

7		00
8		00
9		00
10		00
11		00
12		00
13		00
14		00
15		00
16		00
17		00
18		00
19		00
20		00

Continue on the next page.

Williams Coal Seam Gas Royalty Trust

2010 PIT-1 (page 2)
NEW MEXICO PERSONAL INCOME TAX RETURN



YOUR SOCIAL SECURITY NUMBER

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MAIL THIS RETURN TO:
 New Mexico Taxation and Revenue Department
 P. O. Box 25122
 Santa Fe, New Mexico 87504-5122

Do not submit a photocopy of this form to the Department. Submit only original forms and retain a copy for your records.

Electronic Filers: If you electronically file and pay your New Mexico Personal Income Tax Return, your due date is May 2, 2011. All others must file by April 18, 2011. See PIT-1 instructions for details.

THIS BOX INTENTIONALLY LEFT BLANK.

21. The amount on line 20 from page 1.....	21		00
22. Total claimed on rebate and credit schedule (Line 27 of PIT-RC; attach PIT-RC).....	22		00
23. Working families tax credit. (You must complete both lines 23 and 23a or the deduction will be denied.).....	+	23	00
23a. The amount of Federal Earned Income Credit reported on your 2010 federal income tax return.....		23a	00
24. New Mexico income tax withheld (Attach W-2, 1099 or WK).....	+	24	00
25. New Mexico income tax withheld from oil and gas proceeds (Attach 1099 or RPD-41285).....	+	25	00
26. 2010 estimated income tax payments (See PIT-1 instructions).....	+	26	00
27. Other payments.....	+	27	00
28. TOTAL PAYMENTS AND CREDITS (Add lines 22 through 27).....	=	28	00
29. TAX DUE (If line 21 is greater than line 28, enter the difference here.).....		29	00
30. Penalty on underpayment of estimated tax (Leave blank if you want penalty computed for you.).....	+	30	00
31. Special method allowed for calculation of underpayment of estimated tax penalty. Enter 1, 2, 3, 4 or 5 in the box if you owe penalty on underpayment of estimated tax and you qualify. (Attach RPD-41272).....		31	<input type="checkbox"/>
32. Penalty (See PIT-1 instructions. Leave blank if you want penalty computed for you.).....	+	32	00
33. Interest (See PIT-1 instructions. Leave blank if you want interest computed for you.).....	+	33	00
34. TAX, PENALTY AND INTEREST DUE (Add lines 29, 30, 32 and 33).....	=	34	00
35. OVERPAYMENT (If line 21 is less than line 28, enter the difference here.).....		35	00
36. Refund donations (Line 11 of PIT-D; attach PIT-D).....	-	36	00
37. Amount from line 35 you want applied to your 2011 Estimated Tax.....	-	37	00
38. AMOUNT TO BE REFUNDED TO YOU (Line 35 minus lines 36 and 37).....	=	38	00

!! REFUND EXPRESS !! HAVE IT DIRECTLY DEPOSITED! SEE INSTRUCTIONS AND FILL IN 1, 2, 3 AND 4.

1. Routing number: 3. Type: Checking Savings
Enter "X" Enter "X"

2. Account number: 4. **REQUIRED:** WILL THIS REFUND GO TO OR THROUGH AN ACCOUNT LOCATED OUTSIDE THE UNITED STATES? If yes, you may not use this refund delivery option. See instructions.
 YES NO You must answer this question.

I declare I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete.

Your signature	Date
Spouse's signature	Date

(If filing jointly, BOTH must sign even if only one had income.)

Taxpayer's phone number _____

Taxpayer's E-mail address _____

Paid preparer's use only:

Signature of preparer _____ Date _____

Firm's name (or yours if self-employed) _____

NM CRS identification number _____

Preparer's SSN or PTIN _____

FEIN _____

Preparer's phone number _____

Check this box if Form RPD-41338 is on file for this taxpayer. (See PIT-1 instructions.)

Williams Coal Seam Gas Royalty Trust

7

2010 PIT-ADJ

NEW MEXICO SCHEDULE OF ADDITIONS AND DEDUCTIONS/EXEMPTIONS



We cannot accept statements in lieu of completing this schedule.

Print your name (first, middle, last)

YOUR SOCIAL SECURITY NUMBER

This schedule must be completed by taxpayers who are required to make certain additions or are eligible to take certain deductions or exemptions from federal adjusted gross income to compute New Mexico taxable income. Please refer to the instructions. Attach Schedule PIT-ADJ to your Personal Income Tax Return, Form PIT-1.

NEW MEXICO ADDITIONS TO FEDERAL ADJUSTED GROSS INCOME

1. Interest and dividends from federal tax-exempt bonds.....	1		00
2. Net operating loss (See PIT-ADJ instructions).....	+	2	00
3. Contributions refunded when closing a New Mexico-approved Section 529 college savings plan account; certain contributions rolled out of a New Mexico-approved Section 529 college savings plan account.....	+	3	00
4. Charitable deduction amount claimed on federal Form 1040, Schedule A, for a donation of land to private non-profit or public conservation agencies for conservation purposes from which you were allowed the New Mexico Land Conservation Tax Credit.....	+	4	00
5. TOTAL ADDITIONS (Add lines 1-4. Also enter on line 9 of Form PIT-1).....	=	5	00

NEW MEXICO DEDUCTIONS/EXEMPTIONS FROM FEDERAL ADJUSTED GROSS INCOME

6. New Mexico tax-exempt interest and dividends.....			00
7. New Mexico net operating loss (See PIT-ADJ instructions).....	+	7	00
8. Interest received on U.S. Government obligations.....	+	8	00
9. Taxable Railroad Retirement Act annuities and benefits; taxable Railroad Unemployment Insurance Act sick pay.....	+	9	00
10. Income of a member of a New Mexico federally recognized Indian nation, tribe or pueblo that was wholly earned on the lands of the reservation or pueblo of which the individual is an enrolled member while domiciled on that land, reservation or pueblo.....	+	10	00
10a. I am enrolled as a member of the _____ Indian nation, tribe or pueblo.			
10b. My spouse is enrolled as a member of the _____ Indian nation, tribe or pueblo.			
11. Income of persons age 100 years or older. If you or your spouse is age 100 or older, you must check the box below or your exemption will be disallowed. 11a. 100 or older <input type="checkbox"/> 11b. Spouse 100 or older <input type="checkbox"/>	+	11	00
12. Exemption for persons age 65 or older or blind. If you or your spouse is age 65 or older or blind, you must check the box below or your exemption will be disallowed. 12a. 65 or older or blind <input type="checkbox"/> 12b. Spouse 65 or older or blind <input type="checkbox"/>	+	12	00
13. Exemption for New Mexico medical care savings account (See PIT-ADJ instructions).....	+	13	00
14. Deduction for contributions to a New Mexico-approved Section 529 college savings plan.....	+	14	00
15. Net capital gains deduction (See PIT-ADJ instructions).....	+	15	00
16. Military active duty pay (See PIT-ADJ instructions).....	+	16	00
17. Medical care expense exemption for persons age 65 years or older.....	+	17	00
18. Deduction for organ donation-related expenses.....	+	18	00
19. New Mexico National Guard member life insurance reimbursements tax exemption.....	+	19	00
20. TOTAL DEDUCTIONS/EXEMPTIONS (Add lines 6 - 19. Enter here and on line 13 of Form PIT-1.).....	=	20	00

Williams Coal Seam Gas Royalty Trust

**2010 PIT-B
NEW MEXICO ALLOCATION AND APPORTIONMENT
OF INCOME SCHEDULE**



Print your name (first, middle, last)

YOUR SOCIAL SECURITY NUMBER

This schedule must be completed by taxpayers who allocate and apportion income from both within and outside the State of New Mexico. Please refer to instructions. Include the Schedule PIT-B with your Personal Income Tax Return, Form PIT-1.

For first-year and part-year resident taxpayers, enter the period of residency. From _____ through _____
 If your spouse's residency period is different, enter the period of residency for your spouse. If additional periods of residency apply, write them in the space below this line. From _____ through _____

Check the box if the primary taxpayer or spouse is a military servicemember's spouse qualifying for relief under the Military Spouses Residency Relief Act, is not a resident of New Mexico and is allocating income from services performed in New Mexico to their state of residence. Primary Spouse

NOTE: RESIDENT TAXPAYERS INCLUDING PERSONS PHYSICALLY PRESENT 185 DAYS OR MORE IN THIS STATE MUST ALLOCATE ALL INCOME AND DEDUCTIONS ON LINES 1, 2, 3 AND 7 IN FULL TO NEW MEXICO.

ALLOCATION OF NONBUSINESS INCOME

	Column 1- Total Federal Income	Column 2 - New Mexico Income
1. Wages, salaries, tips, etc. (If non-resident military personnel, see PIT-B instructions)	00	00
2. Interest and dividends (Include difference from Schedule PIT-ADJ, line 1 minus line 6)	00	00
3. Pensions, annuities, Social Security and lump-sum distributions	00	00
4. Rents and royalties.....	00	00
5. Gains or losses from the sale or exchange of property	00	00
6. Income or losses from pass-through entities.....	00	00
7. All other income not included in lines 1 - 6 and line 8.....	00	00

APPORTIONMENT OF BUSINESS INCOME (If no business income, go to line 9.)

8. Business and farm income (Complete worksheet on page 2; see instructions)	00	00
9. ADD lines 1 - 8 and enter the amount here.....	00	00
10. Federal adjustments to income: For column 1 enter figure from line 36, federal Form 1040 or line 20, 1040A. For column 2 see PIT-B instructions	00	00
11. Total income (Line 9 minus line 10); column 1 must be equal to or greater than Federal Adjusted Gross Income (Line 7, Form PIT-1)	00	00
12. DIVIDE amount on line 11, column 2 by amount on line 11, column 1. Compute to 3 decimal places. (Cannot be less than zero. If greater than 1, enter 1.000)		
		12 <input style="width: 50px; height: 20px;" type="text"/>
13. Using the Tax Rate Tables, find the tax applicable to line 15, Form PIT-1. If an amount is shown on line 17, Form PIT-1, add this amount to the tax and enter the result here.....	13	00
14. MULTIPLY line 12 by line 13. Enter the amount here and on line 16 of Form PIT-1 and mark the box on line 16a with a "B" to indicate the tax came from Schedule PIT-B	14	00

Williams Coal Seam Gas Royalty Trust

2010 PIT-B (page 2)
NEW MEXICO ALLOCATION AND APPORTIONMENT
OF INCOME SCHEDULE



YOUR SOCIAL SECURITY NUMBER

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WORKSHEET FOR APPORTIONMENT OF BUSINESS AND FARM INCOME

Complete a worksheet for each business or farm.

See worksheet instructions for definitions relating to the apportionment factors below.

	Column 1 Total Everywhere	Column 2 New Mexico	
1. PROPERTY FACTOR			
a. Average value of real and tangible personal property owned or rented by the taxpayer and used during tax period.....	1a	00	00
b. DIVIDE column 2 by column 1. (Compute to 3 decimal places).....			1b
			Column 3 Factor
2. PAYROLL FACTOR			
a. Compensation paid by taxpayer.....	2a	00	00
b. DIVIDE column 2 by column 1. (Compute to 3 decimal places).....			2b
3. SALES FACTOR			
a. Total sales excluding nonbusiness income.....	3a	00	00
b. DIVIDE column 2 by column 1. (Compute to 3 decimal places).....			3b
4. Total of lines 1b, 2b and 3b			4
5. DIVIDE line 4 by the number of factors used and enter here. (Compute to 3 decimal places).....			5

MULTIPLY the amount on line 8, column 1 on page 1 of Schedule PIT-B by the decimal amount on line 5 of this worksheet. Enter the result on line 8, column 2 on page 1 of Schedule PIT-B. If you have more than one business or farm, complete a worksheet for each business or farm, compute the result for each business or farm and enter the sum of the results on line 8, column 2. Attach the worksheet for each business or farm with your PIT-1 return and Schedule PIT-B.

If you are a manufacturer who has elected to use the Section 7-4-10(B) method of apportionment, enter the taxable year end for which the election was first _____ / ____ / ____ **effective and see instructions for adjustments to lines 3b and 5.**

Williams Coal Seam Gas Royalty Trust

GENERAL INFORMATION CONCERNING THE TRUST

Williams Coal Seam Gas Royalty Trust (the “Trust”) was formed as a Delaware business trust pursuant to the terms of the Trust Agreement of Williams Coal Seam Gas Royalty Trust entered into effective as of December 1, 1992 by and among Williams Production Company, a Delaware corporation (“WPC”), as trustor, The Williams Companies, Inc., a Delaware corporation (“Williams”), and Bank of America, N.A., a national banking association (the “Trustee”), and Chemical Bank Delaware, a Delaware banking corporation (the “Delaware Trustee”), as trustees. The trustees are independent financial institutions.

The Trust was formed effective as of December 1, 1992 under Delaware law pursuant to the terms of the Trust Agreement to acquire and hold certain net profits interests (the “Royalty Interests”) in proved natural gas properties located in the San Juan Basin of New Mexico and Colorado (the “Underlying Properties”). The Royalty Interests were conveyed to the Trust on January 21, 1983, pursuant to the Conveyances, for the benefit of the Unitholders. All of the authorized units of beneficial interests in the Trust (“Units”) were issued to WPC on January 21, 1993. On that date, WPC transferred its Units to its parent, Williams, by dividend. Williams, in turn, sold, by means of a prospectus dated January 13, 1993, 5,200,000 Units on January 21, 1993, and an additional 780,000 Units on February 16, 1993, to the public through various underwriters (the “Public Offering”). In the second quarter of 1993, Williams sold an additional 151,209 Units. During the second quarter of 1995, Williams transferred its Units to Williams Holdings of Delaware, Inc. (“WHD”), a separate holding company for Williams’ non-regulated businesses. Effective July 31, 1999, WHD was merged into Williams, and by operation of the merger, Williams assumed all assets, liabilities and obligations of WHD, including without limitation ownership of WHD’s Units. Effective August 11, 2000, Williams sold its Units to Quatro Finale IV LLC, a Delaware limited liability company (“QFIV”), in a privately-negotiated transaction. Williams retained the voting rights and retained a “call” option on the transferred Units, and QFIV was granted a “put” option on the Units. Through a series of exercises of all its call option, Williams reacquired an aggregate of 3,568,791 Units from December 2001 through June 2003. Williams has informed the Trustee that it owned a remaining 789,291 Units as of November 1, 2010.

Prior to the sale of the Royalty Interests (discussed below), the only assets of the Trust, other than cash and cash equivalents being held for the payment of expenses and liabilities and for distribution to Unitholders, were the Royalty Interests. The Royalty Interests consisted primarily of a net profits interest (the “NPI”) in the Underlying Properties. The NPI generally entitled the Trust to receive 60 percent (permanently reduced) of the NPI Net Proceeds, as defined below, attributable to (i) gas produced and sold from WPC’s net revenue interests (working interests less lease burdens) in the properties in which WPC had a working interest (the “WI Properties”) and (ii) the revenue stream received by WPC attributable to its 35 percent net profits interest in 5,348 gross acres in La Plata County, Colorado (the “Farmout Properties”). “NPI Net Proceeds” consists generally of the revenue stream received by WPC from its 35 percent net profits interest in the Farmout Properties, plus the aggregate proceeds attributable to WPC’s net revenue interest, based on the price paid at or in the vicinity of the wellhead, of gas produced from the WI Properties, less WPC’s share of certain taxes and costs.

The Royalty Interests also included a 20 percent interest (the “Infill NPI”) in WPC’s net proceeds from the sale of production if well spacing rules were effectively modified and additional wells were

Williams Coal Seam Gas Royalty Trust

drilled on producing drilling blocks on the WI Properties (the “Infill Wells”) during the term of the Trust.

The Trust terminated effective March 1, 2010 pursuant to the terms of the Trust Agreement. The Trust Agreement required termination of the Trust in the event that when a computation is performed as of each December 31, the net present value (discounted at 10 percent) of the estimated future net revenues (calculated in accordance with criteria established by the SEC) for proved reserves attributable to the Royalty Interests but using the average monthly Blanco Hub Spot Price for the past calendar year less certain gathering costs, is equal to or less than \$30 million. The net present value of the estimated future net revenues computed as described above by the independent petroleum engineers as of December 31, 2009 was approximately \$8.4 million. The results of this computation triggered an early termination of the Trust. Because the Trust’s computed net present value fell below the \$30 million stipulated threshold as of December 31, 2009 the Trust terminated effective March 1, 2010.

On October 27, 2010, the Trust sold the remaining Royalty Interests owned by the Trust at such time (the “Remaining Royalty Interests”). On November 29, 2010, the Trust made a per Unit special liquidating cash distribution of the proceeds from the sale of the Remaining Royalty Interests equal to \$2.381443.

The Trustee assumes that during 2010 Trust Units were held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners, and brokers holding an interest for a custodian in street name, referred to herein collectively as “middlemen”). Therefore, the Trustee considers the Trust to have been a non-mortgage widely held fixed investment trust (“WHFIT”) for U.S. federal income tax purposes. U.S. Trust, Bank of America Private Wealth Management, EIN: 56-0906609, 901 Main Street, 17th Floor, P.O. Box 830650, Dallas, Texas 752 83-0650, telephone number (800) 365-6544, is the representative of the Trust that will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. Tax information is also posted by the Trustee at www.wtu-williamscoalseamgastrust.com. Notwithstanding the foregoing, the middlemen that held Trust Units on behalf of Unit holders, and not the Trustee of the Trust, are solely responsible for complying with the information reporting requirements under the U.S. Treasury Regulations with respect to such Trust Units, including the issuance of IRS Forms 1099 and certain written tax statements. Unit holders whose Trust Units were held by middlemen should consult with such middlemen regarding the information that will be reported to them by the middlemen with respect to the Trust Units.

Williams Coal Seam Gas Royalty Trust

U.S. Trust, Bank of America Private Wealth Management, Trustee
901 Main Street, 17th Floor
P.O. Box 830650
Dallas, Texas 75283-0650
Telephone (800) 365-6544

WILLIAMS COAL SEAM GAS ROYALTY TRUST

Williams Coal Seam Gas Royalty Trust

U.S. Trust, Bank of America Private Wealth Management, Trustee
901 Main Street, 17th Floor
Dallas, Texas 75202
Telephone (800) 365-6544