

LIN Media LLC  
Form SC 13D/A  
December 23, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D. C. 20549**

**SCHEDULE 13D/A**  
**Under the Securities Exchange Act of 1934**  
**(Amendment No. 7)**

**LIN MEDIA LLC**  
**(Name of Issuer)**  
**Class A Common Shares**  
**(Title of Class of Securities)**

**532771102**  
**(CUSIP Number)**

**Hicks Muse Fund III Incorporated**  
**2100 McKinney Avenue, Suite 1600**  
**Dallas, Texas 75201**

**Telephone Number: (214) 740-7300**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)**

**Copies to:**

**LIN Media LLC**  
**701 Brazos Street, Suite 800**  
**Austin, Texas 78701**  
**(512) 774-6110**

**Robert L. Kimball**  
**Vinson & Elkins L.L.P.**  
**2001 Ross Avenue, Suite 3700**  
**Dallas, Texas 75201**  
**(214) 220-7700**

**December 19, 2014**

**(Date of Event which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: "

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.  
The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 53277102

1 Name of reporting person:

Hicks, Muse, Tate & Furst Equity Fund III, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)   
3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

..

6 Citizenship or place of organization

Delaware

Number of 7 Sole voting power

shares

beneficially 0

8 Shared voting power

owned by

each

0

reporting 9 Sole dispositive power

person

with 0

10 Shared dispositive power

0

11 Aggregate amount beneficially owned by each reporting person

0

12 Check if the aggregate amount in row (11) excludes certain shares (see instructions)

..

13 Percent of class represented by amount in row (11)

0.0%

14 Type of reporting person (see instructions)

PN

\* Voluntary, not mandatory

CUSIP NO. 53277102

1 Name of reporting person:

HM3/GP Partners, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

..

6 Citizenship or place of organization

Texas

Number of 7 Sole voting power

shares

beneficially 0

8 Shared voting power

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with 0

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0

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13 Percent of class represented by amount in row (11)

0.0%

14 Type of reporting person (see instructions)

PN

\* Voluntary, not mandatory

CUSIP NO. 53277102

1 Name of reporting person:

Hicks Muse GP Partners III, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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Texas

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0.0%

14 Type of reporting person (see instructions)

PN

\* Voluntary, not mandatory



CUSIP NO. 53277102

1 Name of reporting person:

Hicks Muse Fund III Incorporated

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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Texas

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0.0%

14 Type of reporting person (see instructions)

CO

\* Voluntary, not mandatory

CUSIP NO. 53277102

1 Name of reporting person:

HM3 Coinvestors, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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Texas

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shares

beneficially 0

8 Shared voting power

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0

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13 Percent of class represented by amount in row (11)

0.0%

14 Type of reporting person (see instructions)

PN

\* Voluntary, not mandatory

CUSIP NO. 53277102

1 Name of reporting person:

Hicks, Muse & Co. Partners, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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Texas

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shares

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0.0%

14 Type of reporting person (see instructions)

PN

\* Voluntary, not mandatory

CUSIP NO. 53277102

1 Name of reporting person:

HM Partners Inc.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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6 Citizenship or place of organization

Texas

Number of 7 Sole voting power

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..

13 Percent of class represented by amount in row (11)

0.0%

14 Type of reporting person (see instructions)

CO

\* Voluntary, not mandatory



CUSIP NO. 53277102

1 Name of reporting person:

Hicks, Muse, Tate & Furst Equity Fund IV, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)   
3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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Delaware

Number of 7 Sole voting power

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beneficially 0

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..

13 Percent of class represented by amount in row (11)

0.0%

14 Type of reporting person (see instructions)

PN

\* Voluntary, not mandatory

CUSIP NO. 53277102

1 Name of reporting person:

Hicks, Muse, Tate & Furst Private Equity Fund IV, L.P.

2 Check the appropriate box if a member of a group (see instructions)

(a)  (b)

3 SEC use only

4 Source of funds (see instructions):

N/A

5 Check if disclosure of legal proceedings is required pursuant to Items 2(d) or (2)

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11 Aggregate amount beneficially owned by each reporting person

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12 Check if the aggregate amount in row (11) excludes certain shares (see instructions)

On December 13, 2011, the Trust entered into a purchase and sale agreement by and between RBP II pursuant to which the Trust agreed to sell, and RBP II agreed to purchase, all of the Trust's Net Profits Interests attributable to the Underlying Properties in the Robinson's Bend Field for a purchase price of \$1,000,000. The sale signed and closed simultaneously on December 13, 2011. See Note 5 of the Trust's accompanying financial statements for additional information.

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**TORCH ENERGY ROYALTY TRUST**

Prior to the effect of the Chalkley Gas Volume Adjustment, natural gas production attributable to the Underlying Properties in the Chalkley, Cotton Valley and Austin Chalk Fields (excluding production generated from the Infill Wells) was 472,870 Mcf and 507,525 Mcf during the six-month period ended March 31, 2012 and 2011, respectively. Natural gas production attributable to the Underlying Properties in the Robinson's Bend Field (excluding production generated from the Infill Wells) was 715,684 Mcf during the six-month period ended March 31, 2011. There was no natural gas production attributable to the Underlying Properties in the Robinson's Bend Field during the same period in 2012 as a result of the Trust selling its interests in such properties in December 31, 2011. Oil production attributable to the Underlying Properties during the six-month period ended March 31, 2012 and 2011 was 3,873 Bbls and 4,184 Bbls, respectively. Oil production decreased during 2012 as a result of normal production declines.

During the six-month period ended June 30, 2012, the average price used to calculate Net Proceeds for natural gas, before gathering, treating and transportation deductions, was \$2.61 per MMBtu as compared to \$3.19 per MMBtu for the six-month period ended June 30, 2011. During the six-month period ended June 30, 2012, the average price used to calculate Net Proceeds for oil was \$90.90 per Bbl as compared to \$80.26 per Bbl for the six-month period ended June 30, 2011. Such average price calculations exclude the impact of the Chalkley Gas Volume Adjustment discussed in Notes 4 and 8 of the Trust accompanying financial statements.

Prior to the Trust's termination on January 29, 2008, TEMI deducted the Price Differential and was committed to pay a Minimum Price for natural gas. When TEMI paid a purchase price for natural gas based on the Minimum Price, TEMI received Price Credits which it was entitled to deduct in determining the purchase price when the Index Price for natural gas exceeded the Minimum Price. TEMI had not exercised its right to discontinue the Minimum Price commitment and had no outstanding Price Credits on the Termination Date. Additionally, if the Index Price for natural gas exceeded \$2.10 per MMBtu, adjusted annually for inflation, TEMI deducted 50% of such excess in calculating the Net Proceeds payable to the Trust.

Upon the Trust's termination, pursuant to each Conveyance, the Working Interest Owners used the same pricing mechanisms as the expired Purchase Contract (including the Sharing Price and Minimum Price commitment mechanisms) in calculating Net Proceeds due to the Trust. The Minimum Price per MMBtu was \$2.05, \$1.99 and \$1.97 for 2012, 2011 and 2010 production, respectively. The Sharing Price per MMBtu was \$2.54, \$2.46 and \$2.43 for 2012, 2011 and 2010 production, respectively. Pursuant to each Conveyance, the Working Interest Owners also have the same annual option to discontinue the Minimum Price commitment. As of June 30, 2012 and December 31, 2011, the Working Interest Owners had no outstanding Price Credits and had not exercised their right to discontinue the Minimum Price commitment. No Price Credits were deducted in calculating the purchase price related to net profits income during the six-month period ended June 30, 2012 and 2011. The deduction of the Price Differential in connection with the Sharing Price mechanism reduced Net Proceeds paid to the Trust during the six-month periods ended June 30, 2012 and 2011 by \$0.1 million and \$0.9 million, respectively.

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**TORCH ENERGY ROYALTY TRUST**

During the six-month periods ended June 30, 2012 and 2011, the Trust recognized \$84,000 and \$113,000 of Infill Well income with respect to the Cotton Valley Fields Infill Wells. Such Infill Wells are operated by Samson Lone Star Limited Partnership.

Prior to the effect of the Chalkley Gas Volume Adjustment, lease operating expenses and capital expenditures attributable to the Underlying Properties in the Chalkley, Cotton Valley and Austin Chalk Fields deducted in calculating Net Proceeds due to the Trust for the six-month periods ended June 30, 2012 and 2011 totaled \$0.6 million and \$0.8 million, respectively. With respect to the Robinsons Bend Field, lease operating expenses and capital expenditures of \$3.3 million were deducted in calculating the Net Proceeds payable to the Trust from the Robinsons Bend Field for the six-month period ended June 30, 2011. The Trust sold its interest in the Robinsons Bend Field in December 2011 as disclosed above in this item.

General and administrative expenses amounted to \$0.7 million for each of the six-month periods ended June 30, 2012 and 2011. Such general and administrative expenses include costs pertaining to the administrative services provided by Torch and the Trustee, legal fees, accounting and audit fees, reserve report preparation fees, and Unitholder report printing fees.

Pursuant to the Trust Agreement, the Trustee established a Cash Reserve following the Trust's termination in 2008 for the payment of actual, contingent and uncertain liabilities associated with the liquidation and winding down of the Trust and the Trust's arbitration. During the six-month periods ended June 30, 2012 and 2011, the Trust received cash payments totaling \$0.1 million and \$1.0 million, respectively, from the Working Interest Owners of the Underlying Properties pertaining to Net Proceeds from net profits income and Infill Wells. All such receipts were allocated to the Trust's Cash Reserve. The Cash Reserve as of June 30, 2012 and December 31, 2011 was \$1.8 million and \$2.4 million, respectively.

The foregoing resulted in a distributable loss of \$0.6 million, or \$0.07 per Unit, for the six-month period ended June 30, 2012 as compared to distributable income of \$0.3 million, or \$0.03 per Unit, for the same period in 2011. During each of the six-month period ended June 30, 2012 and 2011, the Trust made no cash distributions to Unitholders.

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**TORCH ENERGY ROYALTY TRUST**

Net profits income received by the Trust during the three-month and six-month periods ended June 30, 2012 and 2011, derived from production sold during the three-month and six-month periods ended March 30, 2012 and 2011, respectively, was computed as shown in the following table (in thousands):

	Three Months Ended June 30, 2012 (a)			Three Months Ended June 30, 2011		
	Chalkley, Cotton Valley and Austin Chalk Fields	Robinson s Bend Field	Total	Chalkley, Cotton Valley and Austin Chalk Fields	Robinson s Bend Field	Total
Oil and natural gas revenues	\$ 772	\$	\$ 772	\$ 956	\$ 953	\$ 1,909
Direct operating expenses:						
Lease operating expenses and property tax	341		341	394	1,635	2,029
Severance tax	61		61	61	70	131
	402		402	455	1,705	2,160
Net proceeds before capital expenditures	370		370	501	(752)	(251)
Capital expenditures	1		1	30		30
Net proceeds	369		369	471	(752)	(281)
Net profits percentage	95%	(b)		95%	(b)	
Net profits income	351		351	447		
Chalkley Gas Volume Adj. (a)	(351)		(351)			
Net profits income	\$	\$	\$	\$ 447	\$	\$ 447

	Six Months Ended June 30, 2012 (a)			Six Months Ended June 30, 2011		
	Chalkley, Cotton Valley and Austin Chalk Fields	Robinson s Bend Field	Total	Chalkley, Cotton Valley and Austin Chalk Fields (a)	Robinson s Bend Field	Total
Oil and natural gas revenues	\$ 1,639	\$	\$ 1,639	\$ 1,924	\$ 1,901	\$ 3,825

Direct operating expenses:					
Lease operating expenses and property tax	623	623	792	3,344	4,136
Severance tax	131	131	127	131	258
	754	754	919	3,475	4,394
Net proceeds before capital expenditures					
Capital expenditures	885	885	1,005	(1,574)	(569)
	(5)	(5)	44	2	46
Net proceeds	890	890	961	(1,576)	(615)
Net profits percentage	95%	(b)	95%	95%	(b)
Net profits income	846	846	913		
Chalkley Gas Volume Adj. (a)	(846)	(846)			
Net profits income	\$	\$	\$	\$ 913	\$ 913

- (a) The Chalkley Gas Volume Adjustment reduced net profits income during the three-month and six-month periods ended June 30, 2012 by \$0.4 million and \$0.9 million, respectively. See Notes 4 and 8 to the Trust's accompanying financial statements for additional information.
- (b) With respect to the Robinson's Bend Field, the Trust received no cash distributions during the three-month and six-month periods ended June 30, 2011. The Trust sold all of its net profits interests attributable to the Underlying Properties in the Robinson's Bend Field on December 13, 2011. See Note 5 to the Trust's accompanying financial statements for additional information.



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**TORCH ENERGY ROYALTY TRUST**

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The Trust is exposed to market risk, including adverse changes in commodity prices. The Trust's assets constitute Net Profits Interests in the Underlying Properties. As a result, the Trust's operating results can be significantly affected by fluctuations in commodity prices caused by changing market forces and the price received for production from the Underlying Properties.

All production from the Underlying Properties during the period from the inception of the Trust to the Trust's termination on January 29, 2008 was sold pursuant to a Purchase Contract between TRC, Velasco, and TEMI. The Purchase Contract expired upon the Trust's termination. Pursuant to the Purchase Contract, TEMI was obligated to purchase all net production attributable to the Underlying Properties for an Index Price, less certain other charges, which were calculated monthly. The Index Price calculation was based on market prices of oil and natural gas and therefore was subject to commodity price risk. The Purchase Contract also provided a Minimum Price paid by TEMI for natural gas. When TEMI paid a purchase price based on the Minimum Price, it received Price Credits equal to the difference between the Index Price and the Minimum Price that TEMI was entitled to deduct when the Index Price exceeded the Minimum Price. Additionally, if the Index Price exceeded the Sharing Price, TEMI was entitled to deduct such excess, the Price Differential. TEMI had the annual option to discontinue the Minimum Price commitment. However, if TEMI discontinued the Minimum Price commitment, it would no longer be entitled to deduct the Price Differential and would forfeit all accrued Price Credits. TEMI did not exercise its right to discontinue the Minimum Price commitment and had no outstanding Price Credits on the Termination Date.

Upon the Trust's termination, pursuant to each Conveyance, the Working Interest Owners calculated Net Proceeds owed to the Trust utilizing the same pricing mechanisms (including the Sharing Price and Minimum Price commitment mechanisms) as the terminated Purchase Contract. The Minimum Price per MMBtu was adjusted annually for inflation and was \$2.05, \$1.99 and \$1.97 for 2012, 2011 and 2010 natural gas sales, respectively. The Sharing Price per MMBtu was \$2.54, \$2.46 and \$2.43 for 2012, 2011 and 2010 natural gas sales, respectively. Pursuant to each Conveyance, the Working Interest Owners also have the same annual option to discontinue the Minimum Price commitment. However, if the Working Interest Owners discontinue the Minimum Price commitment, they will no longer be entitled to deduct the Price Differential and will forfeit all accrued Price Credits. The Working Interest Owners have not exercised their option to discontinue the Minimum Price commitment and have no outstanding Price Credits as of June 30, 2012.

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## TORCH ENERGY ROYALTY TRUST

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures.**

The Trustee carried out an evaluation of the effectiveness of the design and operation of the Trust's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15 as of the end of the period covered by this report. Based upon that evaluation, the Trustee concluded that the Trust's disclosure controls and procedures are effective in timely alerting the Trustee to material information relating to the Trust required to be included in the Trust's periodic filings with the SEC. In their evaluation of disclosure controls and procedures, the Trustee and Trust has relied, to the extent considered reasonable, on information provided by Torch and Watkins Meegan LLC, an accounting firm contracted by the Trust to perform certain Sarbanes-Oxley compliance for the Trust.

#### **Changes in Internal Control over Financial Reporting.**

There has not been any change in the Trust's internal control over financial reporting during the three-month period ended June 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting. The Trust and Trustee rely on third party service providers to perform administrative services for the Trust. Torch provided accounting, bookkeeping, informational and other services to the Trust related to the Net Profits Interests pursuant to the Administrative Services Agreement effective October 1, 1993 and an oral arrangement after termination of the Administrative Services Agreement on January 29, 2008 through April 1, 2008. From November 7, 2008 through December 23, 2008, Torch provided certain accounting services in connection with the Trust's preparation of its Form 10-K for the year ended December 31, 2007 pursuant to an agreement between the Trust and Torch dated November 7, 2008. To facilitate the winding down of the Trust, Torch currently provides certain accounting and other services for the Trust pursuant to an agreement with the Trust entered into on March 26, 2009. The initial term of the agreement expired on March 31, 2010 and was thereafter extended from year to year, up to the period ending August 30, 2013. Torch currently provides the Trust via letter agreement the administrative services historically provided by Torch to the Trust through December 31, 2013 consistent with past practice and (ii) from December 31, 2013 to April 30, 2014 shall provide services to the Trust in support of any tax correspondence (tax booklet) and tax filings that might be necessary for the year ended December 31, 2013 consistent with past practice and other related services necessary to complete the wind down of the Trust that are also consistent with past practice. Subsequently, the inability of the Trust to hire qualified services providers to assist in the wind down and liquidation of the Trust may have a material adverse effect on the operations of the Trust.

## PART II. OTHER INFORMATION

### **ITEM 1. Legal Proceedings**

On October 16, 2008, Trust Venture Company, LLC and Wilmington Trust Company, solely in its capacity as Trustee for the Torch Energy Royalty Trust, (together, "Plaintiffs") filed a petition against TRC, Torch E&P Company, and Constellation Energy Partners LLC (collectively, "Defendants") in the District Court of Harris County, Texas. The petition sought to vacate the



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**TORCH ENERGY ROYALTY TRUST**

arbitration award issued by the JAMS Panel in Defendants' favor on July 18, 2008 in the arbitration captioned Torch Royalty Co., et al. v. Wilmington Trust Co., et al., JAMS Reference No. 13100017310. Defendants filed a motion to dismiss the Plaintiffs' petition and to confirm the arbitration award. On or about December 10, 2008, the Court entered an Order dismissing the petition and granting the Defendants' motion to confirm the arbitration award.

On December 22, 2008, the Trustee received a demand letter from Trust Venture Company, LLC with respect to certain enumerated costs including administrative costs and costs for water gathering, treating and disposal that are deducted by the working interest owners of certain of the Underlying Properties from the Net Profit Interests before remitting the Net Proceeds to the Trustee and the Trust. Trust Venture Company, LLC has concluded that the Trust has been overcharged (and continues to be overcharged) by the working interest owners of certain of the Underlying Properties and that these overcharges have damaged the Trust (and as a result, all of the Trust's Unitholders). In addition, Trust Venture Company, LLC asserts that the working interest owners have failed to provide the required accountings as set forth in the Conveyances and that the Trust may request the court to require the working interest owners to provide such an accounting. Trust Venture Company, LLC requested that the Trustee either institute legal action against the working interest owners, or authorize Trust Venture Company, LLC to commence a derivative action against the current working interest owner of the Alabama property in accordance with, inter alia, Section 3816 of the Delaware Statutory Trust Act, codified at 12 Del. C. 3816(a), to recover all overcharges related to administrative costs, water gathering, treating and disposal costs and all overcharges reflected in the accounting. The Trustee responded on December 22, 2008 to Trust Venture Company, LLC with a request for additional information which it has now received. The Trustee carefully considered Trust Venture Company, LLC's demand letter, and concluded, in the reasoned exercise of its business judgment, that it is in the best interest of the Trust and all Unitholders to authorize Trust Venture Company, LLC to commence a derivative action and provided its authorization as of December 30, 2008.

As disclosed by the Trust in its Annual Report on Form 10-K for the year ended December 31, 2007 (2007 Annual Report), Trust Venture intended to commence a derivative action against Constellation Energy Partners LLC, the working interest owner of certain oil and natural gas fields located in Alabama, in accordance with, inter alia, Section 3816 of the Delaware Statutory Trust Act, codified at 12 Del. C. 3816(a), to (i) recover any overcharges to the Trust by Constellation Energy Partners LLC related to administrative costs, water gathering, treating and disposal costs and severance taxes and (ii) require Constellation Energy Partners LLC to provide an accounting of its revenues and expenses as required under the Conveyance filed of record in Tuscaloosa County, Alabama. On December 30, 2008, Trust Venture Company, LLC filed and subsequently served a derivative lawsuit against Constellation Energy Partners LLC in Alabama state court alleging such overcharges, challenging the calculation of the Net Profits Interests under the Conveyances that were used to transfer the Net Profits Interests in each state, and demanding an accounting of Constellation Energy Partners LLC's revenues and expenses. In response to the derivative lawsuit, on February 9, 2009, Constellation Energy Partners LLC filed in Alabama state court a motion to dismiss such lawsuit without prejudice in favor of arbitration in Texas on various grounds, including Trust Venture Company, LLC's alleged lack of standing and Trust Venture's alleged failure to comply with certain contractual agreements. The Alabama state court denied Constellation Energy Partners LLC's motion to dismiss on February 25, 2009, and so the Alabama derivative action is proceeding against Constellation Energy Partners LLC.

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**TORCH ENERGY ROYALTY TRUST**

On February 12, 2009, the Trustee received a certified copy of a demand for arbitration dated February 9, 2009 by Constellation Energy Partners LLC before JAMS in Texas (the Demand Notice ) seeking a declaratory judgment that Constellation Energy Partners LLC (i) correctly calculated and paid the Net Profits Interests payments due to the Trust, (ii) correctly charged the Trust for certain well accounting services and severance taxes, and (iii) has complied with its contractual reporting requirements due to the Trust. In the Demand Notice, Constellation Energy Partners LLC claimed that, because the Trust authorized Trust Venture to file the derivative lawsuit, there exists a judicable conflict between Constellation Energy Partners LLC and the Trust that is subject to resolution by arbitration.

On February 12, 2009, Trust Venture Company, LLC filed an emergency motion in Alabama state court to stay the arbitration demanded by Constellation Energy Partners LLC until such time as the court issues a judgment as to the enforceability of the arbitration agreement made by and between the Trust and Constellation Energy Partners LLC. The court denied that motion on February 25, 2009. On March 9, 2009, the Trustee filed its own motion in the same Alabama state court seeking to intervene in the derivative action for the limited purpose of moving for a stay of the Texas arbitration until resolution of the derivative action. The Alabama state court heard oral argument on the Trustee's motion on March 25, 2009, and on April 1, 2009, the Alabama state court denied the Trustee's motion to stay the Texas arbitration and further denied Constellation Energy Partners LLC's motion to stay the Alabama state court derivative action. Subsequently, the Trustee filed a motion to dismiss or stay the Texas arbitration with JAMS and the arbitration panel heard oral argument on April 10, 2009 and on April 13, 2009 granted the Trustee's motion to stay the Texas arbitration proceedings pending the outcome of the Alabama derivative action. The arbitration panel subsequently entered an Order of Dismissal with respect to the Texas arbitration dated July 27, 2009. There can be no assurance as to the outcome or result of the Alabama derivative litigation or that Constellation Energy Partners LLC will not challenge the Order of Dismissal entered by the arbitration panel on July 27, 2009 or file other arbitration claims. On August 21, 2009, the Alabama state court added the Trust as a nominal plaintiff in the Alabama derivative action that is proceeding against Constellation Energy Partners LLC.

The Trust has also previously disclosed information regarding the termination of the Trust, the ongoing Alabama derivative litigation, the concluded Texas arbitration and other information regarding the Trust on its 2007, 2008, 2009 and 2010 Annual Report on Form 10-K filed with the SEC and its Current Reports on Form 8-K filed with the SEC. The Unitholders are urged to read the above mentioned and all other filings by the Trust with the SEC carefully and in their entirety.

On February 23, 2011, the Trust issued a press release and disclosed information regarding the ongoing Alabama derivative litigation on its Current Report on Form 8-K. In the press release, the Trust announced that it and the derivative unitholder plaintiff reached an agreement in principle with Constellation Energy Partners LLC to settle certain claims in the litigation, captioned Trust Venture Company, LLC v. Constellation Energy Partners LLC (CV-2008-900751), filed by the derivative plaintiff on the Trust's behalf in the Circuit Court of Tuscaloosa County, Alabama (the Settlement ).

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## TORCH ENERGY ROYALTY TRUST

As stated in the press release and the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear, in the form approved by the Court and attached to the Form 8-K filed with the SEC on February 23, 2011, subject to the approval of the Court, the derivative plaintiff (Trust Venture Company, LLC) and the Trust have agreed to settle the claims against Constellation Energy Partners LLC in the derivative action, and to enter into mutual, general releases with Constellation Energy Partners LLC in return for (i) a payment of \$1,200,000 to the derivative plaintiff by Robinson's Bend Production II (RBP II), which is a Delaware limited liability company and an affiliate of Constellation Energy Partners LLC, to reimburse the derivative plaintiff for the legal fees and expenses it incurred in prosecuting the derivative action, (ii) an irrevocable bid by RBP II of not less than \$1,000,000 for its purchase from the Trust of the net overriding royalty interest (Alabama NORRI), when such Alabama NORRI is separately offered for sale by the Trust at public auction within 180 days of the effective date of the Settlement, with such bid amount to be deposited by RBP II in a third-party escrow account pending the public auction, and (iii) a third amendment to that certain Water Gathering and Disposal Agreement providing that, for a period of ten years commencing on the first day of the month following the effective date of the settlement, the charges for the gathering, separation, and disposal of water from oil and gas wells located in Tuscaloosa County, Alabama that are owned and operated by RBP II (Wells) shall be \$0.53 per barrel of water. (RBP II currently charges \$1.00 per barrel of water for the gathering, separation, and disposal of such water from the Wells).

The Alabama Circuit Court of Tuscaloosa County, Alabama convened a hearing on the settlement on April 11, 2011, at 2:00 p.m. CDT (the Settlement Hearing). At the Settlement Hearing, the Court determined whether or not (i) to approve the Settlement as memorialized in the proposed Settlement and Release Agreement with Constellation Energy Partners LLC, and (ii) to approve an Order ending this derivative action. On February 23, 2011, the Trust sent the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear to the Trust's unitholders of record as of February 11, 2011, as required by the Settlement. On April 18, 2011, the Trust issued a press release and disclosed information on its Current Report on Form 8-K that the Alabama Circuit Court of Tuscaloosa County, Alabama approved in all respects the settlement as memorialized in the proposed Settlement and Release Agreement and ordered that the matter be dismissed, with prejudice, costs taxed as paid. In the Order and Final Judgment entered by the Court dated as of April 13, 2011, the Circuit Court acknowledged receiving the report from counsel for the trustee of the Trust that no objections to the proposed settlement in this matter had been received, and the Court confirmed after review that the Settlement and Release Agreement is fair, reasonable and adequate. The Settlement and Release Agreement became effective on June 13, 2011.

As previously disclosed on current Report Form 8-K filed on January 31, 2008, the Trust received the affirmative vote of the Unitholders of more than 66 2/3% of the outstanding units to terminate the Trust at the meeting of Unitholders held January 29, 2008. Pursuant to the Trust Agreement of the Trust, the Termination Date of the Trust is January 29, 2008.

Upon termination of the Trust, among other things, the Trustee is required to sell the Net Profits Interests. Specifically, pursuant to Section 9.03(e) of the Trust Agreement if the property of the Trust Estate (as defined in the Trust Agreement) has not been sold prior to the end of one calendar year following the termination date, the Trustee must cause such assets to be sold at

## **TORCH ENERGY ROYALTY TRUST**

public auction. All of the Net Profits Interests have been sold and the Trust is wind-down operations. No assurances can be given by the Trustee with respect to the amount that will be distributed to Unitholders following the sales. Such distributions could be below the market value of the Units.

### **ITEM 1A. Risk Factors**

The Trust believes there have been no material changes to risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on April 22, 2011 (the 2011 Form 10-K ). You should carefully consider such risk factors as presented in the 2011 Form 10-K and other information set forth in this Quarterly Report on Form 10-Q, including our financial statements and the related notes.

### **ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **ITEM 3. Defaults upon Senior Securities**

None.

### **ITEM 4. (Removed and Reserved)**

### **ITEM 5. Other Information**

None.

### **ITEM 6. Exhibits**

(a) Exhibits

4. Instruments of defining the rights of security holders, including indentures.

4.1 Form of Torch Energy Royalty Trust Agreement. \*

4.2 Form of Louisiana Trust Agreement. \*

4.3 Specimen Trust Unit Certificate. \*

- 4.4 Designation of Ancillary Trustee. \*
  - 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  - 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- \* Incorporated by reference from Registration Statements on Form S-1 of Torch Energy Advisors Incorporated (Registration No. 33-68688) dated November 16, 1993.



**TORCH ENERGY ROYALTY TRUST**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TORCH ENERGY ROYALTY TRUST

By: Wilmington Trust Company,  
not in its individual capacity but solely as  
Trustee for the Trust

By: /s/ David A. Vanaskey  
David A. Vanaskey  
Vice President

Date: February 3, 2014

(The Trust has no employees, directors or executive officers.)