

# TAMING THE BEAST: HOW TO ACTIVELY MANAGE YOUR PRODUCING ASSETS

Practical Tools and Processes to  
Better Handle Your Royalties

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# Who is This Guy?

- Degree from Southwestern University
  - Like Denison college in Granville ☺
- MBA from UTPB
- Military
- Field & In-house land management
  - Kinder Morgan surface damages landman
  - Energen Wolfberry landman
  - Callon Permian land manager
  - Trail Ridge Energy Partners vice-president of land
  - J Dub Enterprises owner
- Past professor of land management at UTPB
- AAPL Director
- NARO Foundation Board Member
- NARO Board Member

# Order of Operations

1. Gather Data
2. Organize Data
3. Review New Data

# First Things First - Relax

- ▣ Most producing assets have very limited changes that can be made
  - Heritage leases establish the rules
- ▣ Always try to answer why you are implementing a process.
  - Curiosity
  - Taxes
  - Monitoring operator activity (audit/production tracking)

# Data Gathering

## Copies of Title Documents

- ▣ Good
  - Source deeds
  - Leases
- ▣ Better
  - Unit agreements
  - Division orders
  - Maps/plats
- ▣ Best
  - Run sheets verifying title
  - Title opinions
  - Abstracts of title

# Data Gathering

## Operator Information

- ▣ Good
  - List of operators
  - Owner number
  - Contact information
- ▣ Better
  - Check copy from each operator
- ▣ Best
  - Point of contact in land department
  - Point of contact in division order department

# Data Gathering

## Family/Common Owner Information

- ▣ Good
  - List of actual owners
- ▣ Better
  - Contact information
  - Percentages of ownership
- ▣ Best
  - Understanding of plans for minerals
  - Documentation of ownership (probates, etc.)

**OPEN COMMUNICATION IS CRITICAL**

# Organize Data

- ▣ Does not have to be overly complicated
- ▣ Use what you know how to use
- ▣ Information is pretty worthless if you can't access it when you need it



# Organize Data

- ▣ Good
  - Sort information by document type
  - Organize documents by some metric (operator, tract, county, source, etc.)
- ▣ Better
  - Digitize documents
  - Create Excel sheet(s) to track/compile information
- ▣ Best
  - Create a cross-referenced database that connects all the various data points

# Organize Data

Digitizing your instruments is the best way to sort and organize your data.

Scan it to a cloud-based storage center (Dropbox, Google Drive, Box, etc.).

- ▣ Allows remote access to successors and helpers
- ▣ Protects from computer mishaps

# Organize Data

- ▣ Buy a good cross-cut shredder and a dedicated scanner (ScanSnap will save you time)
- ▣ Create a Legacy file
  - Story of where it came from, who helps you, which bank you use, contact information
- ▣ Paper originals for nostalgia unless unrecorded

# Review New Data

- ▣ Good
  - Confirm operators are paying each month
  - Review NRI on all new division orders
- ▣ Better
  - Transfer NRIs to NADOA division order form
  - Review activity from offers to purchase
- ▣ Best
  - Examine checks for math
  - Confirm all wells are listed
  - Perform quarterly well check for new activity

# Direct Deposit

## ▣ Pros

- Less likely to lose funds
- No need to scan & deposit actual checks
- Fast access to cash

## ▣ Cons

- Some operators don't send digital check stubs
- You are less likely to monitor if it doesn't hit your desk

# Tools

- ▣ Shredder
- ▣ Scanner
- ▣ Digital storage
- ▣ Excel (operators, revenues, wells, tracts, etc.)
- ▣ Additional Software
- ▣ Network of fellow owners & service providers

# Questions/Autographs

Thank you for attending and good  
luck with your stewardship!

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