

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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