



Profitable Mineral Management Breakfast Series

Co-Sponsored By:

Person, Whitworth, Borchers and Morales, LLP

- Date:** July 05, 2016
- Topic:** “Lease Compliance Audits: Dinosaurs to Dollars and Dollars to Details”
- Location:** **San Antonio Petroleum Club**
8620 N New Braunfels, Suite 700
San Antonio, TX 78217-6363
P 210.824.9014
F 210.829.5443
- Time:** 7:30 AM Breakfast
8:00 AM Presenter
8:50 AM Questions & Answers
- Introduction:** **E.O. (Trey) Scott, III, Trinity Mineral Management, Ltd.**
- Presenter:** **E.O. (Trey) Scott, III, Trinity Mineral Management, Ltd.**
“Lease Compliance Audits: Dinosaurs to Dollars and Dollars to Details”
- Cry of the 1980’s
 - “God give me one more oil boom and I promise I won’t screw it up this time.”
 - How do I know if I should audit?
 - Income
 - Oil \$
 - Gas \$
 - Oil and Gas Leases
 - Standard Form
 - Producers 88 with additional riders
 - Manuscript Form
 - Non-Royalty
 - Surface
 - Critical Dates – continuous development, definitions; spud, completion, DUCS
 - Retained Acreage – not TRRC rules

- Well Tracts – shape, size, depths; horizontal, vertical, separate lease
- Pooling – percentage, orphaned acreage, release
- Royalty
 - Volume – reductions
 - Quality – gravity/BTU
 - Price – market value, index, price received, weighted average
- Right to Audit
- Access to Information - ...if information is not provided in a prompt or complete manner...
- Tolling
- Termination
- Cost Free – no deductions (Heritage)
- Market Value – highest price paid in field...quantity, grade and quality
- Lessees Use of Production - ...Lessor shall be paid royalty on all oil and gas used...
- Measurement – meter calibration and inspection, notice
- Documents and Ratifications
- All Volumes Produced – produced, saved, sold, used, not sold or used
- Escrow - ...Lessee may pay disputed portion of Lessors royalty to trustee...
- Section 91 Letters - ...itemized deductions...
- Prior Period Adjustments (PPA) -+++++-----+ ?
- Severance Tax – type 5, high cost gas 7.5%
- Oil – run tickets or LACT reports
- Gas – meter volume statements, plant processing statements...
- Natural Gas Liquids (NGL's)
- Remedies
 - Tolling
 - Escrow
 - Termination
 - Courthouse

Upcoming:

Aug 02: Joe Maldonado

Sept 06: To Be Announced

Oct 04: To Be Announced