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**Handling Property Transactions: Personal,
Real and Mineral Interests
Texas Oil & Gas Interests- Basics for
Guardians**

**Texas Guardianship Association (TGA)
Educational Conference
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- Description: Texas is a state rich in mineral resources, such as oil and gas. Many families and individuals own such interests, both producing and non-producing. The presenter has managed Section 1301 Trusts holding such assets. This session is designed to give a basic understanding for new Guardians who have never worked with oil and gas interests as part of the assets they will be managing.
- Learning objectives:
 1. Definition of basic terminology;
 2. Becoming familiar with the types of ownership interests;
 3. How mineral royalty payments work;
 4. Become aware of management issues relating to the asset and risks;
 5. How to sell an interest.

Basic Terminology

Royalty

Mineral

Lease- term, lease bonus per NMA, royalty
delay rentals, shut in payments

Division order



Types of ownership interests

Surface

Mineral

Royalty- percentage of payments under a lease, e.g.

$1/8$, 25%

Override

Working interest

How royalty payments work

- Well description/number, decimal interest
- Production- how many barrels (bbl) of oil or mcf of gas
- Price per bbl or mcf
- Deductions- severance taxes
- “Run statement” with the above details- online or attached to check
- Payments- “mail box money” or direct deposited
- Suspense- unpaid royalties held by the operator
- Minimum disbursement amounts



Management and Risk

- Tracking payments
- Missing payments
- Depletion/production decline
- Payment of annual county ad valorem taxes
- 1099 at year end
- Checking for escheated payments
<https://www.claimittexas.gov/>
- Outsourcing mineral management
- Working interests
- Well failure- rework or plug/abandon

Selling an interest

- There is a humorous saying that Texans will sell their truck, their dog and their guns before they sell their oil/gas interests. However, it sometimes become necessary to do this to raise needed funds for care.
- First, ignore the numerous unsolicited letters you will receive in the mail offering to buy your interest(s).
- Energy Net <https://www.energynet.com/> is an established and reputable business that helps facilitate the sale of various interest discussed today via auction to accredited investors.

Questions?





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