

ADVANCED MINERAL, ROYALTY & SURFACE OWNER (AdvMRSO) CLASS DESCRIPTIONS

OVERVIEW

This DU certificate is excellent for students who have already completed the first MRSO certificate or for those who already have appropriate experience in managing their own assets or those of others. It contains more advanced coverage of some of the same issues covered in the first MRSO certificate along with more challenging material much needed by larger land and mineral/royalty and/or working interest owners. Investment advisors, financial planners, estate planners, attorneys, CPAs, certified mineral managers, lenders, investors, trust officers and trustees for larger family trusts and those holding executive rights have all benefitted from this program and it is highly recommended by such professionals.

CLASS DESCRIPTIONS

CHOICES OTHER THAN LEASING, NEGOTIATING AND MODIFYING THE OIL AND GAS LEASE/ADDENDUMS

Choices available other than leasing include being forced pooled, participating, and being “carried.” The economic impact on mineral values, lease bonus and royalty and when it makes sense to choose to be pooled, participate or lease. JOAs, the importance of the operator, operator issues, AFEs, non-consent penalties and key working interest issues will be reviewed. We examine why different shale plays lead to different expectations for offset wells, allowables, spacing of units and why unit size and shape matter. The importance of horizontal wells and fracking and a comparison to conventional vertical wells, depth severance, horizontal and vertical Pugh clauses, continuous drilling, retained acreage and anti-dilution clauses will be included along with extensive coverage of lease addendums as well as lease modifications. Students will negotiate more complicated leases and addendums and will gain valuable insights into key negotiation techniques.

THE IMPACT OF POST-PRODUCTION COSTS, AFFILIATES AND GROSS PROCEEDS CLAUSES

We cover the royalty clause and alternative wording and meaning and the use of a gross proceeds clause, limitations on the use of affiliates and current and recent litigation for royalty clause violations. We will review production reports and various other reports filed by the oil companies and how they can be accessed and used by mineral owners. We also discuss how to read and interpret Division Orders and Transfer Orders/Letters and what to do if you, or your advisors, suspect something is wrong. Production data and various statements will need to be reviewed with understanding and effective means of communicating with company personnel will be needed. In this class students will come to understand alternatives for collecting and managing such information including methods for handling post production costs, types of taxes withheld and effective approaches to raising issues about the use of affiliates. Students will better understand the issues surrounding pipelines, truck routes, gathering systems and the impact of condemnation proceedings, eminent domain, right of way agreements and easements.

POST LEASING ADMINISTRATION OF MINERAL ASSETS

Once a lease is negotiated and signed there will be ongoing issues including the receipt of bonus payments as drafts or checks, delay rentals, royalty payments, shut-in royalty and possibly surface damages. We will also examine volatile oil and gas prices and how to handle lease extensions, options to lease, selling royalty interests, knowing when a lease has terminated, getting a lease released, dealing with top leases, defective division orders and when not to sign. Having funds put “in suspense,” interest on funds and the meaning of escheat are also examined. Effective systems for saving data for state and federal income taxes, advalorem taxes and property taxes, best practices for reviewing statements and verifying only correct charges are deducted, understanding what you own, setting up key files and effective dealing with energy companies and landmen will all be presented with useful examples and tips.