



TEXAS LAND & MINERAL OWNERS ASSOCIATION

OFFICIAL NEWSLETTER

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1st Quarter 2019

86TH LEGISLATIVE SESSION BEGINS

On January 8, 2019 the 86th Texas Legislature convened in Austin. While the Governor and Lt. Governor returned for their second terms, it was the first time in ten years that there would be a new Speaker in the House of Representatives. Representative Dennis Bonnen (R-Angleton) was unanimously elected on as the Speaker of the House on Opening Day.

While each session is unpredictable, the addition of a new Speaker meant many new committee chairmen and many things could not be predicted. There was a renewed sense of comradery and working together, not across party lines, to help better the State.

TLMA is excited to announce the filing of S.B. 817 by Senator Chuy Hinojosa. This bill, if passed, will require all operators to report the BTU factor on all check stubs. Currently, an operator is required to provide this information, but only when requested by the landowner through certified mail. The operator then has 60 days to send the information. Thank you to Senator Hinojosa for your leadership!

Additionally, TLMA is working with NARO-TX, the Texas Oil & Gas Association, and the Texas Independent Producers & Royalty Owners Association on a bill that would eliminate a fraudulent practice in oil and gas leasing. Individuals, primarily elderly, are being approached with what appears to be a top lease, but these "leases" actually are the

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AUDITING YOUR ROYALTIES

By Idalia Ramos

Do you ever wonder whether your royalty payments are accurate and paid in accordance with the terms in your lease? A royalty audit can provide some peace of mind and even possibly results in additional royalties from underpayments.

Auditing your royalties doesn't necessarily have to be an arduous or costly task. There are multiple ways you can audit your royalties. It can be as simple as comparing information on your royalty check stub to data reported to public sources.

For example, the Texas Railroad Commission website (<https://webapps.rrc.state.tx.us/PDQ>) can provide valuable information regarding volumes of gas and oil produced from your lease. All you need to search for this information on their website is the identifying lease number and district number. Once you search for the production data on this site, you will be able to determine whether the operator is reporting any volumes of gas flared and/or used on the lease. You will also be able to compare the volumes of oil and possibly gas reported to the Texas Railroad Commission

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BOARD OF DIRECTORS

Chairman Carolyn Frost Keenan

Keenan Family Interests

Chairman-Elect Kimberley K. McTee

Catharine C. Whittenburg Trusts;

Turkey Track Ranch

Vice Chairman Tom Daniel

Six Mountain Partners LP

Treasurer E.O. "Trey" Scott, III

Trinity Mineral Management

John D. Alexander, Jr.

King Ranch, Inc.

James C. Broussard

J.E. Broussard Heirs O&G, LP; LaBelle

Properties Ltd.

George E. Tanner

Cuatro Estrellas, Ltd.

Barry Coates Roberts

Coates Energy Trust

James P. "Rick" Walker

Huisache Cattle Co., Ltd.

R. Neal Wilkins

East Foundation

DISTRICT REPRESENTATIVES

Dr. John S. Baen—*University of*

North Texas

Amy Smiley—*The Stieren Ranch*

Lorin Runnels—*EIA Properties, Ltd. &*

Stag Holdings, Ltd

ADVISORY DIRECTORS

Joseph B.C. Fitzsimons

John B. McFarland

Howard P. Newton

George J. Person

Dr. Kitty-Sue Quinn

HONORARY DIRECTORS

The Honorable Dolph Briscoe

Jack Hunt

Roger Welder

J.A. Whittenburg, III

The Honorable Cullen Looney

Doug Beveridge

Chaunce Thompson, Jr.

Morgan Dunn O'Connor

Lica Pinkston

Scott Petty, Jr.

EXECUTIVE DIRECTOR

Jennifer Bremer

**TLMA BOARD OF DIRECTORS APPOINTS SLATE OF
HONORARY AND ADVISORY DIRECTORS**

In January at the first quarter TLMA Board of Directors meeting, the Board of Directors approved the second slate of Honorary and Advisory Directors. Honorary Directors are previous Directors of TLMA. They serve a two-year term, but are not subject to term limits. Returning Honorary Directors for 2019-2020 are:

The Honorable Dolph Briscoe*

J.A. Whittenburg, III*

Jack Hunt

Roger Welder

The Honorable Cullen Looney

Doug Beveridge

Chaunce Thompson, Jr.

Morgan Dunn O'Connor

Scott Petty, Jr.

Lica Pinkston

The TLMA Board of Directors also approved the following individuals to be Advisory Directors:

Joseph B.C. Fitzsimons

John B. McFarland

Howard P. Newton

George J. Person

Dr. Kitty-Sue Quinn

These individuals contribute a wealth of knowledge in their areas of expertise that the success of TLMA's advocacy efforts can be attributed to. The Advisory Directors also serve a two-year term and are not subject to term limits.

In 2016, the TLMA membership approved a by-law revision that created these two director positions to recognize those individuals who continuously provide multiple perspectives on issues and potential impacts to land and mineral owners.

TLMA is extremely grateful for all of the time and knowledge that these Directors give to our efforts.

**RAILROAD COMMISSION OF TEXAS LAUNCHES
RRC ONLINE INSPECTION LOOKUP TOOL**

In January, the Railroad Commission of Texas launched the RRC Online Inspection Lookup Tool that allows the public to search for inspection and violation data for inspections that are complete. If the inspection is ongoing or under review, you will not be able to find the data. The lookup tool is available online at:

<https://rrc.texas.gov/about-us/resource-center/research/online-research-queries/oil-and-gas-inspections-and-violations-query/>

This program was made possible by funding received during the previous biennium. TLMA supports these efforts and continues to support this funding as the budget process proceeds during this legislative session.

TLMA BOARD OF DIRECTORS 2019-2020

At the 2018 Statewide Members' Meeting, the membership approved the following individuals to serve as the Board of Directors for the 2019-2020 term. Their term began on January 1, 2019 and will end on December 31, 2020. At the first quarter TLMA board meeting, the Directors approved the Officers of the Board.

Chairman Carolyn Frost Keenan, Houston
Chairman-Elect Kimberly K. McTee, San Antonio
Vice Chairman Tom Daniel, Austin
Treasurer, E.O "Trey" Scott, III, San Antonio
John Alexander, Jr., San Antonio
James C. "Jimmy" Broussard, Beaumont
Barry Coates Roberts, San Antonio
George Tanner, Corpus Christi
James P. "Rick" Walker, Sr., Mirando City
R. Neal Wilkins, San Antonio

This is the first time in TLMA's history to have a Chairman-Elect. This position was created by a by-law amendment approved at the 2018 Statewide Member's Meeting in order to facilitate a smooth transition between Chairmen. Kim McTee will become Chairman of TLMA in January 2020 and serve until December 2021.

RRC RULEMAKING UPDATE

The Railroad Commission of Texas has adopted two rule changes this year.

The first amends the surface commingling rule (Rule 3.25, 3.26, and 3.27) and no longer requires exceptions to be filed by operators in two instances: (1) the operator measures the production stream from each tract and each Commission-designated reservoir separately before combining it with a stream from another tract or Commission-designated reservoir; or (2) the tracts and Commission-designated reservoirs have identical working interest and royalty interest ownership in identical percentages. TLMA filed comments on this rulemaking. It is effective as of 2/25/2019.

The second rule amendment relates to the notice required to unidentified mineral owners in the statewide spacing rule (Rule 3.37 and 3.38). The change requires operators to post once weekly for two consecutive weeks instead of four consecutive weeks. TLMA did not comment on this rule. It is effective as of 3/18/2019.

There are no other rules proposed at this time.

TLMA CELEBRATES 20TH ANNIVERSARY

On December 3, 1999, the Texas Land & Mineral Owners Association was incorporated in the State of Texas. That means **this year** TLMA will be celebrating **20 years** of advocacy and success. What started out with 54 founding members has grown into an association of over 900 active members!

We have set a goal of 1,000 members by the end of the year and you can help us reach that! Tell your friends and neighbors because they likely benefit from the work we do!

Over the year, we will highlight the many successes that TLMA has had. Please be on the lookout for these special stories!



MEMBERSHIP RECRUITMENT AWARD RECIPIENT JOHN MCFARLAND

The Texas Land & Mineral Owners Association is pleased to present the 2018 Membership Recruitment Award to John McFarland of Austin, Texas. John has been a member of TLMA since 2009 and also serves TLMA as an Advisory Director.

The Membership Recruitment Award was created to honor a TLMA member who has taken an active role in introducing other land and mineral owners to TLMA and helping to bring new members to the association.

John has been an avid supporter of TLMA throughout his time as a member by sharing his legal expertise and knowledge and encouraging anyone he may see or speak with to join our efforts.

“TLMA provides valuable resources and advocacy for land and mineral owners in the courts and the legislature. TLMA’s leadership carefully and prudently stewards its resources. And TLMA has developed good relationships with legislators, industry representatives, experts and legislators, and a reputation for providing thoughtful and incisive input in its advocacy for landowners’ rights. I encourage all my clients to join TLMA.” John said.



OUTSTANDING SERVICE AWARD RECIPIENT CAROLYN KEENAN



TLMA’s 2018 Outstanding Service Award goes to Carolyn Frost Keenan. Carolyn is a founding member of TLMA and currently serves as the Association Chairman.

The Outstanding Service award honors a TLMA member who is dedicated to reinstating a sense of fairness in the relationship between those that use the land and those who live on it, and who has made an outstanding contribution toward that end.

For 20 years, Carolyn has continually donated her time and expertise as a land and mineral owner to TLMA and has greatly impacted the success of TLMA and it’s mission to protect and enhance your private property rights. In addition to leading the Statewide Members Meeting, if you have attended one of the town hall meetings, you’ve also seen her there!

“Since it’s inception, TLMA has continued to fight for the protection of our rights as land and mineral owners. Over the years, TLMA has made a significant impact. I find that my service and time commitments to TLMA is worthwhile for my family and for the State of Texas. I highly encourage all of our members to become involved in the association.”

THE 85TH LEGISLATIVE SESSION BEGINS—CONTINUED FROM PAGE 1

sale of their royalties. This bill was filed by Representative Ernest Bailes and is HB 3838. Thank you, Representative Bailes!

As is customary with recent sessions, state budget negotiations began early in the Session. TLMA Executive Director, Jennifer Bremer, testified before the Senate Finance Committee on the Railroad Commission of Texas' (RRC) portion of H.B. 1, the state budget for fiscal years 2020-2021. Specifically, Jennifer testified in support of the funds requested by the RRC to improve their information technology systems and well-plugging strategies. In 2017, the 85th Legislature approved the use of Economic Stabilization Funds, for well plugging efforts. This up-front money allowed the Commission to contract with large service companies, which then allowed for more wells to be plugged. The RRC also has asked for funding to continue to upgrade their IT systems. The funding given during the current fiscal biennium was used for programs, like the RRC OIL program that launched earlier this year. See page 2 for more information on the RRC OIL program.

In addition to S.B. 817 and H.B. 3838, TLMA is also tracking many bills that will impact land and mineral owners in Texas. As of March 8, the bill filing deadline, there are 7,281 bills filed.

In regard to eminent domain reform, Senator Lois Kolkhorst and Representative Dewayne Burns filed S.B. 421 and H.B. 991, respectively, but are only two of the bills filed on this issue. You can find more information about the bills TLMA is tracking on the 2019 Legislative Session page under the News & Resources tab of the TLMA website. TLMA is closely monitoring all eminent domain legislation to ensure that any legislation passed creates a more balanced system that respects the private property rights of those who are forced to sell their land.

Representative Rafael Anchia also filed four bills that were not passed through the RRC Sunset process during the previous legislative session. The bills would change the name of the RRC, require certain information to be posted to the RRC website, limit political contributions to Commissioners, and increase the daily fine for certain violations. We also continue to watch for any bills, like H.B. 3226, that could potentially become an allocation well bill.

AUDITING YOUR ROYALTIES—CONTINUED FROM PAGE 1

to the volumes reported on your royalty check stub.

Another useful website is the Texas Comptroller website (<https://mycpa.cpa.state.tx.us/cong>). *Here you can find the values and volumes reported by operators and/or purchasers. You can compare the values reported to the Comptroller to the values reported on your royalty check stubs. Ideally, the royalty values on your check stubs should equal or exceed the values reported to the Comptroller. If the values on your royalty check stubs are less than the values reported to the Comptroller, it could be an indication that your royalties are paid net of deductions, which may or may not be allowed by your lease.*

You can also perform a more detailed audit by requesting all the supporting documentation from the operator. This could be done on a sample month basis to save time and money. Your request to the operator would include volume statements, plant processing statements, and invoices and sales contracts to support the prices paid. Once you receive this information, you can prepare your own royalty calculations and compare them to the royalties you were paid.

You can perform some of these audit steps on a monthly or quarterly basis as you receive your royalties. At a minimum, an audit every four years would help to avoid the four-year statute of limitations. In order to perform the more detailed audit, which requires requesting information from the operator, your lease may need to have an explicit right to audit. Even if your lease does not contain the right to audit, you may be able to work with the operator to perform an audit.

Mostly importantly, do not be intimidated by the royalty audit process and do not be afraid to ask questions. Most operators have a royalty relations email address which can be a great starting point for information.

RESULTS FROM STATEWIDE MEMBERS MEETING SURVEY

The survey results from the Statewide Member's Meeting provided very good insight into helping us improve the event. For those that gave ideas for speakers or topics, they will be included in newsletters throughout the year. It is very helpful to know what type of information you all would like to see.

Other highlights include:

- Over half of the attendees had attended the Statewide Member's Meeting before
- Most of the respondents thought the meeting location was convenient and all were satisfied with the meeting venue
- Nearly all respondents thought the speakers were very knowledgeable and found the topics interesting and relevant
- Suggestions were given for the overall timeline of the day—specifically shortening the presentations but increasing the number of presentations

If you were unable to attend, but would like to view the presentations, they are available on the TLMA website.

DID YOU KNOW? TLMA REPRESENTS

OVER
3.5
million
mineral acres

OVER
900
thousand
surface acres

OVER
900
members

ALL
254
Texas
Counties

THANK YOU!

Thank you to each of you who submitted their surface and mineral acres. If you have not submitted yours, but would like to, please use the form below or email info@tlma.org.

Mineral Acres Owned/Managed _____ Surface Acres Owned/Managed _____

Counties represented:

TLMA DISTRICT REPRESENTATIVES

Also during the 2018 Statewide Members' Meeting, those in attendance voted to elect two new District Representatives— Amy Stieren Smiley and Lorin Runnels.

Amy Stieren Smiley

Amy Stieren Smiley is a native San Antonian with an appetite for art, culture, motherhood, and ranching. She serves passionately on the Board of Trustees for The McNay Art Museum where she is chair of The Art Committee, as well as, serves on many other working committees at the museum. She also serves on the board of the Elizabeth Huth Coates Charitable Foundation of 1992. Amy is the President of Sonrisa Management, L.L.C. corporation which manages several properties, one of which is The Stieren Ranch, a working cattle operation in Gillett, Texas. The Stieren Ranch has been producing the same quality Angus cattle since 1956. She has three beautiful sons, four dogs, and usually a foster dog or two.



Lorin Runnels

Lorin Looney Runnels was born in Edinburg, Texas to Cullen and Carol Lynn Looney. She attended the University of Texas receiving B.A. degree in Plan II Honors in 1995. Lorin received her legal education from Southern Methodist University and graduated as a Member of the Order of the Coif in 2002. Lorin practices oil and gas law with her own firm based in Edinburg, Texas. Lorin is a Trustee on the Looney-Montgomery Foundation and the Bill and Gigi Clements Foundation. She serves as a Board Member for EIA Properties, Ltd., Stag Holdings and CWL Limited. She is a member of the Alumnae Committee for the Plan II Honors Program at the University of Texas and a former member of the Clements Center for National Security at the University of Texas. Lorin is a leader in Bible Study Fellowship and a long time volunteer for Snack Pack for kids in San Antonio. She is a former board member at Quinta Mazatlán, The South Texas Symphony and the McAllen Civic Center. Lorin and her husband Forrest have two sons, Forrest III and Cullen.



Dr. John S. Baen continues to serve as our North Texas District Representative. We are excited to have Dr. Baen remain on our team and look forward to the coming years with Amy and Lorin!

UPDATE FROM THE EXECUTIVE DIRECTOR

It's been an exciting start to the year as I began my first legislative session with TLMA. I truly love this process and all of the learning opportunities that come along with it. So far, I have testified in front of the Senate Finance Committee and the House Energy Resources Committee.

Right now, our focus is on legislative session and passing SB 817 and HB 3838, but we are planning to hold membership meetings around the State this fall. I'm also working on updating marketing materials, including our website, and hope to have these in hand by the fall meetings.

I am updating the website with legislative information, but once all of the bills were filed things began to move VERY quickly. If you have questions, email Jennifer at execdir@tlma.org.

I look forward to the remaining days of session and seeing you all this fall!





Texas Land & Mineral Owners Association
1005 Congress Avenue, Suite 360
Austin, TX 78701

TLMA Membership Information Form

I would like to join TLMA I am a member, please update my contact info

Please return to: TLMA, 1005 Congress Ave., Suite 360, Austin, TX 78701

Name _____

Organization/Ranch Name _____

Address _____

City _____ State _____ Zip _____

Telephone Number _____

Email Address _____

Referred by _____

Don't forget!

If there is a change in your contact information, update TLMA and avoid delays in receiving your newsletter, renewal, and other correspondence.

To update your member information, call Robbie at (512) 479-5000, mail in this form, or log in to your member account online at www.tlma.org.

Find more information, join TLMA, or renew your membership online at www.tlma.org