

Understanding the Prior Period Adjustment

By: Eli Murray, CDOA, CPLTA, CPL
NADOA 2021 Institute
September 8-10, 2021

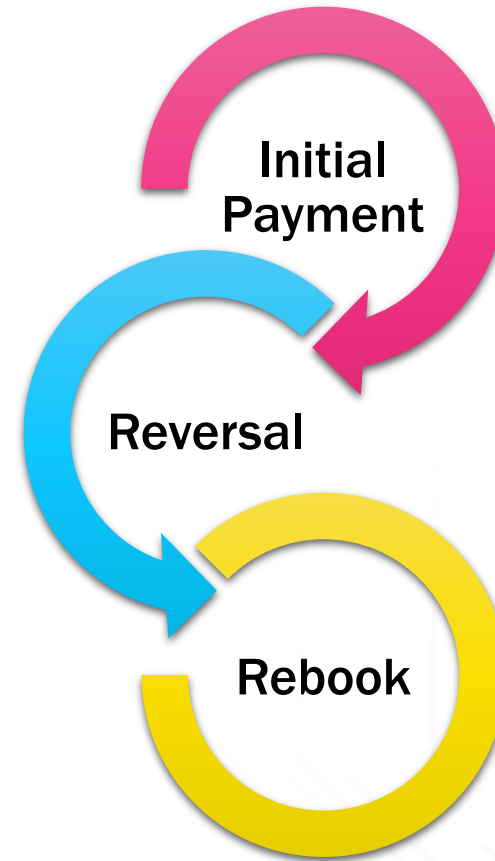
Agenda

Let's answer the following questions.

- What is a Prior Period Adjustment (PPA)?
- Who is impacted by a PPA?
- How is a PPA accomplished?
- What are common problems with the PPA?

What is it?

Change to a charge or payment after-the-fact.



What is it?



- PPA or Reverse/Rebook is a change to the accounting for a variety of reasons.
 - Production (volumes, TIK, allocations between wells)
 - Revenue (pricing, deductions)
 - Division of Interest (transfers, payouts, new/revised surveys)
- Expense Decks can be impacted, too.
 - Division of Interest (transfers, payouts, new/revised surveys)
 - Overhead Rate (D&C vs producing)
 - Disputed Invoice
- Generally, there will be an odd number of payments for a given product in a given month.

Check Example #1

First Check – Jan 2021

Property: 01213575		WELL NAME C 02WB (GAS ONLY) ST COUNTY, Operator: OPERATOR						
GAS	ROYALTY INTEREST	<div>Original</div>	Nov 20	3,112.92	2.11	6,572.35	0.00162743	10.69
	SEVERANCE TAX		Nov 20			(493.08)	0.00162743	(0.80)
Total GAS								9.89
Total Property								9.89

Second Check – Feb 2021

Property: 01213575		Owner 01213575	WELL NAME C 02WB (GAS ONLY) ST COUNTY, Operator: OPERATOR					
GAS	ROYALTY INTEREST		Nov 20	3,112.92	2.00	6,211.07	0.00162743	10.11
GAS.R	SEVERANCE TAX		Nov 20			(465.98)	0.00162743	(0.76)
GAS.TAX1	ROYALTY INTEREST		Nov 20	(3,112.92)	2.11	(6,572.35)	0.00162743	(10.69)
GAS.R	SEVERANCE TAX		Nov 20			493.08	0.00162743	0.80
GAS.TAX1	ROYALTY INTEREST		Dec 20	2,459.86	2.52	6,203.96	0.00162743	10.10
GAS.R	SEVERANCE TAX		Dec 20			(465.42)	0.00162743	(0.76)
Total GAS								8.80
Total Property								8.80

Check Example #2

First Check – Dec 2020

Property:		100110.01	Owner 100110.01	WELL NAME ST County, Section: XX Township: 000-N Range: 000-W								
GAS												
GAS.R			ROYALTY INTEREST	Oct 20	1.0170	82,842.61	2.18	180,325.55	0.00189209	0.00189209	156.75	341.19
GAS.TAX4			OKLAHOMA TAX	Oct 20				(7,909.46)	0.00189209	0.00189209		(14.96)
										Total GAS	156.75	326.23
										Total Property		326.23

Second Check – Jan 2021

Property:	100110.01	100110.01	WELL NAME ST County, Section: XX Township: 000-N Range: 000-W								
CONDENSATE											
OIL.R		ROYALTY INTEREST	Nov 20		182.23	36.81	6,708.65	0.00189209	0.00189209	0.34	12.69
OIL.TAX9		OKLAHOMA TAX	Nov 20				(349.15)	0.00189209	0.00189209		(0.66)
									Total CONDENSATE	0.34	12.03
GAS											
GAS.R		ROYALTY INTEREST	Oct 20	1.0170	(82,842.61)	2.18	(180,325.55)	0.00189209	0.00189209	(156.75)	(341.19)
GAS.TAX4		OKLAHOMA TAX	Oct 20				7,909.46	0.00189209	0.00189209		14.96
GAS.R		ROYALTY INTEREST	Oct 20	1.0164	78,600.24	2.18	170,996.10	0.00189209	0.00189209	148.72	323.54
GAS.TAX4		OKLAHOMA TAX	Oct 20				(7,482.70)	0.00189209	0.00189209		(14.16)
GAS.R		ROYALTY INTEREST	Nov 20	1.0154	72,768.47	2.57	187,127.92	0.00189209	0.00189209	137.68	354.06
GAS.TAX4		OKLAHOMA TAX	Nov 20				(8,471.41)	0.00189209	0.00189209		(16.03)
									Total GAS	129.65	321.18
									Total Property		333.21

Check Example #3

Property:	114207-000	WELL NAME #1H ST COUNTY
CONDENSATE		
ROYALTY INTEREST	Jun 19	2.98 53.91 160.65 0.00175454 0.00175454 0.28
SEVERANCE TAX	Jun 19	(8.03) 0.00175454 0.00175454 (0.01)
CONSERVATION TAX	Jun 19	(0.01) 0.00175454 0.00175454 0.00
ROYALTY INTEREST	Jun 19	(2.98) 53.91 (160.65) 0.00175454 0.00175454 (0.28)
SEVERANCE TAX	Jun 19	0.01 0.00175454 0.00175454 0.00
SEVERANCE TAX	Jun 19	8.03 0.00175454 0.00175454 0.01
SEVERANCE TAX	Jun 19	(8.03) 0.00175454 0.00175454 (0.01)
ROYALTY INTEREST	Jun 19	2.98 53.91 160.65 0.00175454 0.00175454 0.28
CONSERVATION TAX	Jun 19	(0.01) 0.00175454 0.00175454 0.00
ROYALTY INTEREST	Aug 19	9.15 53.96 493.73 0.00175454 0.00175454 0.87
SEVERANCE TAX	Aug 19	(24.89) 0.00175454 0.00175454 (0.05)
ENVIRONMENTAL TAX	Aug 19	(0.49) 0.00175454 0.00175454 (0.01)
CONSERVATION TAX	Aug 19	(0.03) 0.00175454 0.00175454 0.00
ROYALTY INTEREST	Aug 19	(9.15) 53.96 (493.73) 0.00175454 0.00175454 (0.87)
CONSERVATION TAX	Aug 19	0.03 0.00175454 0.00175454 0.00
ENVIRONMENTAL TAX	Aug 19	0.49 0.00175454 0.00175454 0.01
SEVERANCE TAX	Aug 19	24.89 0.00175454 0.00175454 0.05
SEVERANCE TAX	Aug 19	(24.89) 0.00175454 0.00175454 (0.05)
ENVIRONMENTAL TAX	Aug 19	(0.49) 0.00175454 0.00175454 (0.01)
ROYALTY INTEREST	Aug 19	9.15 53.96 493.73 0.00175454 0.00175454 0.87
CONSERVATION TAX	Aug 19	(0.03) 0.00175454 0.00175454 0.00
Represented Unit of Measure: Gas = MCFs, Plant Products/Natural Gas Liquids = BBLs, Oil/Condensate = BBLs		
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Type	Production Date	BTU	Volume	Price	Value	Owner Interest	Owner Interest	Volume	Value
EXISE	Oct 19				0.39	0.00175454	0.00175454		0.00
SEVERANCE TAX	Oct 19				20.53	0.00175454	0.00175454		0.01
CONSERVATION TAX	Mar 20				(0.04)	0.00175454	0.00175454		(0.00)
ROYALTY INTEREST	Jun 19	0.98	53.91	160.65	0.00697267	0.00697267	0.00697267	1.75	0.00
SEVERANCE TAX	Jun 19				(8.03)	0.00697267	0.00697267		(0.06)
EXISE	Jun 19				(0.15)	0.00697267	0.00697267		(0.01)
CONSERVATION TAX	Jun 19				(0.01)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Jun 19	(2.98)	53.91	(160.65)	0.00697267	0.00697267	0.00697267	(1.75)	0.00
CONSERVATION TAX	Jun 19				0.01	0.00697267	0.00697267		0.00
EXISE	Jun 19				0.15	0.00697267	0.00697267		0.01
SEVERANCE TAX	Jun 19				8.03	0.00697267	0.00697267		0.06
SEVERANCE TAX	Jun 19				(8.03)	0.00697267	0.00697267		(0.06)
EXISE	Jun 19				(0.15)	0.00697267	0.00697267		(0.01)
ROYALTY INTEREST	Jun 19	2.98	53.91	160.65	0.00697267	0.00697267	0.00697267	1.75	0.00
CONSERVATION TAX	Jun 19				(0.01)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Aug 19	9.15	53.96	493.73	0.00697267	0.00697267	0.00697267	2.44	0.00
SEVERANCE TAX	Aug 19				(24.89)	0.00697267	0.00697267		(0.17)
CONSERVATION TAX	Aug 19				(0.03)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Aug 19	(9.15)	53.96	(493.73)	0.00697267	0.00697267	0.00697267	(2.44)	0.00
CONSERVATION TAX	Aug 19				0.03	0.00697267	0.00697267		0.00
SEVERANCE TAX	Aug 19				24.89	0.00697267	0.00697267		0.17
SEVERANCE TAX	Aug 19				(24.89)	0.00697267	0.00697267		(0.17)
ROYALTY INTEREST	Aug 19	9.15	53.96	493.73	0.00697267	0.00697267	0.00697267	2.44	0.00
CONSERVATION TAX	Aug 19				(0.03)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Sep 19	43.54	55.94	2,435.63	0.00697267	0.00697267	0.00697267	16.98	0.00
SEVERANCE TAX	Sep 19				(121.78)	0.00697267	0.00697267		(0.84)
ENVIRONMENTAL TAX	Sep 19				(2.44)	0.00697267	0.00697267		(0.02)
EXISE	Sep 19				(0.39)	0.00697267	0.00697267		(0.01)
SEVERANCE TAX	Sep 19				(0.15)	0.00697267	0.00697267		(0.01)
ROYALTY INTEREST	Sep 19	(43.54)	55.94	(2,435.63)	0.00697267	0.00697267	0.00697267	(16.98)	0.00
CONSERVATION TAX	Sep 19				0.15	0.00697267	0.00697267		0.01
EXISE	Sep 19				2.44	0.00697267	0.00697267		0.02
ENVIRONMENTAL TAX	Sep 19				121.78	0.00697267	0.00697267		0.84
SEVERANCE TAX	Sep 19				(121.78)	0.00697267	0.00697267		(0.84)
ENVIRONMENTAL TAX	Sep 19				(2.44)	0.00697267	0.00697267		(0.02)
Represented Unit of Measure: Gas = MCFs, Plant Products/Natural Gas Liquids = BBLs, Oil/Condensate = BBLs			Generated on Monday, September 14, 2020 6:55 AM						
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Type	Production Date	BTU	Volume	Price	Value	Owner Interest	Owner Interest	Volume	Value
EXISE	Sep 19				(2.31)	0.00697267	0.00697267		(0.02)
ROYALTY INTEREST	Sep 19	43.54	55.94	2,435.63	0.00697267	0.00697267	0.00697267	16.98	0.00
CONSERVATION TAX	Sep 19				(0.15)	0.00697267	0.00697267		(0.01)
ROYALTY INTEREST	Oct 19	7.67	53.54	410.65	0.00697267	0.00697267	0.00697267	2.87	0.00
SEVERANCE TAX	Oct 19				(20.53)	0.00697267	0.00697267		(0.15)
CONSERVATION TAX	Oct 19				(0.03)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Oct 19	(7.67)	53.54	(410.65)	0.00697267	0.00697267	0.00697267	(2.87)	0.00
CONSERVATION TAX	Oct 19				0.03	0.00697267	0.00697267		0.00
SEVERANCE TAX	Oct 19				20.53	0.00697267	0.00697267		0.15
CONSERVATION TAX	Oct 19				(0.03)	0.00697267	0.00697267		(0.00)
ROYALTY INTEREST	Oct 19	7.67	53.54	410.65	0.00697267	0.00697267	0.00697267	2.87	0.00
CONSERVATION TAX	Oct 19				(0.03)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Nov 19	3.48	56.33	196.01	0.00697267	0.00697267	0.00697267	1.37	0.00
CONSERVATION TAX	Nov 19				(0.03)	0.00697267	0.00697267		(0.00)
SEVERANCE TAX	Nov 19				(0.01)	0.00697267	0.00697267		(0.07)
CONSERVATION TAX	Nov 19	(3.48)	56.33	(196.01)	0.00697267	0.00697267	0.00697267	(1.37)	0.00
CONSERVATION TAX	Nov 19				0.01	0.00697267	0.00697267		0.00
SEVERANCE TAX	Nov 19				0.80	0.00697267	0.00697267		0.07
SEVERANCE TAX	Nov 19				(0.80)	0.00697267	0.00697267		(0.07)
ROYALTY INTEREST	Nov 19	3.48	56.33	196.01	0.00697267	0.00697267	0.00697267	1.37	0.00
CONSERVATION TAX	Nov 19				(0.01)	0.00697267	0.00697267		0.00
ROYALTY INTEREST	Jan 20	6.92	57.37	366.97	0.00697267	0.00697267	0.00697267	2.50	0.00
CONSERVATION TAX	Jan 20				(0.02)	0.00697267	0.00697267		(0.00)
EXISE	Jan 20				(0.36)	0.00697267	0.00697267		(0.01)
SEVERANCE TAX	Jan 20				(19.85)	0.00697267	0.00697267		(0.14)
ROYALTY INTEREST	Mar 20	11.08	29.66	328.67	0.00697267	0.00697267	0.00697267	2.31	0.00
CONSERVATION TAX	Mar 20				0.00	0.00697267	0.00697267		0.00
SEVERANCE TAX	Mar 20				(16.43)	0.00697267	0.00697267		(0.12)
ROYALTY INTEREST	Jun 19	2.98	53.91	160.65	0.00628041	0.00628041	0.00628041	1.33	0.00
CONSERVATION TAX	Jun 19				(0.01)	0.00628041	0.00628041		0.00
SEVERANCE TAX	Jun 19				8.03	0.00628041	0.00628041		0.06
CONSERVATION TAX	Jun 19				(8.03)	0.00628041	0.00628041		(0.06)
SEVERANCE TAX	Jun 19				0.03	0.00628041	0.00628041		0.00
SEVERANCE TAX	Jun 19				(0.03)	0.00628041	0.00628041		(0.00)
ROYALTY INTEREST	Jun 19	(2.98)	53.91	(160.65)	0.00628041	0.00628041	0.00628041	(1.33)	0.00
Represented Unit of Measure: Gas = MCFs, Plant Production/Natural Gas Liquids = BBLs, Oil/Condensate = BBLs									
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Check Example #3

Property	1122P 488	WELL NAME	WISST COUNTY				
CORRELATE							
ROYALTY INTEREST	Jun 19	2.88	53.91	160.05	0.00175454	0.00175454	0.28
SEV 1/2							
SEVERANCE TAX	Jun 19				0.00175454	0.00175454	0.01
CONVEYANCE TAX	Jun 19				0.00175454	0.00175454	0.01
ROYALTY INTEREST	Jun 19	2.88	53.91	160.05	0.00175454	0.00175454	0.28
SEV 1/2							
CONVEYANCE TAX	Jun 19				0.00175454	0.00175454	0.01
SEVERANCE TAX	Jun 19				0.00175454	0.00175454	0.01
SEVERANCE TAX	Jun 19				0.00175454	0.00175454	0.01
ROYALTY INTEREST	Jun 19	2.88	53.91	160.05	0.00175454	0.00175454	0.28
SEV 1/2							
CONVEYANCE TAX	Jun 19				0.00175454	0.00175454	0.01
ROYALTY INTEREST	Aug 19	9.16	133.86	460.72	0.00175454	0.00175454	0.97
SEV 1/2							
SEVERANCE TAX	Aug 19				0.00175454	0.00175454	0.01
ENVIRONMENTAL TAX	Aug 19				0.00175454	0.00175454	0.01
CONVEYANCE TAX	Aug 19				0.00175454	0.00175454	0.01
ROYALTY INTEREST	Aug 19	9.15	133.86	460.72	0.00175454	0.00175454	0.97
SEV 1/2							
CONVEYANCE TAX	Aug 19				0.00175454	0.00175454	0.01
ENVIRONMENTAL TAX	Aug 19				0.00175454	0.00175454	0.01
SEVERANCE TAX	Aug 19				0.00175454	0.00175454	0.01
SEVERANCE TAX	Aug 19				0.00175454	0.00175454	0.01
ENVIRONMENTAL TAX	Aug 19				0.00175454	0.00175454	0.01
ROYALTY INTEREST	Aug 19	9.15	133.86	460.72	0.00175454	0.00175454	0.97
SEV 1/2							
CONVEYANCE TAX	Aug 19				0.00175454	0.00175454	0.01

Represented Unit of Measure: Gas = MCFs, Plant Products/Gaseous Gas Liquids = BBLs, Oil/Condensate = BBLs

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Jun 19	2.98	53.91	160.65	0.00175454	0.00175454	0.28
Jun 19			(8.03)	0.00175454	0.00175454	(0.01)
Jun 19			(0.01)	0.00175454	0.00175454	0.00
Jun 19	(2.98)	53.91	(160.65)	0.00175454	0.00175454	(0.28)
Jun 19			0.01	0.00175454	0.00175454	0.00
Jun 19			8.03	0.00175454	0.00175454	0.01
Jun 19			(8.03)	0.00175454	0.00175454	(0.01)
Jun 19	2.98	53.91	160.65	0.00175454	0.00175454	0.28
Jun 19			(0.01)	0.00175454	0.00175454	0.00

Type	Production Date	STO	Volume	Price	Value	Market Interest	DERIVATIVE Interest	Volume	Value
ROYalty	Mar 20			(55.04)	0.00175404	0.00175404	0.00	0.00	
CONSERVATION TAX									
SE-RFRACTOR TAX									
ROYalty INTEREST	Jun 19	2.08	53.51	(68.65)	0.00617207	0.00617207	0.15	0.15	
CONSERVATION TAX									
SE-RFRACTOR TAX	Jun 19			(61.52)	0.00617207	0.00617207	(0.06)	(0.06)	
CONSERVATION TAX	Jun 19			(61.52)	0.00617207	0.00617207	0.00	0.00	
SE-RFRACTOR TAX	Jun 19			(61.52)	0.00617207	0.00617207	0.00	0.00	
ROYalty INTEREST	Jun 19	(2.08)	53.51	(166.65)	0.00617207	0.00617207	(1.12)	(1.12)	
CONSERVATION TAX									
SE-RFRACTOR TAX	Jun 19			0.01	0.00617207	0.00617207	0.00	0.00	
CONSERVATION TAX	Jun 19			0.03	0.00617207	0.00617207	0.01	0.01	
SE-RFRACTOR TAX	Jun 19			0.02	0.00617207	0.00617207	0.00	0.00	
CONSERVATION TAX	Jun 19			0.02	0.00617207	0.00617207	0.00	0.00	
SE-RFRACTOR TAX	Jun 19			0.02	0.00617207	0.00617207	0.00	0.00	
ROYalty INTEREST	Jun 19	2.08	53.51	166.65	0.00617207	0.00617207	1.12	1.12	
CONSERVATION TAX									
SE-RFRACTOR TAX	Jun 19			(0.01)	0.00617207	0.00617207	(0.01)	(0.01)	
CONSERVATION TAX	Aug 19	9.15	53.96	460.73	0.00617207	0.00617207	5.14	5.14	
SE-RFRACTOR TAX									
ROYalty INTEREST	Aug 19			(24.98)	0.00617207	0.00617207	(0.77)	(0.77)	
CONSERVATION TAX	Aug 19			(0.15)	53.96	0.00617207	0.00617207	0.00	0.00
SE-RFRACTOR TAX	Aug 19			(0.03)	53.96	0.00617207	0.00617207	(0.46)	(0.46)
CONSERVATION TAX	Aug 19			0.03	0.00617207	0.00617207	0.00	0.00	
SE-RFRACTOR TAX	Aug 19			24.99	0.00617207	0.00617207	0.77	0.77	
CONSERVATION TAX	Aug 19			0.15	53.96	0.00617207	0.00617207	0.17	0.17
SE-RFRACTOR TAX	Aug 19			0.03	0.00617207	0.00617207	0.00	0.00	
ROYalty INTEREST	Aug 19	41.54	55.54	2,305.62	0.00617207	0.00617207	16.98	16.98	
CONSERVATION TAX									
SE-RFRACTOR TAX	Sep 19			(21.78)	0.00617207	0.00617207	(0.82)	(0.82)	
CONSERVATION TAX	Sep 19			(2.44)	0.00617207	0.00617207	(0.10)	(0.10)	
SE-RFRACTOR TAX	Sep 19			(13.11)	0.00617207	0.00617207	(0.51)	(0.51)	
CONSERVATION TAX	Sep 19			(6.15)	0.00617207	0.00617207	(0.24)	(0.24)	
SE-RFRACTOR TAX	Sep 19	(41.54)	55.54	(2,305.62)	0.00617207	0.00617207	(16.98)	(16.98)	
CONSERVATION TAX									
SE-RFRACTOR TAX	Sep 19			0.15	0.00617207	0.00617207	0.01	0.01	
CONSERVATION TAX	Sep 19			2.44	0.00617207	0.00617207	0.10	0.10	
SE-RFRACTOR TAX	Sep 19			13.11	0.00617207	0.00617207	0.51	0.51	
CONSERVATION TAX	Sep 19			6.15	0.00617207	0.00617207	0.24	0.24	
SE-RFRACTOR TAX	Sep 19			(17.78)	0.00617207	0.00617207	(0.74)	(0.74)	
CONSERVATION TAX	Sep 19			(1.44)	0.00617207	0.00617207	(0.06)	(0.06)	
Represented Unit of Measure: Cwt = MCFs, Plant Production/Storage Gas Liquids = BBLs, CO2/Gasstream = BBLs									
Generated on Monday, September 14, 2020 5:55 AM									
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Jun 19	2.98	53.91	160.65	0.00697267	0.00697267	1.12
Jun 19			(8.03)	0.00697267	0.00697267	(0.06)
Jun 19			(0.15)	0.00697267	0.00697267	(0.01)
Jun 19			(0.01)	0.00697267	0.00697267	0.00
Jun 19	(2.98)	53.91	(160.65)	0.00697267	0.00697267	(1.12)
Jun 19			0.01	0.00697267	0.00697267	0.00
Jun 19			0.15	0.00697267	0.00697267	0.01
Jun 19			8.03	0.00697267	0.00697267	0.06
Jun 19			(8.03)	0.00697267	0.00697267	(0.06)
Jun 19			(0.15)	0.00697267	0.00697267	(0.01)
Jun 19	2.98	53.91	160.65	0.00697267	0.00697267	1.12

Check Example #3

Type	Period	Rate	Volume	Price	Value	Interest	Volume	Value
EXISE	Jun 19	(2.31)			0.0087207	0.0087207		(0.42)
ROYALTY INTEREST	Jun 19	43.54	55.94	2,435.63	0.0087207	0.0087207		16.98
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.81)
ROYALTY INTEREST	Jun 19	7.67	63.64	415.65	0.0087207	0.0087207		2.87
SEVERANCE TAX	Jun 19	(20.53)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	(7.67)	53.54	415.65	0.0087207	0.0087207		(0.80)
ROYALTY INTEREST	Jun 19	3.23			0.0087207	0.0087207		(2.87)
CONSERVATION TAX	Jun 19	25.13			0.0087207	0.0087207		0.30
SEVERANCE TAX	Jun 19	(25.13)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	7.67	53.54	415.65	0.0087207	0.0087207		(0.15)
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		2.87
SEVERANCE TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	3.48	56.33	196.01	0.0087207	0.0087207		0.30
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		1.37
SEVERANCE TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.87)
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		(1.37)
SEVERANCE TAX	Jun 19	3.01			0.0087207	0.0087207		0.30
CONSERVATION TAX	Jun 19	9.80			0.0087207	0.0087207		0.87
SEVERANCE TAX	Jun 19	(9.80)			0.0087207	0.0087207		(0.87)
CONSERVATION TAX	Jun 19	3.48	56.33	196.01	0.0087207	0.0087207		1.37
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		0.30
CONSERVATION TAX	Jun 19	6.62	67.37	266.67	0.0087207	0.0087207		1.17
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		0.30
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.87)
SEVERANCE TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	11.88	29.86	128.67	0.0087207	0.0087207		2.38
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)

Jun 19	2.98	53.91	160.65	0.00828041	0.00828041	1.33
Jun 19			(0.01)	0.00828041	0.00828041	0.00
Jun 19		8.03		0.00828041	0.00828041	0.06
Jun 19		8.03		0.00828041	0.00828041	0.06
Jun 19		(8.03)		0.00828041	0.00828041	(0.06)
Jun 19	(2.98)	53.91	(160.65)	0.00828041	0.00828041	(1.33)

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Type	Period	Rate	Volume	Price	Value	Interest	Volume	Value
EXISE	Jun 19	(2.31)			0.0087207	0.0087207		(0.42)
ROYALTY INTEREST	Jun 19	43.54	55.94	2,435.63	0.0087207	0.0087207		16.98
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.81)
ROYALTY INTEREST	Jun 19	7.67	63.64	415.65	0.0087207	0.0087207		2.87
SEVERANCE TAX	Jun 19	(20.53)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	(7.67)	53.54	415.65	0.0087207	0.0087207		(0.80)
ROYALTY INTEREST	Jun 19	3.23			0.0087207	0.0087207		(2.87)
CONSERVATION TAX	Jun 19	25.13			0.0087207	0.0087207		0.30
SEVERANCE TAX	Jun 19	(25.13)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	7.67	53.54	415.65	0.0087207	0.0087207		(0.15)
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		2.87
SEVERANCE TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	3.48	56.33	196.01	0.0087207	0.0087207		0.30
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		1.37
SEVERANCE TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.87)
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		(1.37)
SEVERANCE TAX	Jun 19	3.01			0.0087207	0.0087207		0.30
CONSERVATION TAX	Jun 19	9.80			0.0087207	0.0087207		0.87
SEVERANCE TAX	Jun 19	(9.80)			0.0087207	0.0087207		(0.87)
CONSERVATION TAX	Jun 19	3.48	56.33	196.01	0.0087207	0.0087207		1.37
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		0.30
CONSERVATION TAX	Jun 19	6.62	67.37	266.67	0.0087207	0.0087207		1.17
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		0.30
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.87)
SEVERANCE TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	11.88	29.86	128.67	0.0087207	0.0087207		2.38
ROYALTY INTEREST	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)
CONSERVATION TAX	Jun 19	(15.15)			0.0087207	0.0087207		(0.15)

Jun 19			0.01	0.00828041	0.00828041	0.00
Jun 19	(2.98)	53.91	(160.65)	0.00828041	0.00828041	(1.33)
Jun 19			0.01	0.00828041	0.00828041	0.00

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[illegible]

Jun 19	(2.98)	53.91	(160.65)	0.00872721	0.00872721	(1.41)
Jun 19			0.01	0.00872721	0.00872721	0.00
Jun 19			(8.03)	0.00872721	0.00872721	(0.07)
Jun 19			(8.03)	0.00872721	0.00872721	(0.07)
Jun 19			8.03	0.00872721	0.00872721	0.07
Jun 19	2.98	53.91	160.65	0.00872721	0.00872721	1.41
Jun 19			(0.01)	0.00872721	0.00872721	0.00
Jun 19	2.98	53.91	160.65	0.00872721	0.00872721	1.41
Jun 19			(0.01)	0.00872721	0.00872721	0.00

- Multiple decimals paid, reversed out, and rebooked.
- Requires research...and lots of it.
- May need excel exports from the system.
- What if you're the payee?

Who is impacted?

Always

- Accounting

Consistently

- Division Orders
- Revenue Owners
- Expense Owners

Possibly

- Regulatory Department
- Reservoir Engineering Department
- Investors

Who is impacted?

Revenue/Expense Owners

- Transfers
 - Payor notified; however, account not suspended, and transfer was delayed.
 - Ex: Paid Narcissa Malfoy but sold to Severus Snape
 - The paperwork was delivered to the Lease Records group, and the transfer wasn't made until after 90 days from notice.
 - Reverse out Narcissa Malfoy for the incorrect period.
 - Rebook to Severus Snape for those particular months.
 - Transferred to wrong party
 - Ex: Property acquired by Adam Scott (the golfer, not in system)
 - Accidentally transferred to Adam Scott (the actor, current owner in a nearby well)
 - Mistakes happen!!

Who is impacted?

Revenue/Expense Owners

- Title Curative
 - Owner in deck no longer has an interest
 - Lessor didn't have authority to execute lease. Determined unleased.
 - Failure of title chain into them
 - Confusion of owners aka same name
 - Owner in deck has a revised interest
- Change to a tract factor
 - Revised Survey
 - As-Drilled Plat
 - Acreage enlarged/reduced due to volumes (GOR)
 - Too much oil for a gas well or too much gas for an oil well

Who is impacted?

- Regulatory Department
 - Revised reporting for state/federal entities
 - What about DOI changes under a right-of-way or waterway?
- Reservoir Engineering Department
 - DOI changes to WI impacts the reserves
 - EUR on PDP
 - PUDs and Probs
- Investors
 - Production volumes on SEC 10-K / 10-Q
 - Is it substantial? Are there amended filings?
 - Future net cash flow

How is it accomplished?

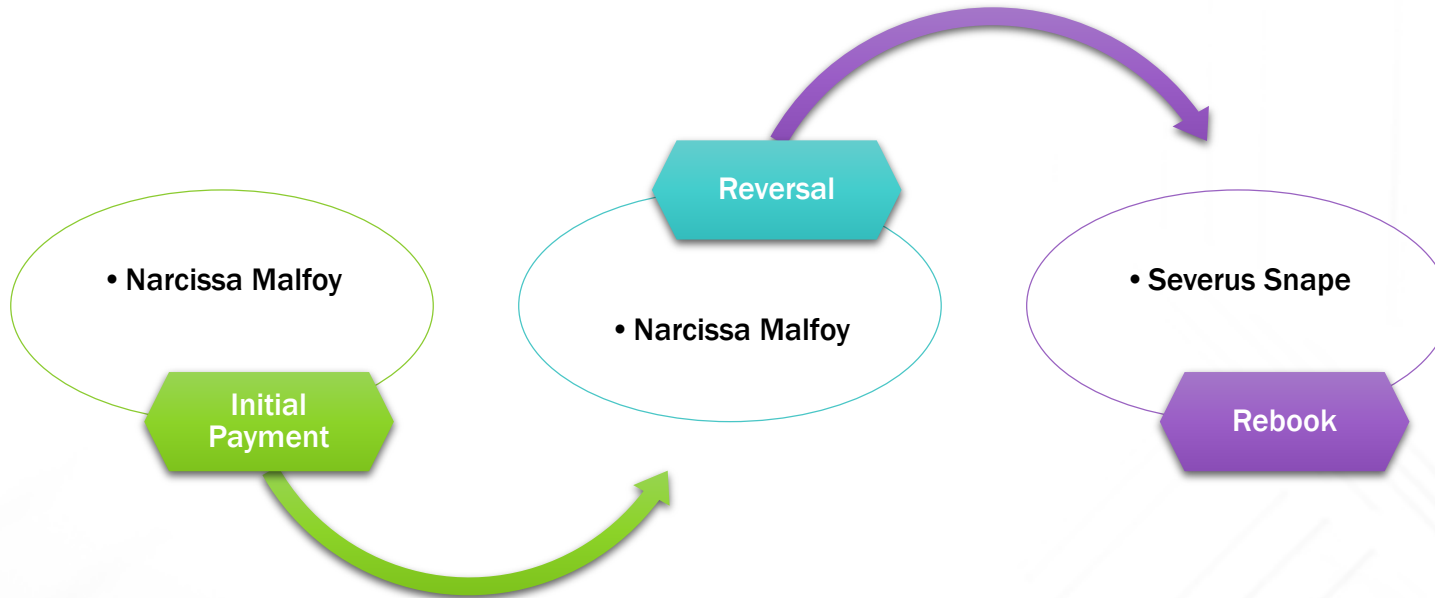
- Production and Revenue changes
 - Accounting's responsibility.
 - Reverse out the payment information using the current revenue deck.
 - Rebook the payment information using the current revenue deck.
 - Can impact new owners, but usually, the changes are nominal.
 - Occasionally, different decks may be used.

How is it accomplished?

- Transfers
 - Division Order's responsibility.
 - Updated deck needed on a go-forward basis.
 - If the transfer is on a go-forward basis, then a PPA may be unnecessary.
 - Who is on the reversal deck, and who is on the rebook deck?
 - It depends.
 - May involve both parties for both the reversal and the rebook.
 - May involve only one party for the reversal and the other party for the rebook.
 - Can you reverse out only one party, or are there system limitations which require the use of a complete deck?
 - Examples

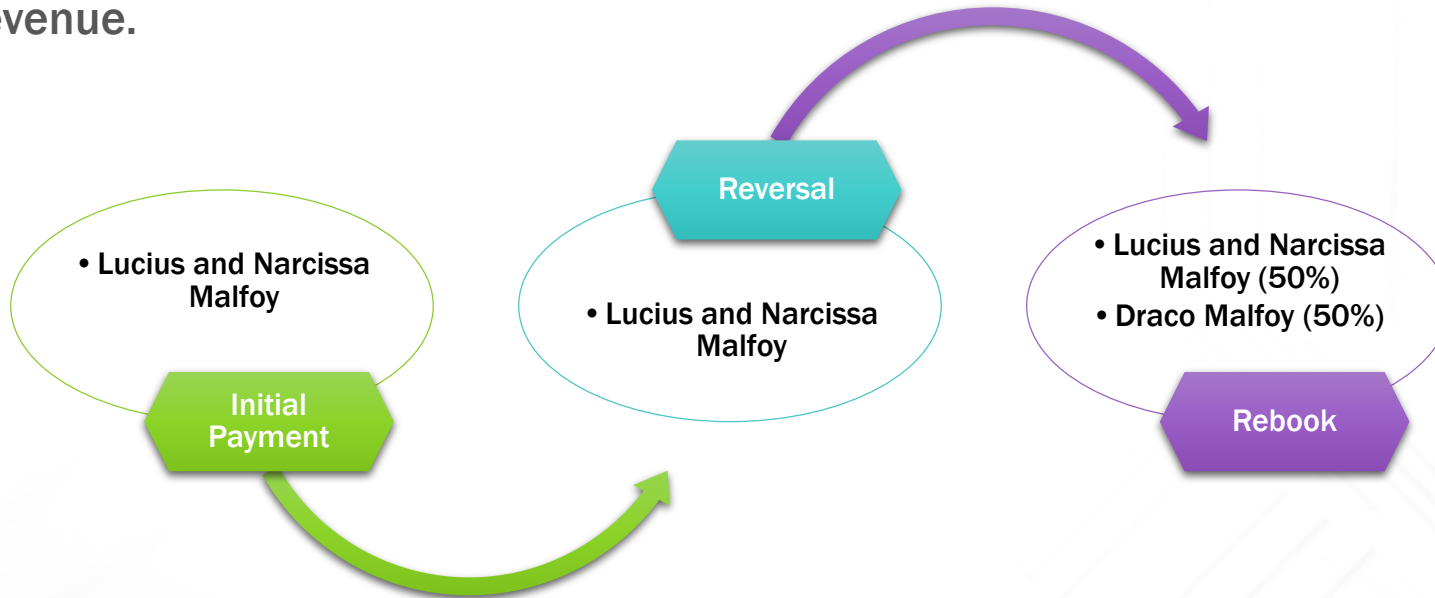
How is it accomplished?

- Transfers Example #1:
 - Effective 6/1/2021, Narcissa Malfoy conveys Malfoy Manor (and the minerals) to Severus Snape, but the transfer is not completed by the payor until 10/1/2021.
 - Narcissa Malfoy incorrectly paid for June, July, and August revenue.



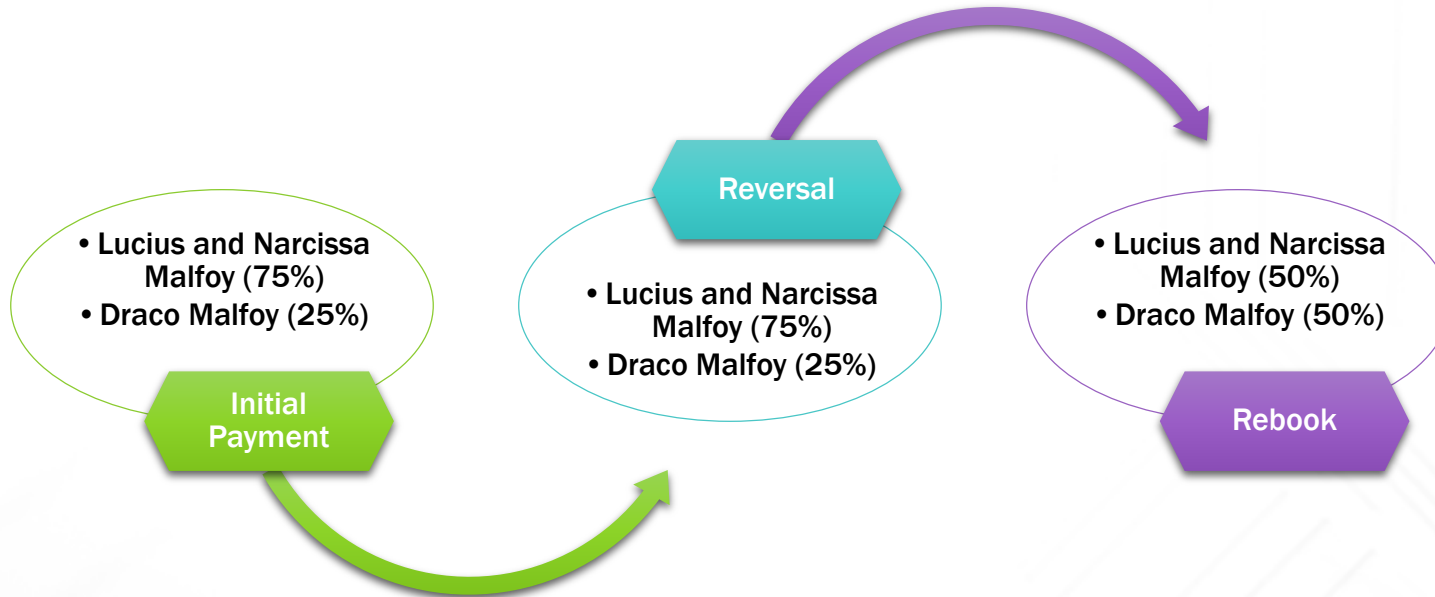
How is it accomplished?

- Transfers Example #2:
 - Effective 6/1/2021, Lucius and Narcissa Malfoy convey $\frac{1}{2}$ of Malfoy Manor (and the minerals) to Draco Malfoy, but the transfer is not completed by the payor until 10/1/2021.
 - Lucius and Narcissa Malfoy are incorrectly paid for June, July, and August revenue.



How is it accomplished?

- Transfers Example #3:
 - When the transfer to Draco Malfoy occurred on 10/1/2021, he was accidentally credited with $\frac{1}{4}$ instead of $\frac{1}{2}$. The correction didn't occur until 12/1/2021.
 - All parties are incorrectly paid for August revenue.



How is it accomplished?

- Payout
 - Accounting or Division Order's responsibility.
 - New APO deck needed on a go-forward basis.
 - Who is on the reversal deck, and who is on the rebook deck?
 - “Special” PPA for only the affected parties.
 - “Full” PPA where the entire BPO deck is reversed out and production information for those months incorrectly paid are rebooked to the new APO deck.
 - Will likely require a PPA to the expense decks as well.

How is it accomplished?

- New/Revised Survey
 - Division Order's responsibility.
 - Revised deck needed on a go-forward basis.
 - Who is on the reversal deck, and who is on the rebook deck?
 - Reverse out everyone on the original deck.
 - Rebook everyone on the revised deck.
 - If there is a change to the JOA interests, will likely require a PPA to the expense decks as well.

How is it accomplished?

- Change in Title
 - Division Order's responsibility.
 - Revised deck needed on a go-forward basis.
 - Who is on the reversal deck, and who is on the rebook deck?
 - It depends.
 - Reverse out everyone on the original deck.
 - Rebook everyone on the revised deck.
 - “Special” PPA for only the affected parties.
 - If there is a change to the JOA interests, will likely require a PPA to the expense decks as well.

What are the common problems?



What are the common problems?

- Understanding the “Why”
 - Why is this needed?
 - Improper transfer
 - Payout
 - Change to the Division of Interest
 - What time periods does this cover?
 - Single month
 - Several months
 - Date of First sales to current
 - Will this require multiple decks?

What are the common problems?

Lack of Research

Suspense Codes

- Same for Both Reversal and Rebook
- Reversing in suspense, but minimum pay for the rebook will DOUBLE PAY someone.

Decimals/Payees

- Not reversing out the correct decimal/payee.
- Not rebooking to the correct decimal/payee.

Periods Affected

- Not requested for the correct time period.
- Ex: Payout should only affect time APO. Any other months would be improper.

What are the common problems?

- Didn't Double Check the Results
 - Run a report of the payment to a payee.
 - Multiply the payee's reversal decimal(s) by the gross value for the appropriate time period. This should be the reversal amount for the payee.
 - Multiply the payee's rebook decimal(s) by the gross value for the appropriate time period. This should be the rebook amount for the payee.
 - The rebook amount minus the reversal should equal the difference to the payee.
 - If the payee had too high of a decimal or the payee was overpaid, this number should be a negative.
 - If the payee had too low of a decimal or the payee was underpaid, this number should be a positive.
 - If this is a payout PPA, and a royalty owner does not have a change of decimal, this number should be ZERO!!

Questions?

Everything in Land is the same...except what's different!!

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