

CALCULATING OIL & GAS INTERESTS

INSTRUCTOR: Seth Williams

Instructor's email: Seth@petroleumeducation.com

COURSE QUESTIONS: If a student has specific course questions they can contact Seth Williams via email.

TECHNICAL QUESTIONS: For technical support, students will contact Pam Melton email: pmelton@okcu.edu

COURSE DESCRIPTION

Even those who have been doing oil and gas calculations for years would agree that calculating interests can sometimes be confusing. This on-line class is not only fun and creative; it is also insightful and full of hands-on oil and gas issues that can be mastered. Each student will experience more than a math class; they will become involved in telling each of the interest owner's stories with numbers. At the end of the class they will have a fuller understanding of the rules related to title conveyances, burdens, net revenue interests, overriding royalty interests, units, payouts, non-consenting interests and much more.

COURSE MATERIALS

A curriculum book provided by Petroleum Education Workshops is entitled *Calculating Oil and Gas Interests*.

EVALUATION AND CLASS PARTICIPATION

This class is all about the numbers, so students will need to get out their calculators. The land professional knows that when dealing with the numbers each number tells a piece of a story. If the land professional knows the story and can attach the correct number to each piece of the story, calculations will become easier. The student will learn the importance of the proportionate part. The student will understand how "burdens" effect each company's net revenue interest in a unit and how to perform those calculations. Next the student will jump into the deep end of the pool and calculate federal units, both divided and undivided. We will calculate Overriding Royalty Interest, before payout and after payout, and learn how your companies can "backin."

COURSE ASSIGNMENTS, DISCUSSIONS AND QUIZZES

During the course, each student will be expected to complete weekly assignments. **These assignments must be completed and be submitted via dropbox with the deadline.** These assignments are

located on the Desire2Learn website within each week's content. Also, discussion questions will be presented throughout the course. Each participant must enter the online discussion room in order to weigh in on the topic being discussed. Additionally, within each chapters of the course are Short quizzes. These quizzes must be completed within the deadline on the Desires2Learn website.

GRADING

This is a Pass/Fail course. Thus, in order to achieve a passing grade the student must complete each assignment with at least a proficient mark. They will also need to earn at least a 70% score on all quizzes and the final exam.

SPECIFIC TOPICS WILL INCLUDE

Introduction

- Glossary of Terms

Chapter One – Calculating the Royalty Interest

- The Pooling Clause
- The Royalty Clause
- The Proportionate Reduction Clause

Chapter Two – Rules for Conveyances

- Glossary of Terms
- Words of Grant and After Acquired Title
- The Rule Related to a Stranger in Title
- Mineral Reservation Rule
- Rule Related to "Interest Conveyed" vs. "Land Described"

Chapter Three – Telling the Oil and Gas Company's Story with Numbers

- Calculating the Gross Working Interest

Chapter Four - Calculating a Company's Net Revenue Interest

- Burdens on the Lease
- Calculating the Net Revenue Interest

- The Need for a Check and Balance

Chapter Five – Calculating Interests in a Unit

- Glossary of Terms
- Production for Multiple Horizons
- Calculating Federal Units
- Calculating a Divided Unit
- Calculating an Undivided Unit
- Calculating Beneficial Interests

Chapter Six – Overriding Royalty Interests created from Agreements

- Calculating the Override
- The Before Payout (BPO) Division of Interest
- Calculating the Backin
- The After Payout (APO) Division of Interest

Chapter Seven – Other types of Calculations

- Non-Consent Interests
- Oklahoma Senate bill 168
- Calculating Inflated Interests

Final Quiz