

The Oklahoma Mineral Owner's Playbook

A Visual Guide to Your Rights



Mineral Watch | mymineralwatch.com

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Introduction

Mineral Watch was built by a family that has managed Oklahoma mineral rights for three generations—starting with a country doctor who bought a few acres here and there between house calls, and continuing today with 370+ interests spread across the state.

After decades of tracking permits by hand and hoping we didn't miss anything important at the Oklahoma Corporation Commission, we built the tool we wished we'd had years ago.

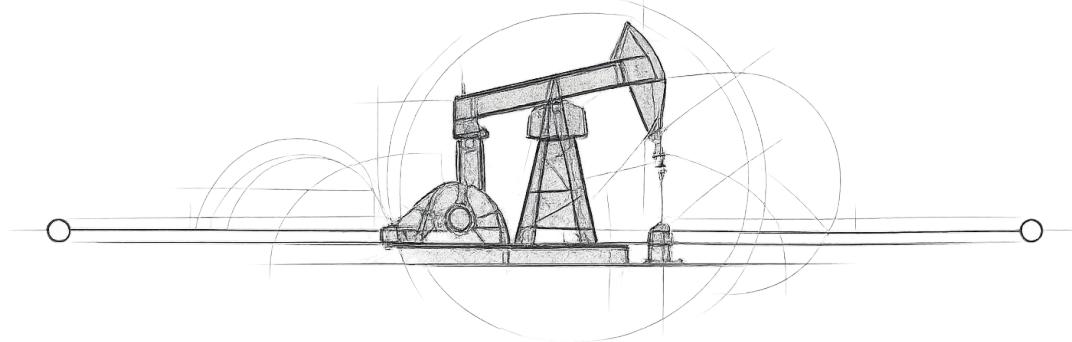
This book is the knowledge we've gathered along the way. It won't replace a good oil and gas attorney, but it will help you understand what you own, what to watch for, and how to protect your family's legacy.

*— Mineral Watch
Oklahoma City, Oklahoma*

Chapter One

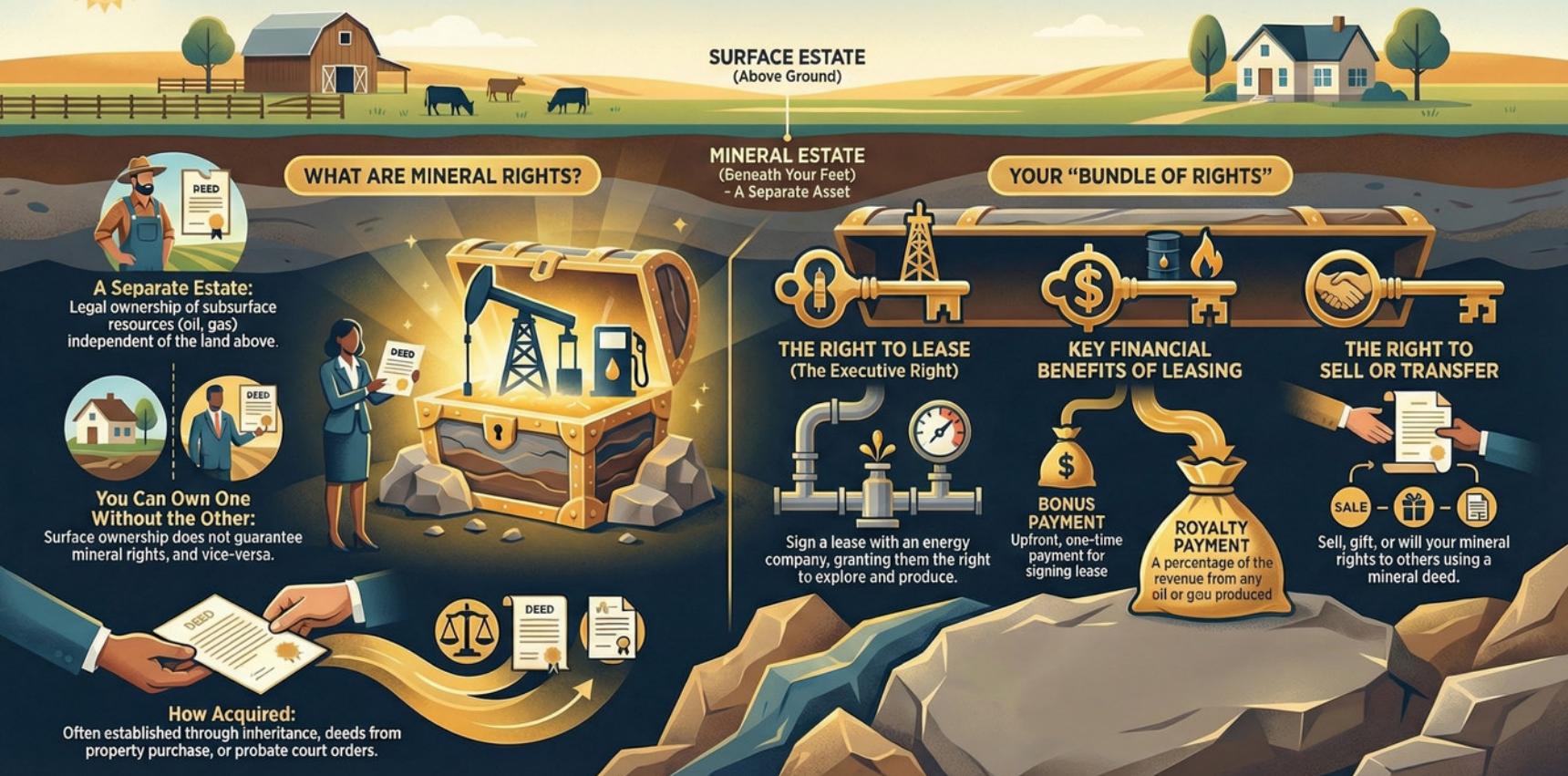
Foundation

What Do I Own?



"The meek shall inherit the earth, but not its mineral rights." — J. Paul Getty

Your Hidden Asset: Understanding Your Mineral Rights



In Oklahoma, the "separate estate" concept dates back to the Land Run of 1889 and subsequent allotments. Unlike most property transactions today, early land patents often separated surface rights from mineral rights—a legal distinction that has created both fortunes and family disputes for over a century.

Cracking the Code: How to Read Oklahoma Land Descriptions

GIMMARRON MERIDIAN (CM)

INDIAN MERIDIAN (IM)

Oklahoma is Divided by Two Principal Meridians
The Indian Meridian (IM) covers most of the state, while the Cimarron Meridian (CM) covers the Panhandle.

The Grid Begins with Townships
The state is gridded into 6-mile by 6-mile squares called Townships.

1	2	3	4	5	6
7	8	9	10	11	12
13	14	15	16	17	18
19	20	21	22	23	24
25	26	27	28	29	30
31	32	33	34	35	36

Townships Divide into 36 Sections
Each Township contains 36 one-square-mile Sections, numbered 1-36 in a specific "snaking" pattern starting from the northeast corner.

Breaking Down a Legal Description:

NW/4 of Section 12, T15N, R8W, IM

NW/4: The Northwest Quarter of the Section.

Section 12: Identifies the specific 1-mile square within the Township.

T15N: Township 15 North of the base line.

R8W: Range & West of the Indian Meridian.

IM: Based on the Indian Meridian.

Dividing a Section into Aliquot Parts
A 640-acre Section is broken into smaller fractions.

Whole Section 640 Acres

Quarter-Quarter (1/16) Section: 40 Acres

Quarter (1/4) Section: 160 Acres

Whole Section: 640 Acres

THIS IS THE KEY THAT UNLOCKS YOUR RESEARCH
This legal description is required to use the OCC Well Browse, understand pooling orders, and search county clerk records.

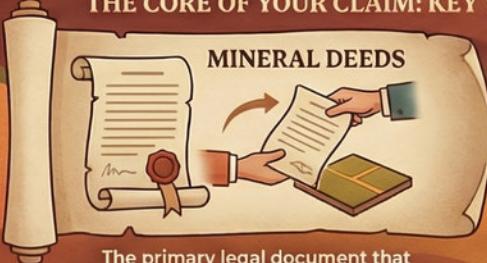


Oklahoma's legal description system traces back to the General Land Office surveys of the 1870s. Two Principal Meridians divide the state—the Indian Meridian covering most of Oklahoma, and the Cimarron Meridian for the Panhandle. Mastering Section-Township-Range notation is the key that unlocks every OCC database, county clerk search, and pooling order.

Proving Your Mineral Rights: The Chain of Title Checklist

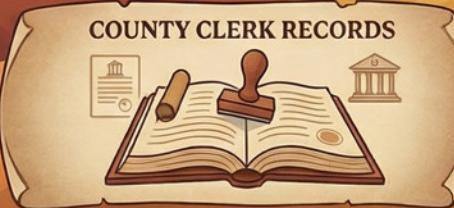
THE CORE OF YOUR CLAIM: KEY VERIFICATION SOURCES

MINERAL DEEDS



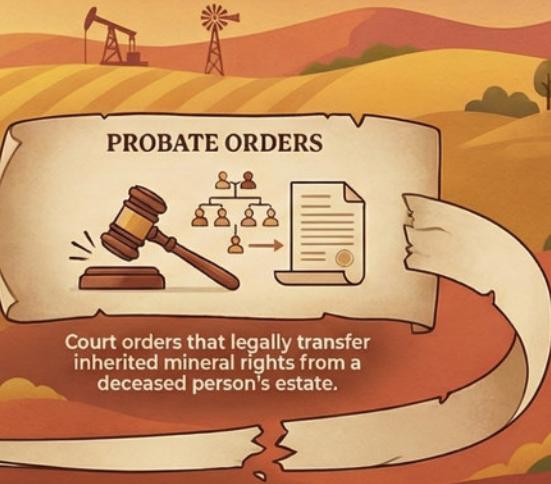
The primary legal document that officially transfers mineral rights from one owner to another.

COUNTY CLERK RECORDS



The official public record; a deed must be filed here to be legally valid.

PROBATE ORDERS



Court orders that legally transfer inherited mineral rights from a deceased person's estate.

A COMMON SHORTCUT & ITS LIMITATION: THE AFFIDAVIT OF HEIRSHIP

WHAT IS AN AFFIDAVIT OF HEIRSHIP?



A sworn statement identifying a deceased owner's heirs when there was no will or probate.

WHEN IS IT USED?



Allows for royalty payments to heirs but is not a true substitute for a formal probate.

CRITICAL LIMITATION: DOES NOT CREATE MARKETABLE TITLE

This document can cause significant problems and disputes when you try to sell your rights.



Your chain of title connects you to the original patent holder through every deed, probate, and transfer in between. In Oklahoma, where minerals have passed through multiple generations, that chain can stretch back over a century. A single missing link—an unrecorded deed or incomplete probate—can cloud your title and delay payments.

Affidavit of Heirship vs. Probate: Protecting Your Mineral Title

When inheriting mineral rights in Oklahoma, the legal process used to transfer ownership determines the strength of your title, affecting royalty payments and your ability to sell.

PROBATE PROCESS: THE PATH TO A CLEAN SALE

The Gold Standard for Title

A formal court-supervised process that legally validates a will and transfers assets to heirs.



Creates Immediate Marketable Title

Buyers require marketable title, and probate provides the clean, undisputed ownership needed for a sale.



Best for Selling Mineral Rights

Establishes a clear, public record of ownership, preventing future title problems and delays.

AFFIDAVIT OF HEIRSHIP: A FASTER PATH WITH RISKS

A Sworn Statement of Heirs

A document filed to identify the deceased's heirs when no formal probate is conducted.



Establishes Defensible Title (For Payments)

Often allows heirs to start receiving royalty payments from oil and gas operators.



The "Swiss Cheese" Title Risk

This method can leave gaps in the ownership record, creating title defects that halt a future sale.



SALE HALTED

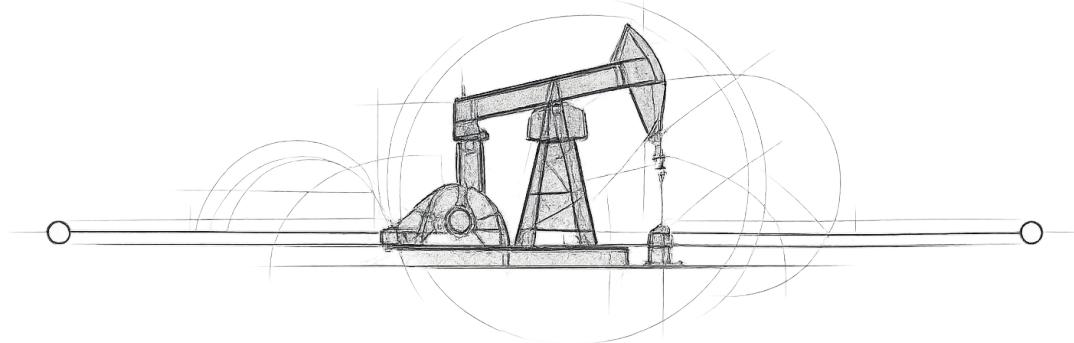
When a mineral owner dies, heirs face a choice: formal probate or the simpler Affidavit of Heirship. The affidavit gets you into "pay status" faster, but it doesn't create marketable title—meaning you may struggle to sell those rights for up to ten years. For families planning to sell, probate is almost always worth the investment.



Chapter Two

The Deal

Leasing & Pooling



"In business, you don't get what you deserve, you get what you negotiate." — Chester L. Karrass

Mastering Your Mineral Lease: The Landowner's Playbook



The standard oil and gas lease is written by operators, for operators. The three terms that matter most—bonus, royalty rate, and primary term—are all negotiable. In Oklahoma's active basins, a 3/16ths royalty that was standard a decade ago is now often 1/5th or higher. The landman's first offer is never the best offer.

NEGOTIATING YOUR LEASE: THE BONUS VS. ROYALTY TRADEOFF

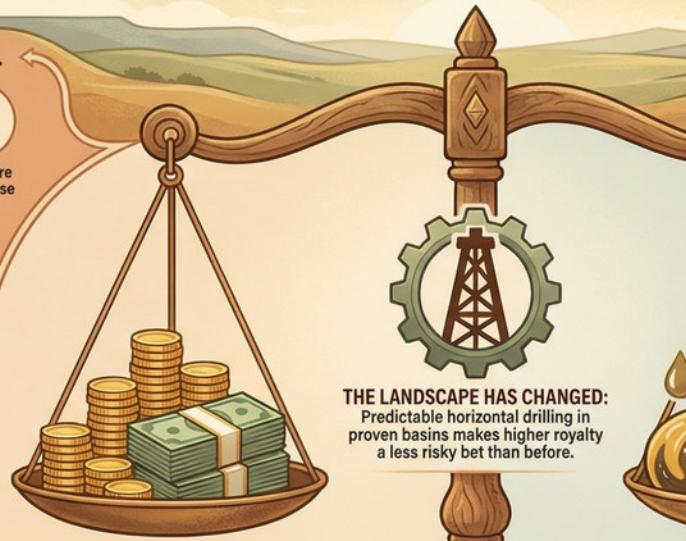
FAVOR A HIGHER BONUS WHEN...

-
-
-

Speculative Area Scenario

	Offer A:	Offer B:
\$1,000/acre + 1/8 royalty	\$400/acre + 1/5 royalty	

The Better Choice: Offer A
(take the guaranteed money)



THE LANDSCAPE HAS CHANGED:
Predictable horizontal drilling in proven basins makes higher royalty a less risky bet than before.

FAVOR A HIGHER ROYALTY WHEN...

-
-
-

Proven Area Scenario

	Offer A:	Offer B:
\$500/acre + 3/16 royalty	\$300/acre + 1/4 royalty	

The Better Choice: Offer B
(if you have a long-term view)



ROYALTY PERCENTAGE: LONG-TERM POTENTIAL

A share of the revenue for decades, but only if the well produces oil or gas.



BONUS PAYMENT: GUARANTEED MONEY

A one-time, upfront cash payment you receive regardless of whether a well is ever drilled.



ACTIONABLE ADVICE: KNOW YOUR MARKET

Research what neighbors are getting.
Don't accept 3/16 if the standard is 1/4 royalty.



When negotiating a lease, you're often trading bonus dollars today for royalty percentage tomorrow. In Oklahoma's proven basins, where horizontal drilling has made outcomes more predictable, sophisticated owners increasingly favor higher royalty rates over upfront bonus. The right choice depends on your financial situation, time horizon, and the specific opportunity—but knowing what comparable leases are signing for gives you leverage.

Lease Red Flags: A Landowner's Warning Guide

An oil and gas lease is a complex legal agreement that grants an energy company rights to develop your underground resources. The specific clauses within the lease determine your income, protections, and long-term control over your property, making a careful review essential.

RED FLAGS

(Dangerous Clauses to Avoid)



Allows Post-Production Cost Deductions

This significantly reduces your royalty payments by subtracting processing and transportation expenses.



Includes a Warranty of Title Clause

Forces you to guarantee perfect ownership, making you liable for complex historical title issues.



Has Indefinite Shut-In Royalty Provisions

Lets an operator hold your lease with minimal payments and no production deadline.

YELLOW FLAGS

(Clauses Requiring Caution)



Contains a Multi-Year Primary Term

Locks up your mineral rights for years without obligating the company to drill.



Vague Surface Damage Provisions

Lacks clear rules for land use, restoration, and compensation for damages.

GREEN FLAGS

(Favorable Clauses to Include)



Guarantees Cost-Free Royalty Language

Ensures your royalty is calculated on gross proceeds, before any deductions are taken.



Specifies Strict Surface Use Limitations

Clearly defines the operator's rights and protects your land with specific rules.



Includes a Pugh Clause for Acreage & Depth

Releases non-producing acreage and depths from the lease after the primary term.



Defines Specific Shut-In Royalty Terms

Sets clear payment amounts and time limits for how long a well can be shut-in.

A lease that looks generous on bonus and royalty can still cost you thousands through hidden clauses. Post-production cost deductions, warranty of title provisions, and indefinite shut-in language are the most common traps. Three words—"free of costs"—can make a significant difference in your net revenue over the life of a well.

The Pugh Clause: Protecting Landowner Rights

THE PROBLEM: ONE WELL HOLDS IT ALL

The Doctrine of Indivisibility:
A single producing well holds the entire lease, including all non-producing acreage and depths.

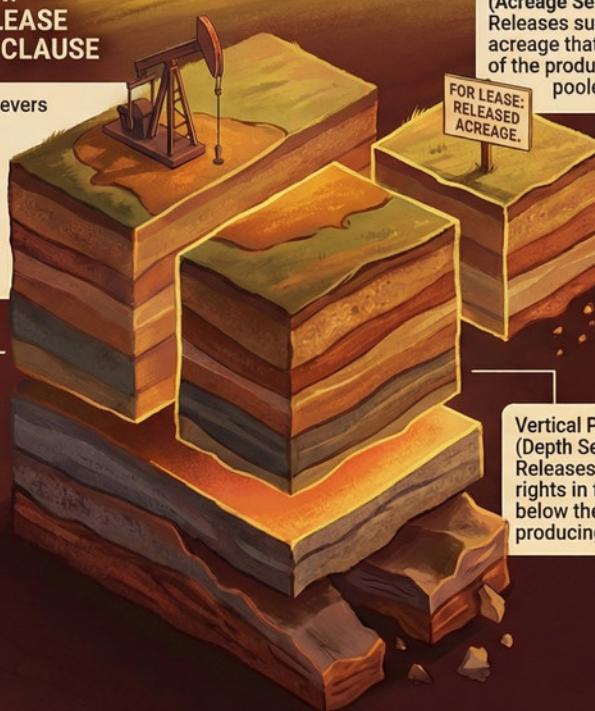


Land and Royalties Are Tied Up:
Non-producing lands cannot be leased to others, resulting in lost income for mineral owners.



THE SOLUTION: SLICING THE LEASE WITH A PUGH CLAUSE

The Pugh Clause severs the lease to free non-producing assets. This provision ensures production in one area doesn't hold the entire property hostage.



Horizontal Pugh Clause (Acreage Severance)
Releases surface acreage that is outside of the producing or pooled unit.

Vertical Pugh Clause (Depth Severance)
Releases mineral rights in formations below the deepest producing zone.



The Pugh Clause prevents a single producing well from holding your entire lease hostage—including acreage and formations the operator never intends to develop. Oklahoma's statutory Pugh provides some automatic protection for units over 160 acres, but negotiating a contractual Pugh clause into your lease offers stronger, more comprehensive coverage.

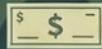


Oklahoma's forced pooling law prevents a single holdout from blocking an entire drilling unit. When an operator can't reach a voluntary lease agreement, they petition the OCC to "pool" all mineral owners. The process is designed to be fair, but the 20-day election window catches many owners off guard. Missing that deadline means accepting the default option.

Royalty Interest vs. Working Interest: Know Your Options

Royalty Interest (The Lessor's Path)

Receive a Share of Production, Cost-Free



You get a percentage of revenue (typically 1/8 to 1/4) without paying any drilling or operating costs.

Lower Reward, Zero Financial Risk

Your income is smaller, but you are protected from financial loss if the well is unsuccessful.

Mineral owners in a proposed oil and gas unit face a fundamental choice: take a passive royalty role or an active working interest role.

How You Get It

Sign an oil and gas lease or choose a lease option in a forced pooling order.



What You Receive

You get a royalty check stub detailing your share of the revenue from production.



Working Interest (The Partner's Path)

Receive a Larger Share of Production, Pay Your Share of Costs

You get a much larger percentage of revenue but must pay your share of all drilling and operational expenses.

Higher Potential Reward, Real Financial Risk

You can earn significantly more, but you are also responsible for costs and can lose your investment.



How You Get It

Select to "participate" as a partner when presented with a forced pooling order.



What You Receive

You get Joint Interest Billing (JIB) statements detailing your share of the well's expenses.



A Modern Consideration

Horizontal Drilling Has Changed the Game

Modern drilling techniques have made well outcomes more predictable in established oil and gas basins.



Participation Can Be Attractive

For owners with capital and risk tolerance, becoming a working interest partner is an increasingly viable option.



Most mineral owners receive royalty checks and pay no costs—that's royalty interest. But there's another path: participating as a working interest owner, where you pay your share of drilling and operating costs in exchange for a larger share of production. Modern drilling techniques have made this option more attractive in proven basins, but it requires understanding a different set of paperwork and risks.

OKLAHOMA FORCED POOLING: AVOID THESE 4 COSTLY MISTAKES

MISTAKE #1: MISSING THE CRITICAL 20-DAY DEADLINE



You have only 20 calendar days from the date of the order to respond.



THE COSTLY DEFAULT

If you fail to respond in time, you are automatically assigned the lowest royalty option.

MISTAKE #3: NOT UNDERSTANDING YOUR OPTIONS



HIGH BONUS /
LOW ROYALTY



LOW BONUS /
HIGH ROYALTY



YOU ALWAYS HAVE THE RIGHT TO PARTICIPATE

You can choose to pay a share of well costs for a working interest.

MISTAKE #2: FAILING TO PROVE YOUR RESPONSE WAS SENT



Regular mail doesn't provide legal proof of when you sent your election.

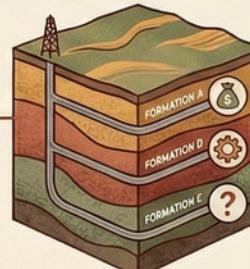


ALWAYS USE CERTIFIED MAIL

Send your written election via certified mail with a return receipt for undeniable proof.

MISTAKE #4: OVERLOOKING SEPARATE FORMATION ELECTIONS

A pooling order for a horizontal well may cover multiple geologic zones.



YOU CAN ELECT DIFFERENTLY FOR EACH ZONE

You may be able to participate in one formation and take a bonus on another.

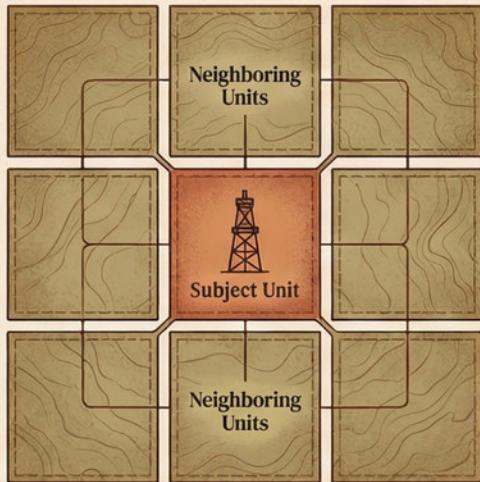


The most expensive mistake in forced pooling isn't choosing the wrong option—it's missing the deadline entirely. The 20-day window runs from the date of the order, not the date you receive it. Always respond via certified mail with return receipt requested. That green card is your proof if a dispute ever arises.

The Nine-Spot Rule: How Oklahoma Determines Fair Market Value

When mineral owners and energy companies cannot agree, the Oklahoma Corporation Commission (OCC) uses forced pooling to establish fair lease options based on recent market activity.

The “Nine-Spot” Area is Examined



An Administrative Law Judge (ALJ) reviews lease deals in the subject unit and the 8 surrounding units.

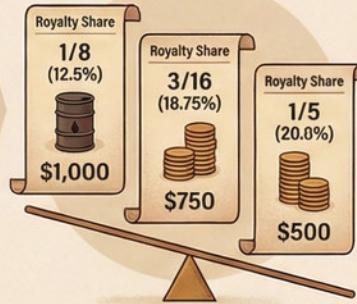
Recent, Comparable Leases are Analyzed



Recent, Comparable Leases are Analyzed

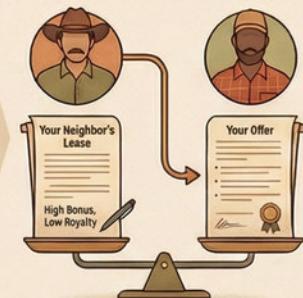
The judge only considers actual, signed "arm's-length" leases from the past year to establish value.

Lease Options Are Set



The analysis results in a range of bonus and royalty options for mineral owners to choose from.

Your Neighbor’s Lease Matters



Your Neighbor’s Lease Matters

The lease terms your neighbors accept directly influence the options you will be offered if pooled.

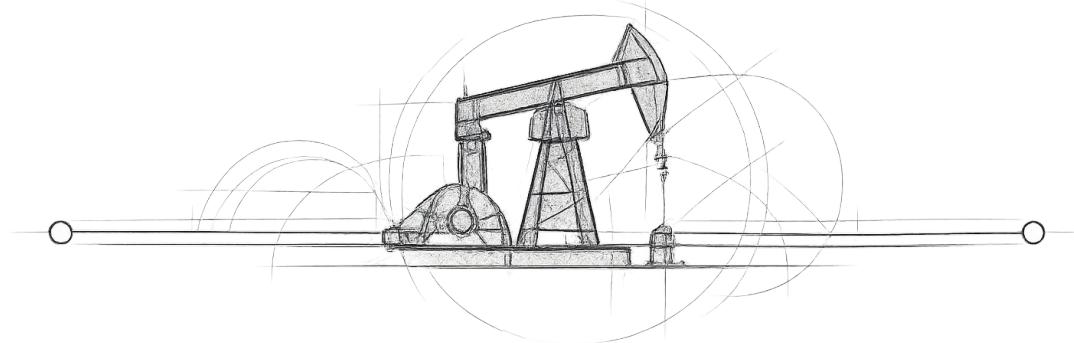


When setting bonus and royalty options in a pooling order, the OCC looks at what buyers and sellers actually agreed to in the surrounding area. The "nine-spot" refers to your section plus the eight surrounding it. Your neighbor's lease terms directly influence your options if you're pooled—which is why it pays to know what others are signing.

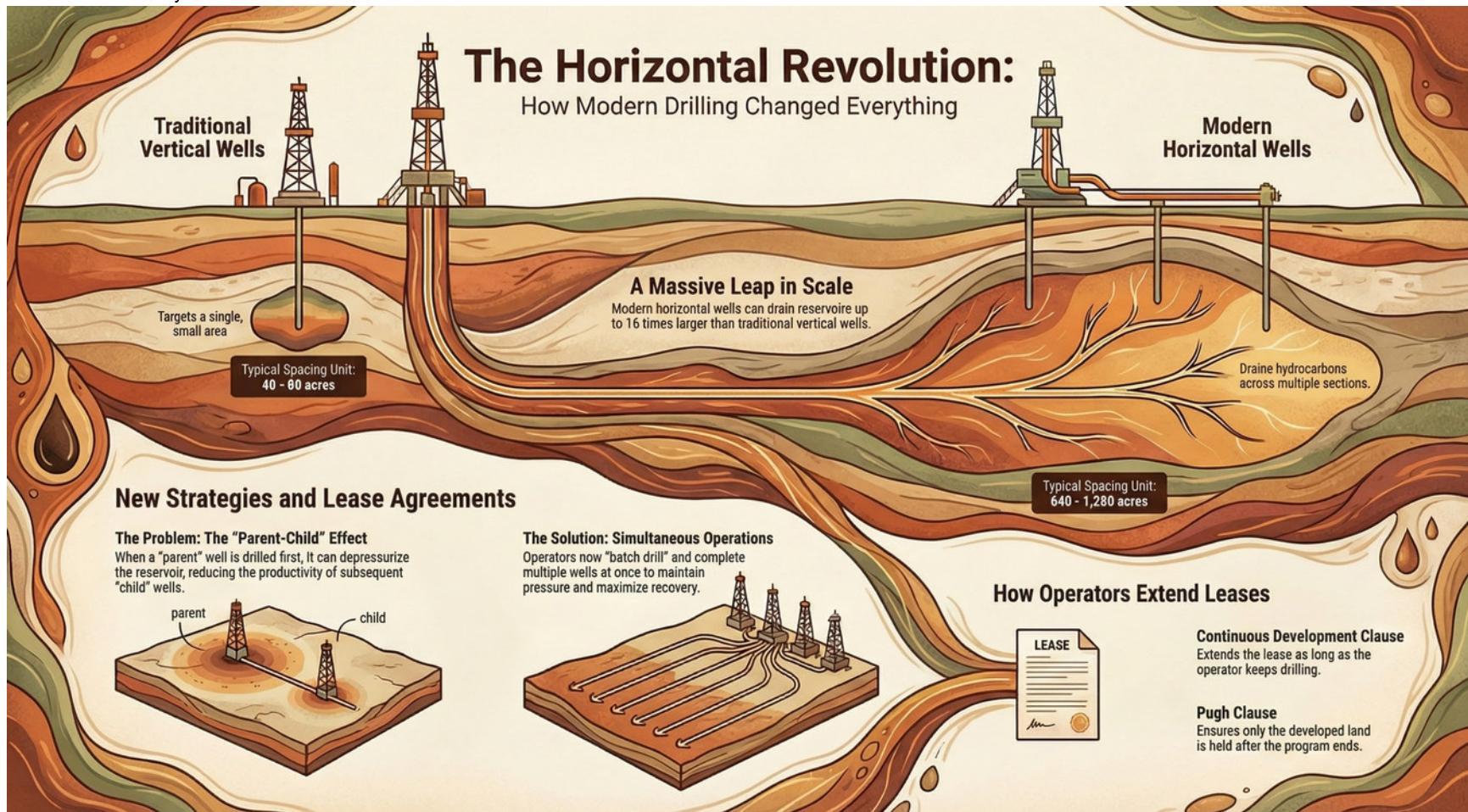
Chapter Three

Operations

The Drill



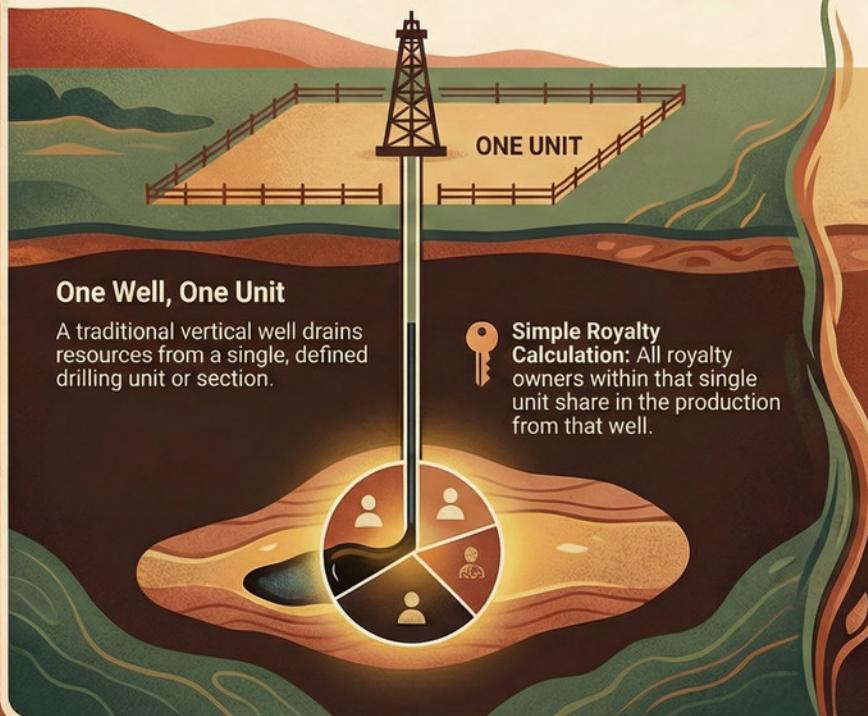
"Luck is what happens when preparation meets opportunity." — Seneca



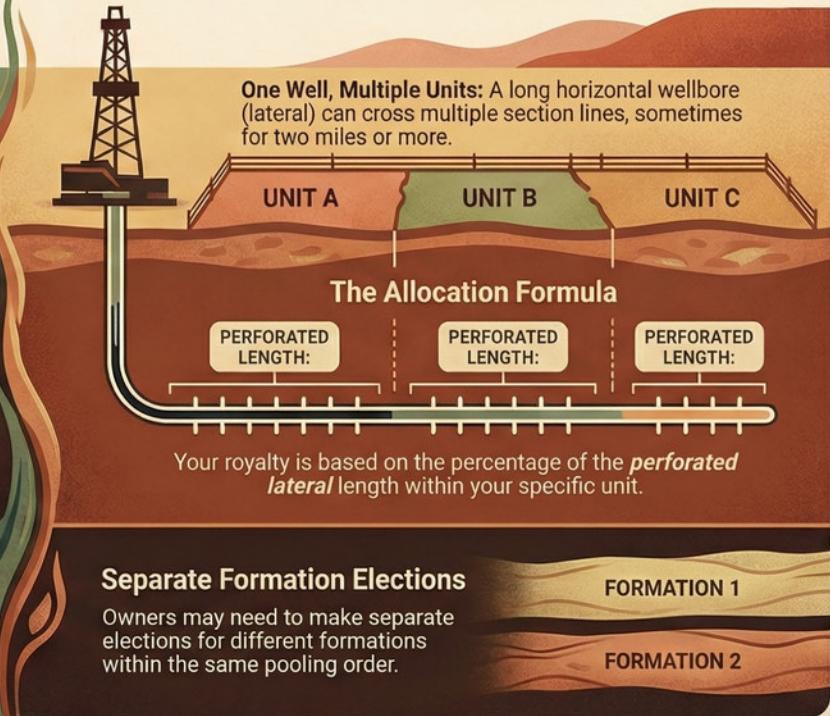
Horizontal drilling transformed Oklahoma's oil and gas industry starting in the late 2000s. A single horizontal well can drain reservoirs up to 16 times larger than a traditional vertical well—640 to 1,280 acres versus 40 to 80. This efficiency created new wealth but also new complexity for mineral owners.

Understanding Royalty Allocation for Horizontal Wells

THE OLD WAY: VERTICAL WELLS



THE NEW WAY: MULTI-UNIT HORIZONTAL WELLS

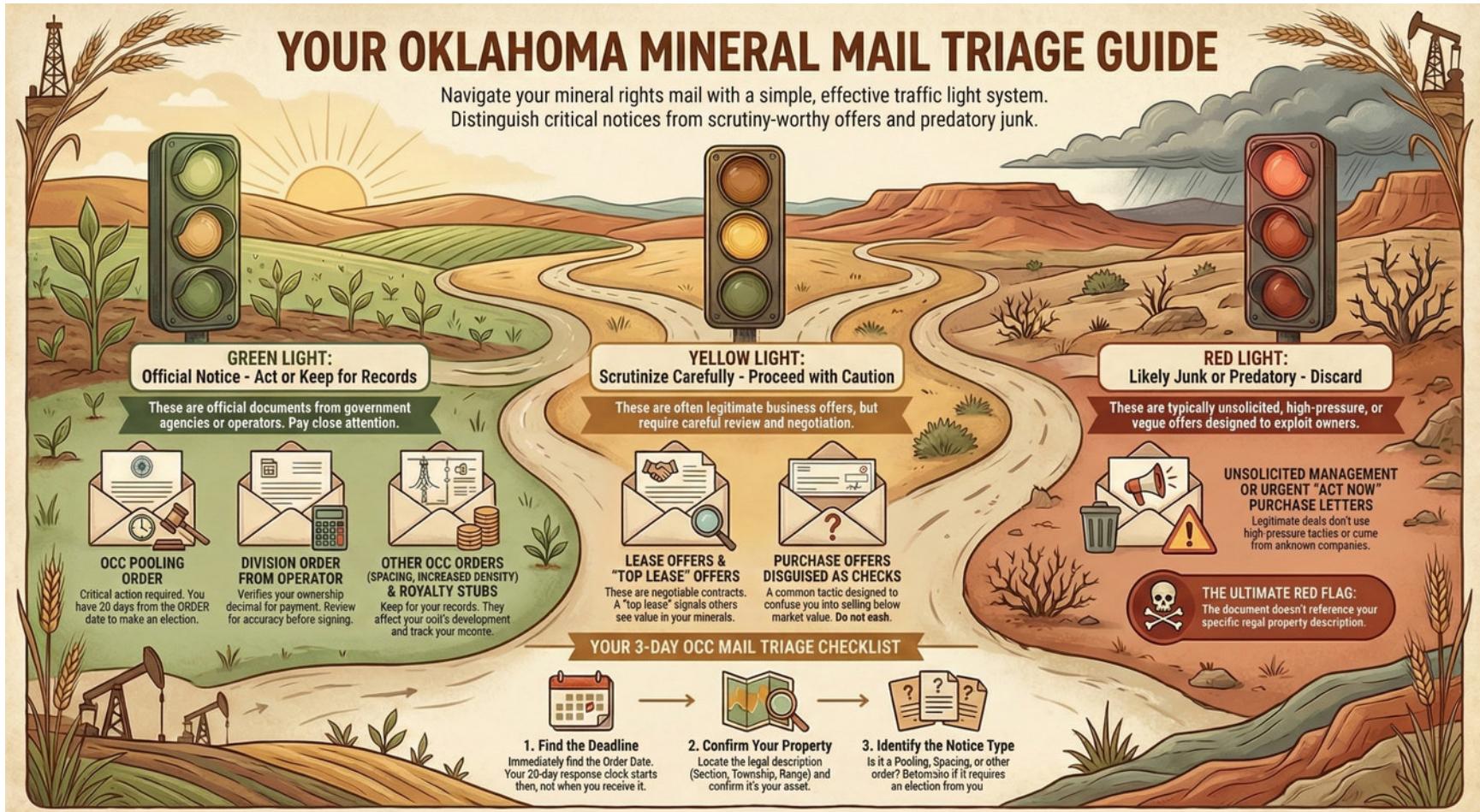


When a horizontal lateral crosses multiple sections, your royalty is based on the percentage of perforated lateral length within your specific unit—not surface acreage. A well with 80% of its perforations in Section 12 and 20% in Section 13 pays accordingly. This allocation formula appears in the spacing order and should match your division order.

Shut-In Wells & Lease Survival: When Production Stops, But Your Lease Doesn't



A well that stops producing doesn't automatically terminate your lease. Oklahoma recognizes several mechanisms that keep leases alive: shut-in royalty payments, temporary cessation for repairs or market conditions, and continuous drilling operations. When checks stop arriving, the first question isn't "Is the well dead?"—it's "What does my lease say?"



Oklahoma mineral owners receive a steady stream of official-looking mail—some critical, some informational, and some predatory. Pooling orders require action within 20 days. Spacing orders are usually just informational. Unsolicited purchase offers designed to look like official notices belong in the trash.

Oklahoma Oil & Gas Research Toolkit for Mineral Owners

START HERE: Your Legal Description



OCC Well Records Search



I need to find wells in my section.

Use the OCC Well Records Search to find well names, operators, and API numbers.



Your Section-Township-Range is the key that unlocks most of the information you need.



I need to view official documents like pooling or spacing orders.



OCC Imaged Records

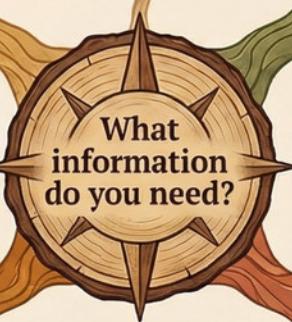


OTC Public PUN Search



I need to verify production volumes against my check stub.

Use the OTC Public PUN Search to find monthly production history for a well.



Your answer points to the right database to search.



I need to search for unclaimed funds.



Use the MOEA Escrow Search to find funds held for unlocatable mineral owners.

MOEA Escrow Search

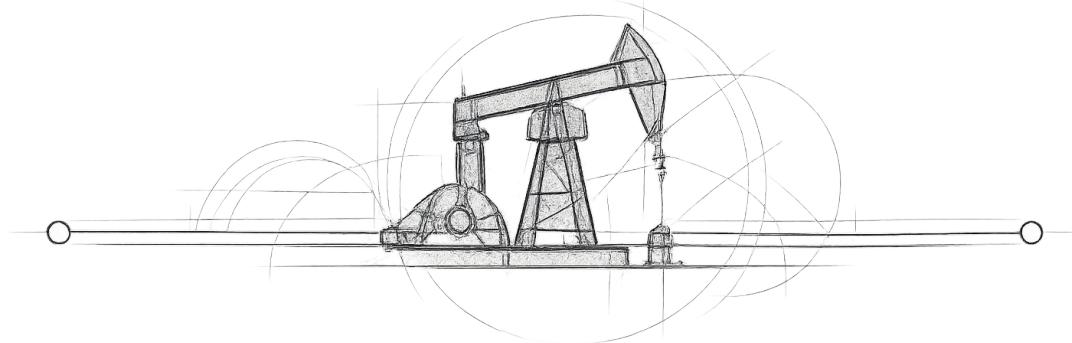


Oklahoma provides more free public data on oil and gas activity than almost any other state. The OCC's Well Records Search, Imaged Records, and the Tax Commission's PUN Search give you access to wells, permits, pooling orders, and production data. The challenge isn't access—it's knowing which database answers which question, and remembering to check. Automated monitoring tools, like Mineral Watch, can help you stay on top of new filings without the manual legwork.

Chapter Four

The Money

Getting Paid



"Trust, but verify." — Ronald Reagan

Anatomy of an Oklahoma Royalty Check Stub

Lease/Well Identification

Identifies the specific property (Lease ID) and well generating the revenue.

Production Period

The month and year when the oil or gas was sold, not necessarily produced.

Gross Volume

Total volume of oil (in barrels - BBL) or gas (in thousand cubic feet - MCF) sold.

PROPERTY & PRODUCTION DETAILS

XP04-4XXX-2046-0009
Well Name Code

JAN 2024 - FEB 2024

1,500 BBL (Oil) | 3,200 MCF (Gas)

\$75.50/BBL | \$3.20/MCF

Price

The market price received per unit of oil or gas, which may include BTU adjustments.

FINANCIAL SUMMARY

\$123,450.00

Gross Value

The total value before any deductions, calculated as Gross Volume multiplied by Price.

0.01234567

Owner's Decimal Interest

Your specific fractional ownership of the well's production revenue, found on your Division Order.

DEDUCTIONS & NET PAYMENT

-\$2,500.00

Deductions (Post-Production Costs)

Your share of costs for transportation, compression, and marketing incurred after production.

\$1,490.37

Net Payment

Your final payment after taxes and all post-production costs have been deducted.

How to Verify Your Payment



1. Find Your Production Unit Number (PUN)

Search by legal description on the Oklahoma Tax Commission's "Public PUN Search" website.



2. Check Official Production Reports

Use your PUN to find Form 300R in the OCC's Imaged Records database.



3. Compare the Gross Volume

Match the "Gross Volume" on the state's Form 300R with the volume on your check stub.



Your royalty check stub contains everything you need to verify your payment—if you know how to read it. The key fields are gross volume, price per unit, your decimal interest, and deductions. That decimal should match your division order exactly. Comparing your stub against OCC production reports is the only way to confirm you're receiving your fair share.

Decoding Your Joint Interest Billing (JIB) Statement

For mineral owners who are participating working interest owners, understanding the monthly JIB statement—your invoice for well drilling and operation costs, offset by production revenue—is crucial.



JOINT INTEREST BILLING STATEMENT

AFE Reference

The original cost estimate you agreed to (Authorization for Expenditure).

Your Share & Well ID

Identifies the well (e.g., "Sunny Greek BT c. APL.S0.720-45\$6/8") and your specific working interest percentage.

Costs vs. Credits

Costs		Credits	
Details capital costs (drilling) and operating costs (monthly upkeep).		Details revenue credits from production.	

Net Amount Due



The final balance showing what you owe or what you are owed this month.

The Well's Cash Flow Timeline



Early Months: High Costs
Expect large initial bills for capital costs like drilling and completion.



Middle Months: Transition to Revenue
Bills get smaller as ongoing operating costs are offset by growing revenue.



Later Months: Potential Profit
If the well is economic, your revenue credits should exceed the monthly costs.



Charges Not in the AFE
Be vigilant for any costs that were not part of the original approved budget.



Excessive Operating Costs
Question any ongoing monthly expenses that seem unusually high or inconsistent.



Missing Revenue Credits
Ensure your share of the well's production revenue is consistently applied to your account.



When you elect to participate in a well instead of leasing, you become a working interest owner—and the JIB is your monthly accounting statement. It shows your share of drilling costs, operating expenses, and production revenue. Understanding this document is essential for anyone who chose (or inherited) the participate option.

Your Oklahoma Oil & Gas Research Toolkit

Oklahoma's Corporation Commission (OCC) and Tax Commission (OTC) provide powerful public databases for oil and gas research. This guide shows you the correct workflow and which tool to use to answer specific questions, from locating a well to tracking its production.

The Core Research Workflow

1. Start with the Legal Description

Your Section, Township, and Range is the key to unlocking all other data.

2. Locate the Well with OCC Well Browse

Use the legal description to find a list of wells in your section.

3. Identify the Well, Operator & API Number

The results will show the well name, current operator, and unique API number.

4. Find the PUN via OTC Public PUN Search

Use the legal description again on the Tax Commission's site to get the PUN.

5. View Production Data

The Production History tab on the OTC site shows monthly oil and gas volumes.

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Specialized Database Guide

For Pooling Orders & Completion Reports: Use OCC Imaged Records

This database contains scanned legal documents, orders, applications, and official well records.



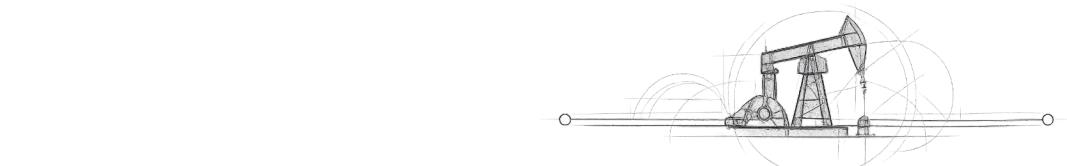
For Spacing Orders & Permits: Use OCC Well Browse

Click a specific well to find links to permits, completion reports, and more.



For Unclaimed Funds: Search the Mineral Owner Escrow Account (MOEA)

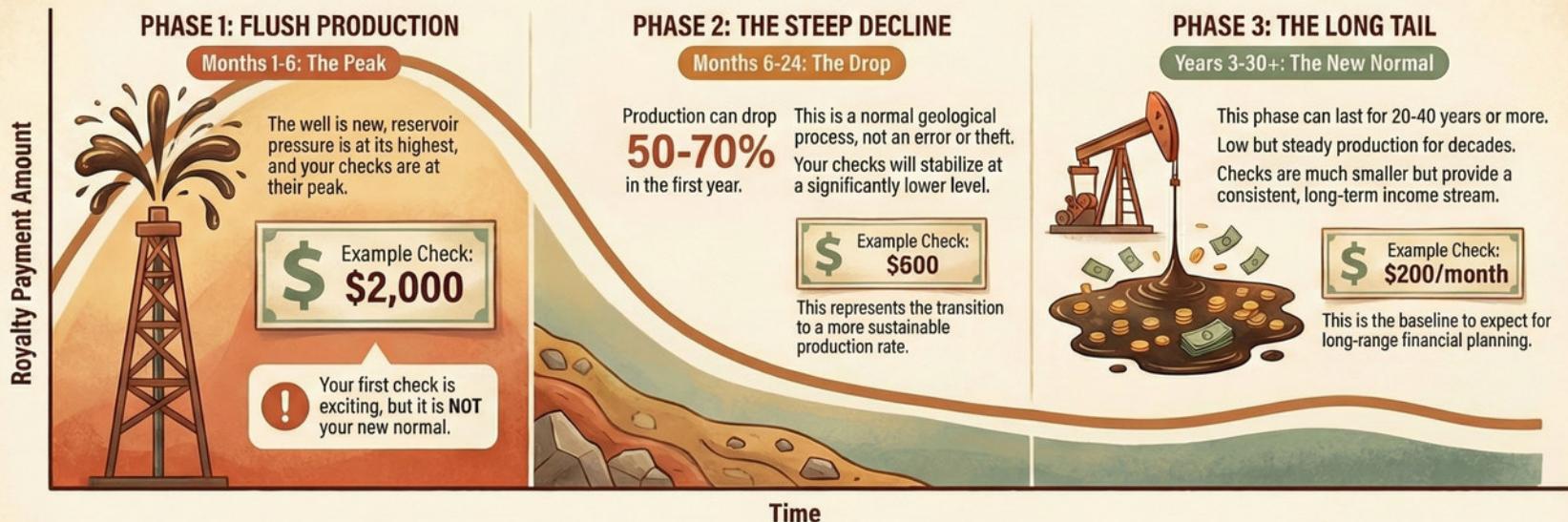
Search by name for bonuses or royalties owed to unlocatable pooling respondents.



A division order is not a lease—it's your certification of the decimal interest you're owed from a specific well. However, operators sometimes include language that attempts to modify your lease terms. Under Oklahoma law, a division order cannot override your lease. Read carefully before signing, and strike any conflicting language.

The Decline Curve Reality Check

Understanding Your Royalty Payments Over Time



Your first check is not your forever check.

Plan your finances around the long tail, not the initial flush.



THE BIG PICTURE

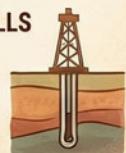
Cumulative value is still significant.

While monthly checks decrease, the total income over 20+ years can be substantial.



HORIZONTAL VS. VERTICAL WELLS

Horizontal wells often have a steeper initial decline but can access more of the reservoir.



Every oil and gas well follows a predictable pattern: high production in the first months, steep decline in year one, then steady but lower output for decades. Oklahoma horizontal wells commonly decline 60-70% in the first year before stabilizing. Your first royalty check is almost never your "normal" check—it's the peak.

Understanding Suspense: Why Your Royalty Checks Stopped



Oil and gas companies: Oil/gas companies (operators) are legally required to pay the correct mineral rights owners. When ownership is unclear due to a transfer, inheritance, or outdated records, operators will place royalty payments on hold in an account—a status known as “suspense”—until the owner provides proof of title.

The Problem: Common Reasons Your Payments Are in Suspense



Unclear Title or “Title Defect”

The chain of ownership is broken, often due to improperly filed or missing documents.



Incomplete Inheritance

The estate (probate) process for a deceased owner has not been officially completed.



Outdated Owner Information

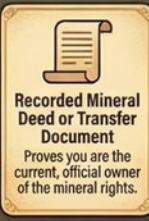
The operator has a bad address, incorrect name, or missing tax ID for you.



Gather Key Documents

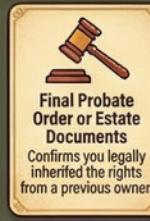
Prepare the necessary legal paperwork to prove your ownership.

Your Essential Document Checklist



Recorded Mineral Deed or Transfer Document

Proves you are the current, official owner of the mineral rights.



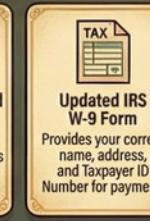
Final Probate Order or Estate Documents

Confirms you legally inherited the rights from a previous owner.



Signed & Notarized Affidavit of Heirship

Identifies the legal heirs when a formal probate was not conducted.



Updated IRS W-9 Form

Provides your correct name, address, and Taxpayer ID Number for payment.

The Solution: How to Clear Suspense and Restore Your Payments



Contact the Operator

Find their contact information and notify them of the ownership status.



Submit Official Proof

Mail certified copies of your documents to the operator's Division Order department.



“Suspense” means an operator is holding your funds because they can't verify who should be paid. Common causes include title defects, incomplete probate, or outdated addresses. The money doesn't disappear—it sits in escrow until ownership is established. Contact the operator's division order department to find out what documentation they need.

Are You an “Unlocatable” Mineral Owner?

Your Oklahoma Funds May Be Waiting

THE “UNLOCATABLE” OWNER PROCESS

What is Forced Pooling?
A state-mandated process to include unleased mineral owners in a drilling unit.

Why You Might Be “Unlocatable”

- Operators can't find you
- you're deceased with unknown heirs
- or you don't respond

Your Bonus & Royalties Are Placed in Escrow
Funds you are owed are not lost but are sent to a state-managed account.

THE MONEY TRAIL: FROM WELL TO YOU

- Funds Go to the MOEA**
Money is deposited into the Mineral Owner Escrow Account (MOEA) at the OCC.
- Held by the OCC for 5 Years**
The Oklahoma Corporation Commission (OCC) holds the funds, retaining a 10% fee.
- Transferred to Unclaimed Property**
After five years, the balance is sent to the Oklahoma State Treasurer's Unclaimed Property division.

HOW TO SEARCH FOR YOUR FUNDS

Step 1: Search the MOEA Database
Visit the OCC website (occeweb.com) and use the “Escrow Account Owner Search” by name.

Step 2: Search State Unclaimed Property
If it's been over five years, search the Oklahoma State Treasurer's official unclaimed property site.

Step 3: Follow Claim Instructions
Both websites provide links and information on how to claim any funds found.

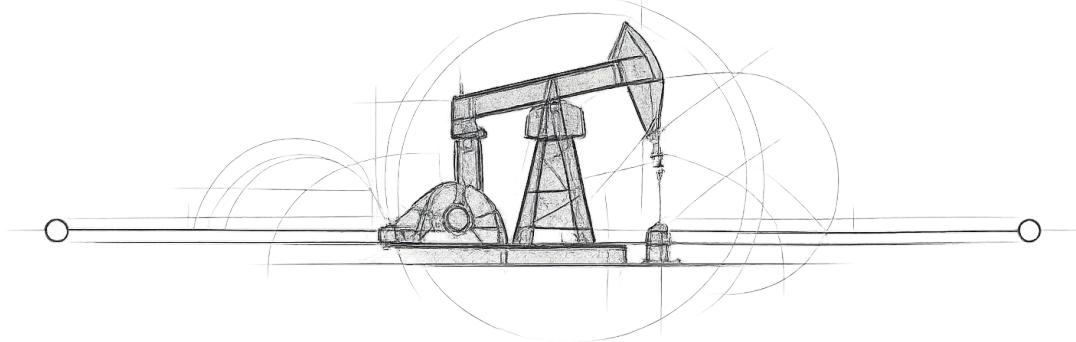


When operators can't locate a mineral owner, the funds go to the Mineral Owner Escrow Account (MOEA) at the OCC. After five years, unclaimed funds transfer to the State Treasurer's Unclaimed Property division. Both databases are searchable online by name. Thousands of Oklahoma families have money waiting—it takes five minutes to check.

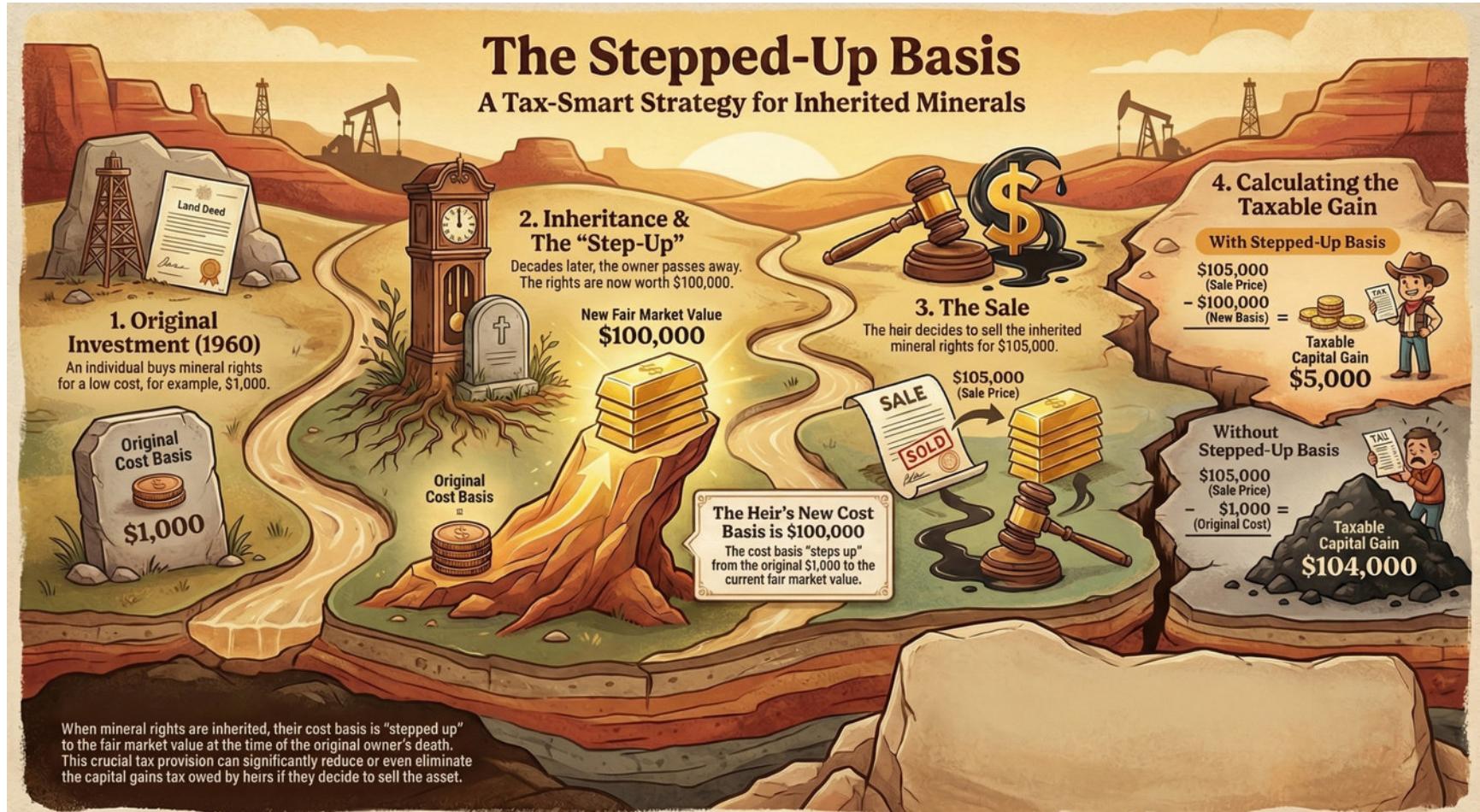
Chapter Five

Strategy

Tax, Sell, or Hold



"Someone's sitting in the shade today because someone planted a tree a long time ago." — Warren Buffet



When you inherit mineral rights, their cost basis "steps up" to fair market value at the date of death. If your grandmother bought rights for \$1,000 in 1960 and they're worth \$100,000 when she passes, your new basis is \$100,000. This single provision can save heirs tens of thousands in capital gains taxes.

Beyond Inheritance: Your Annual Mineral Rights Tax Checklist

1. Track Your Royalty Income.

You will receive a Form 1099-MISC from each operator who pays you royalties.



Understand How Your Income is Taxed.

The type of payment you receive determines the tax rate you will pay.

Income Source	Tax Treatment
Annual Royalties / Lease Bonuses	Ordinary Income (taxed at your standard rate)
Selling Mineral Rights	Capital Gains (often a lower tax rate)



Keep Records for Any Purchased Minerals

If you buy rights, log the purchase price, date, and legal description to track your basis.



2. Report Income on Schedule E.

Report your royalty payments as ordinary income on your annual tax return.



3. Claim Your Biggest Tax Break: The Depletion Allowance

Deduct 15% of your gross royalty income to account for the "wasting" mineral asset.

EXAMPLE: How Depletion Works

With \$10,000 in royalties, you can deduct \$1,500 and only pay tax on \$8,500.

Consult a tax professional for your specific situation.



Mineral royalties are ordinary income reported on Schedule E, but you're entitled to deduct 15% of gross royalty income as "percentage depletion"—a recognition that minerals are a wasting asset. This deduction continues every year regardless of your original cost basis. Many owners don't claim it simply because they don't know it exists.

Holding vs. Selling Your Oklahoma Mineral Rights: A Decision Framework

Owning mineral rights in Oklahoma presents a significant choice: hold them for potential long-term royalty income or sell them for a guaranteed lump-sum payment. This framework compares the key factors—cash flow, risk, and estate goals—to help you decide on the best strategy for your financial situation.

Choosing Your Path: A Side-by-Side Comparison

Keep & Collect Royalties



Cash Flow

Potential for long-term income, but it's variable and not guaranteed.



Risk Exposure

High risk. You are exposed to drilling outcomes, commodity prices, and operator performance.



Estate & Tax Goals

Asset passes to heirs, but can complicate estate planning. Income is taxed annually.

Sell a Portion



Cash Flow

Immediate lump-sum cash plus a reduced long-term income stream.



Risk Exposure

Reduced risk. You secure some value upfront while retaining potential future upside.



Estate & Tax Goals

Simplifies your estate and provides cash. A sale can leverage a "stepped-up basis" if inherited.

Sell All Rights



Cash Flow

A single, large, guaranteed lump-sum payment with no future income.



Risk Exposure

Zero future risk. The buyer assumes all risks of development and price changes.



Estate & Tax Goals

Completely removes a complex asset from your estate, simplifying it for heirs.

A Simple Decision Guide



Consider KEEPING & COLLECTING if...

You have a high risk tolerance, a long-term outlook, and don't need immediate cash.



Consider a PARTIAL SALE if...

You want to balance getting cash now with keeping a stake in future potential.



Consider SELLING ALL if...

You need maximum cash now, want to eliminate all future risk, or wish to simplify your estate.

Unsolicited offers to buy your minerals arrive constantly—and they're almost always below market value. The decision to sell depends on your cash flow needs, risk tolerance, and long-term outlook. Partial sales offer a middle path. Whatever you decide, never respond to a cold offer without getting competitive bids first.



Selling Your Oklahoma Mineral Rights: A Step-by-Step Guide

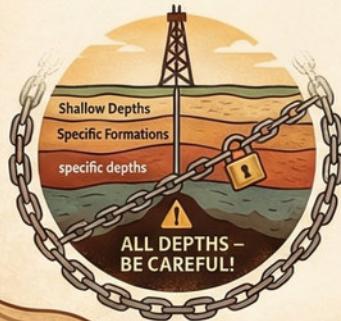
A clear guide for owners to analyze offers, negotiate terms, and complete the sale process.

Deconstructing the Purchase Offer



Step 1: Verify Your Exact Ownership

Before negotiating, use county clerk records to confirm the precise interest you own.



Step 2: Identify the Key Document—The Mineral Deed

This is the legal document that transfers your rights; its wording must be precise.

Step 3: Watch for "All Depths" Traps

Be clear if the offer is for ALL rights or just specific depths or formations.

The Negotiation & Closing Process



Step 1: Evaluate the Offer's True Value

An offer's value depends on location, production history, and current market conditions.



Step 2: Negotiate the Terms

Key negotiation points include the final price, acreage definition, and the due diligence timeline.



Step 3: Finalize, File, and Notify

The notarized Mineral Deed must be filed with the county clerk to make the sale official.



If you decide to sell, preparation is everything. Verify your exact ownership before entertaining offers. Understand whether the offer covers all depths or only specific formations. Get multiple bids from established buyers with verifiable track records. And always use a mineral deed, not a quitclaim—the difference affects whether you're conveying clean title.

Transferring Your Mineral Rights: The 5-Step Process

Mineral rights are the ownership of resources like oil and gas beneath the surface, owned separately from the land. Transferring these rights requires a specific legal process to ensure a clear title for the new owner.



Whether selling, gifting, or preparing for estate transfer, the process is the same: confirm ownership, prepare a mineral deed, sign and notarize, record at the county clerk, and notify the operator. The most common mistake is using a quitclaim deed instead of a mineral deed—quitclaims transfer only whatever interest you happen to own, without warranty.

Your “If I Died Tomorrow” Mineral Rights Checklist

Organize your mineral rights documents into a comprehensive binder for estate planning, ensuring a smooth transfer to heirs without delays or legal issues.



Recorded Mineral Deed

This is your primary proof of ownership and is filed with the county clerk.



Current Oil & Gas Lease Agreement

This contract outlines payment terms and the operator's rights to develop the minerals.



Most Recent Royalty Check Stub

This provides recent payment details, tax deductions, and specific well information.



Most Recent Division Order

This document directs the operator how to distribute royalty payments for a specific well.



List of Legal Descriptions & Operators

This pinpoints the exact location of your assets and who is managing them.



The greatest gift you can give your heirs is organization. A single binder—physical or digital—containing your deeds, leases, division orders, and contacts can save months of confusion and thousands in legal fees. Include a cover sheet listing every property by legal description and current operator. When the time comes, your family will have everything they need.

Resources

Oklahoma Corporation Commission (OCC)

OCC Well Records Search

Find wells, permits, operators, and spacing orders by legal description.

OCC Imaged Records

Scanned pooling orders, spacing orders, applications, and completion reports.

Mineral Owner Escrow Account (MOEA)

Search for funds held for unlocatable pooling respondents.

Oklahoma Tax Commission (OTC)

Public PUN Search

Find Production Unit Numbers and production history by legal description.

County Clerk Records

Deeds, probates, and recorded documents are filed at the county where the minerals are located. Many Oklahoma counties now offer online search portals.

Oklahoma State Treasurer

Unclaimed Property

Search for mineral funds transferred from MOEA after five years.

Current Links & More Resources

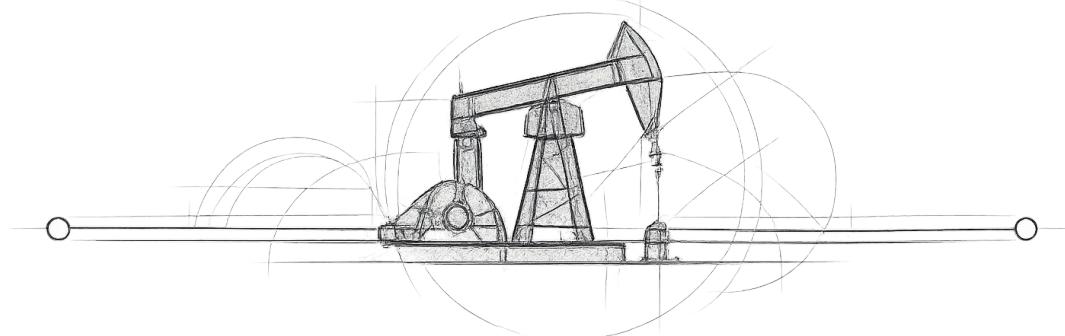
State database URLs change frequently. For current, working links to all databases mentioned in this book, plus additional guides and tools:

mymineralwatch.com/insights

Mineral Watch

Automated OCC Monitoring Get alerts when permits, pooling orders, or completions are filed on your properties—before the certified mail arrives.

mymineralwatch.com





Built by owners, for owners.
mymineralwatch.com