

# Petro-Wealth Ownership Report for Texas, 2014

Produced by Blackbeard Data to outline the demographics of Texas oil and gas ownership.



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## Executive Summary

Texas contains \$140 billion worth of petro-wealth in proved producing reserves. Of this, corporations own \$110 billion, individuals own \$22 billion, trusts own \$5 billion, with the remaining \$3 billion spread between non-profits, educational institutions, religious organizations, and the government.

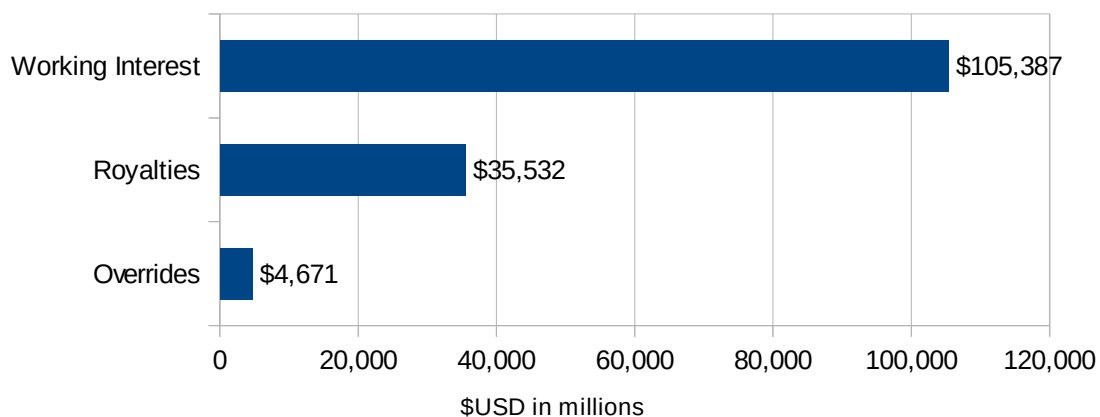
## Overview

Texas currently contains \$140 billion of proved producing reserves. This number comes from extensive decline curve analysis performed on a county by county basis. Oil price at the time was at \$94.89 per barrel.

We will not address proved non-producing, probable, and possible classed reserves. We will only address proved producing petroleum reserves.

Our first graph outlines the shape of that wealth.

Total Texas Petro-Wealth Of Proved Producing Reserves

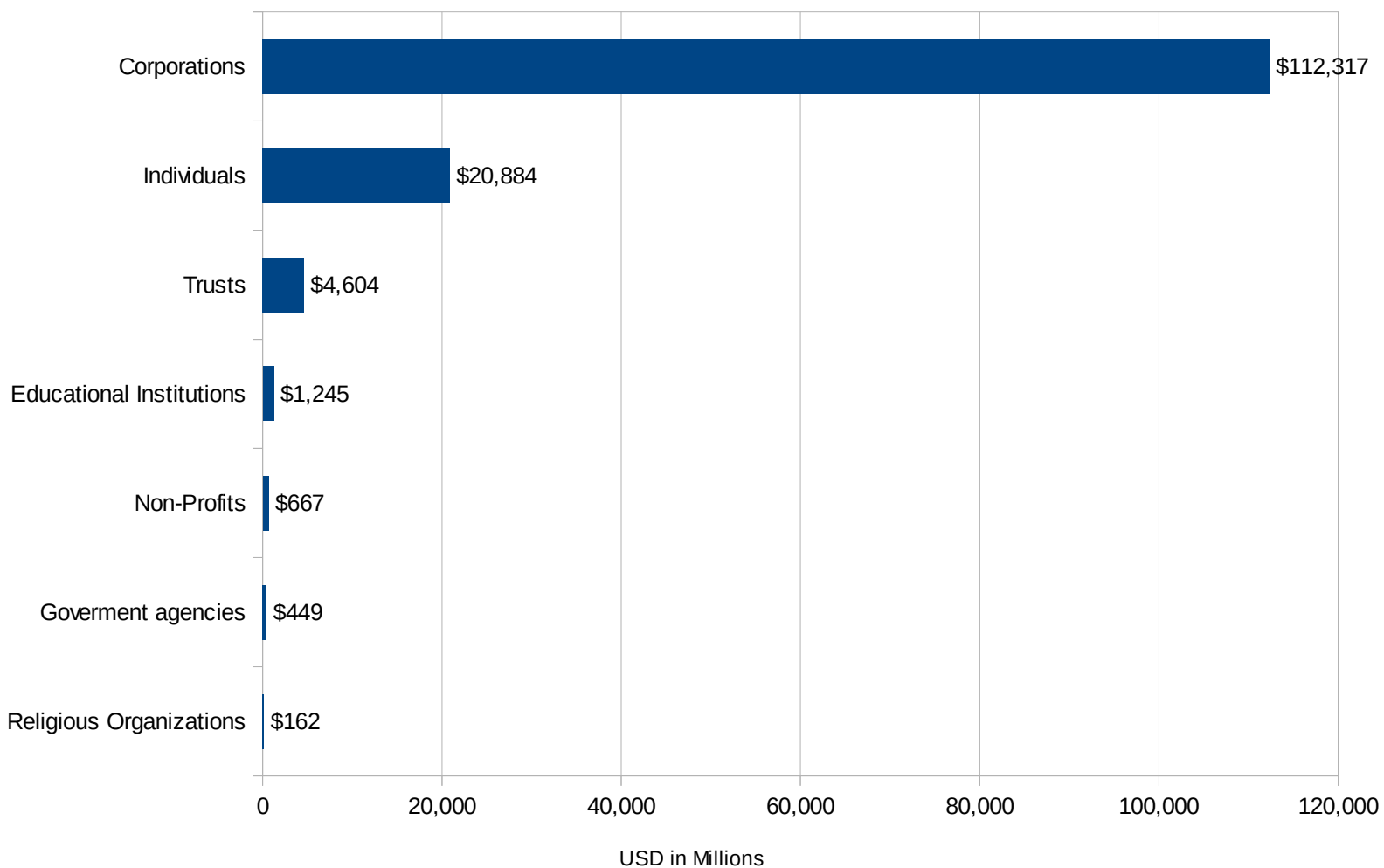


## Ownership Of Total Petro-Wealth By Entity Class

We have aggregated all types of ownership together for this study and plotted them by class of entity.

This shows a clear bias toward companies due to the disproportionate amount of working interest values that are normally owned by corporations. So to better understand petro-wealth, it would be better to break out just royalty and overriding royalty wealth.

Petro-Wealth In Texas By Entity

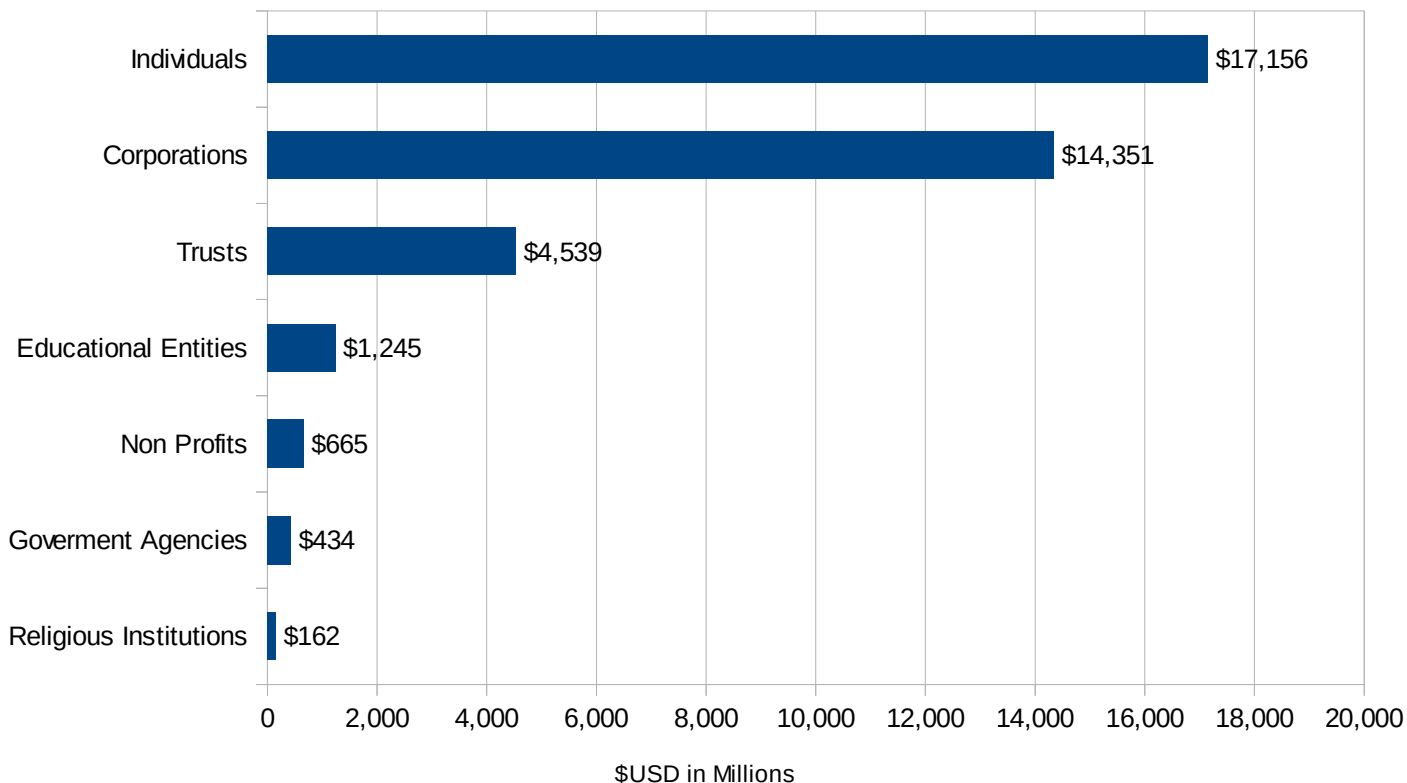


## Ownership Of Royalty Petro-Wealth By Class

A better view of Texas petro-wealth is seen after we remove working interest wealth from the study.

Note that individuals wealth from all all types of ownership was \$20.8 billion is now \$17.1 billion after you remove the working interest amounts. This says that only ~18% of total individual petro-wealth comes from investments in working interest.

Petro-Wealth by Class - Royalty Only



## Ownership of Royalty Interest By State

Any oil and gas asset **located in** Texas will have a skew toward Texans owning it. The graph shows a large proportion of royalty and override ownership being owned by Texans, with ownership in other states being tiny blips on the graph.

Because the rest of the country can't measure up, we've put up another chart with Texas removed.

We included US territories as well. Only VI (Virgin Islands) has any meaningful wealth, so we combined them all as US Territories in the second chart.

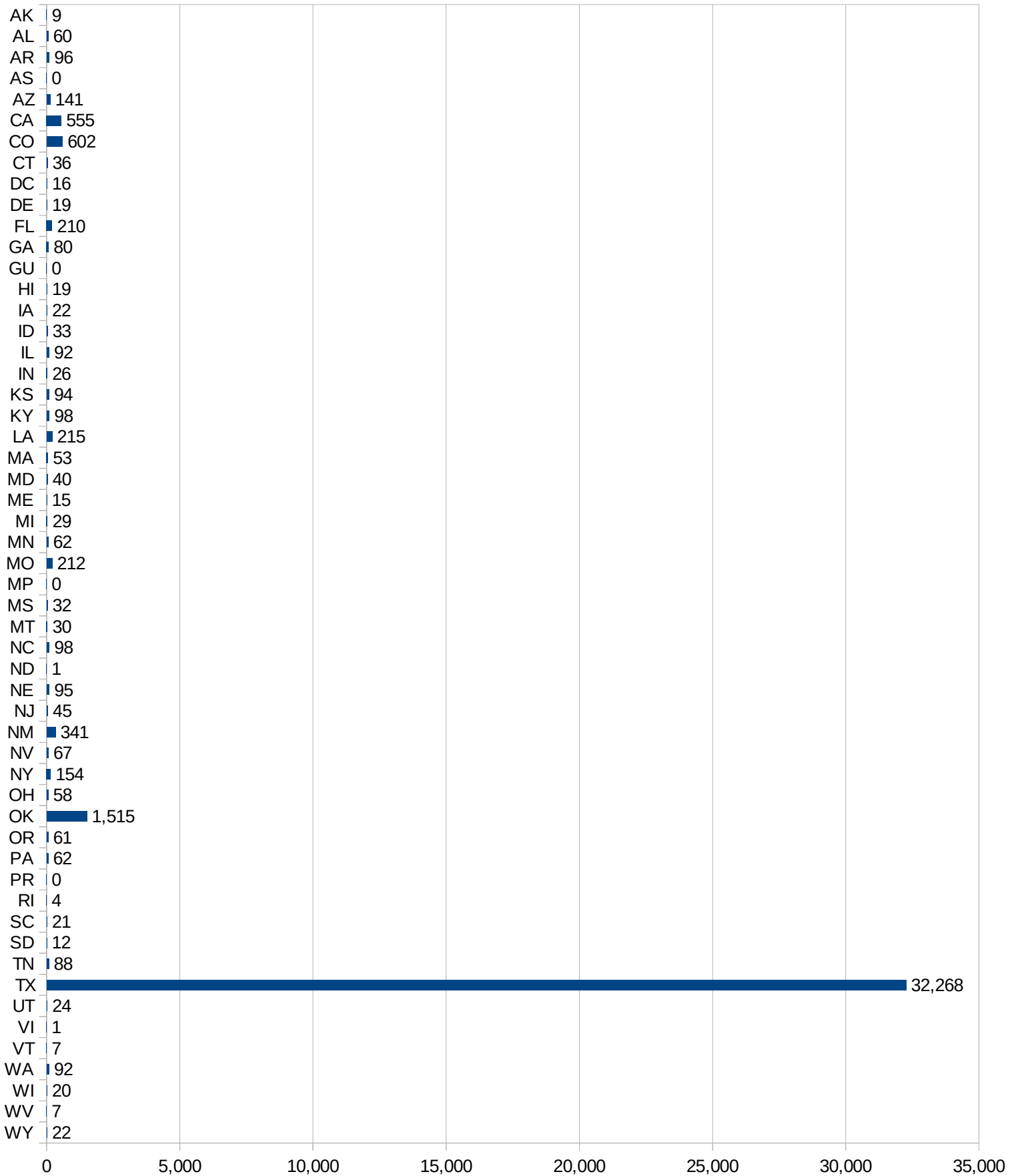
### **Bulk of wealth owned by Texans**

Knowing that all of Texas contains \$40.2 billion in royalties and overrides, this graph shows that Texans own about 80% of the total petro-wealth.

Lesser states own the rest – Oklahoma 3.7%, Colorado 1.5%, and California 1.3%.

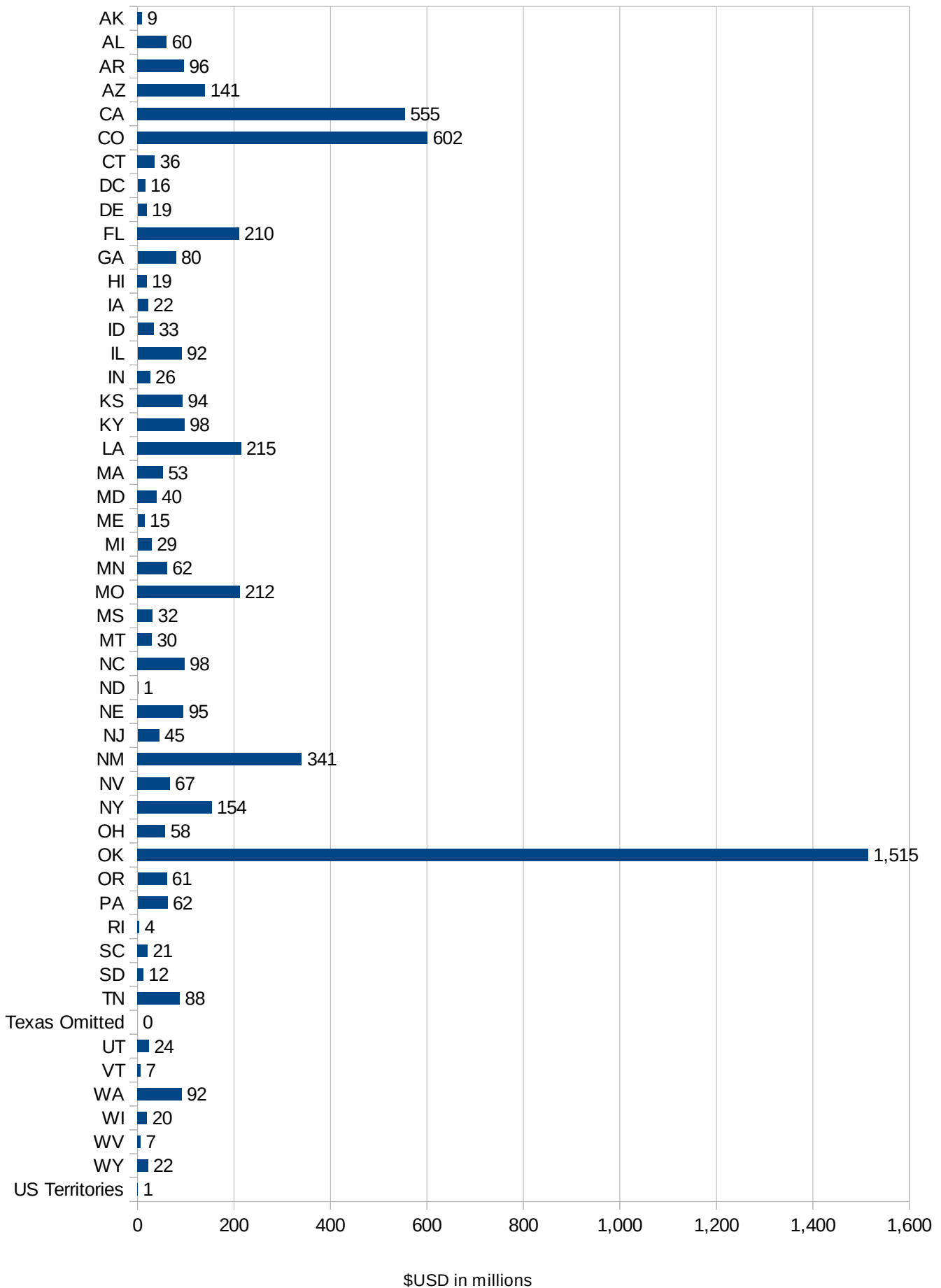
Of note is that there is very little petro-wealth owned by Non-US citizens overtly. Some domestic companies may own minerals which are in turn owned by foreign nationals or foreign states via the stock shares.

# Texas Petro-Welath by State of Owner



USD in Millions

# Texas Petro-Wealth By State Of Owner - TX omitted

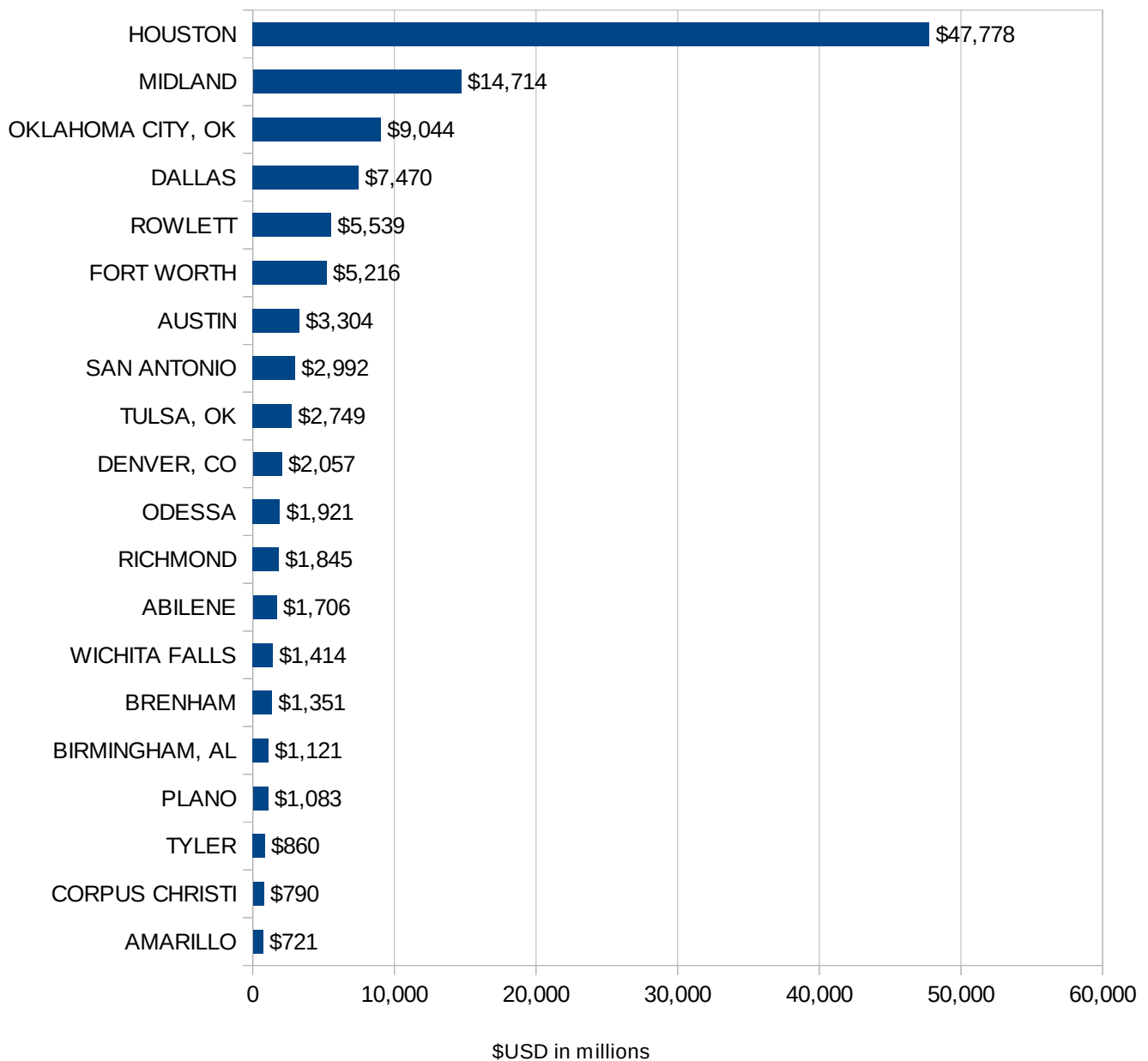


## Petro-Wealth By City

As there are thousands of cities in our data, we simply selected out the top 20 cities of petro-wealth. However, this graph includes the working interest wealth, biasing it to Houston and Midland, the seat of many oil companies. We need another chart.

Texas Petro-Wealth By City

Top 20 Cities



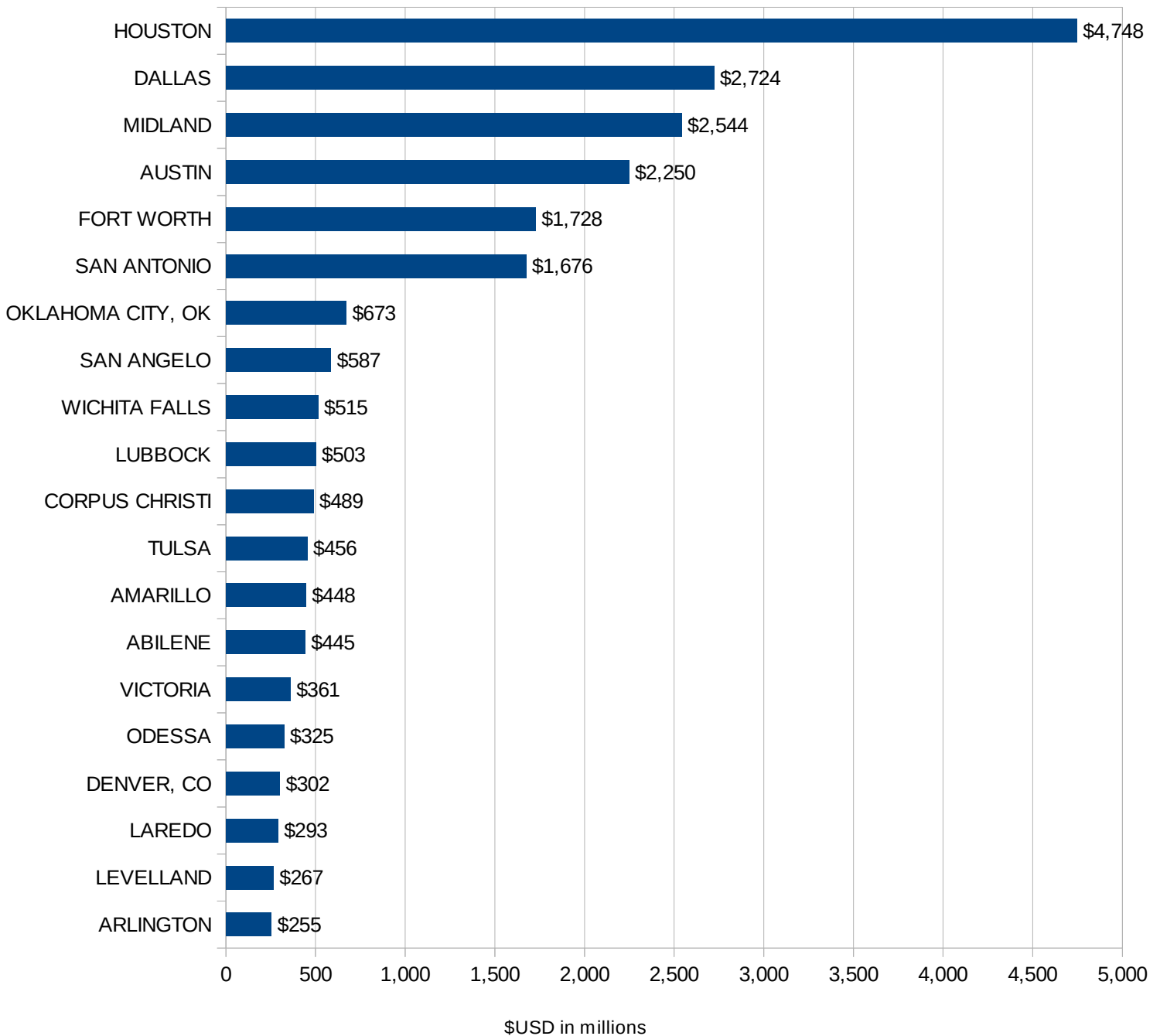


## Texas Petro-Wealth By City – Royalties Only

After removing the working interest wealth we wind up with just the royalty and override wealth.

Texas Petro-Wealth By City - No WI

Top 20 Cities



## Terminology

There are three types of ownership for oil and gas assets:

- **Working Interest** – WI ownership is comprised of individuals or corporations who invest in oil and gas drilling. Typically, working interest owners receive 70-90% of the value of oil produced because of the risk assessed with working interest, the risk being having the financial responsibility to pay for all the operating costs.
- **Royalty Interest** – RI ownership receives a risk-free payment. This payment is paid to the mineral owner by the operator. Typically royalty owners combined receive between 10-25% of the value of the oil produced.
- **Overriding Royalty Interest** – This interest is similar to a Royalty Interest, but the owner does not own the minerals. Overriding royalties disappear if the lease expires. Typically 1-5% of the value of the oil produced.

**A typical oil lease 20 years ago would be:**

87.5% Oil Company (owns 100% WI)

12.5% Mineral Owner

These numbers represent the NRI or Net Revenue Interest which is the division of the revenues from the oil. The Oil company has to pay 100% of the bills, hence the 100% WI.

**Modern leases are closer to:**

80% Oil Company (owns 100% WI)

20% Mineral Owner

The higher royalty is due to lower risk using modern methods

in drilling.

### **About Blackbeard Data**

Blackbeard Data is a data service provider offering lease ownership data for properties throughout Texas, Kansas, Arkansas, and Ohio.

Located in Austin, Texas, it has provided lease ownership information, geospatial lease data, and analytical services to oil investors for over 17 years.

For more information, or to purchase lease ownership information, contact us at 800 762 3057 or visit us at [www.BlackbeardData.com](http://www.BlackbeardData.com)