

Petro-Wealth Ownership Report for Texas, 2020

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



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Executive Summary

Based on our calculations Texas petro-wealth totals approximately \$129 billion in 2020. The highest petro-wealth amount is held by corporations at \$101 billion. Individuals are ranked second in petro-wealth totals coming in at \$20.1 billion. Trusts hold a cumulative wealth of \$4.2 billion with the rest of the petro-wealth being split among non-profits, educational institutions, various governmental agencies, and religious organizations

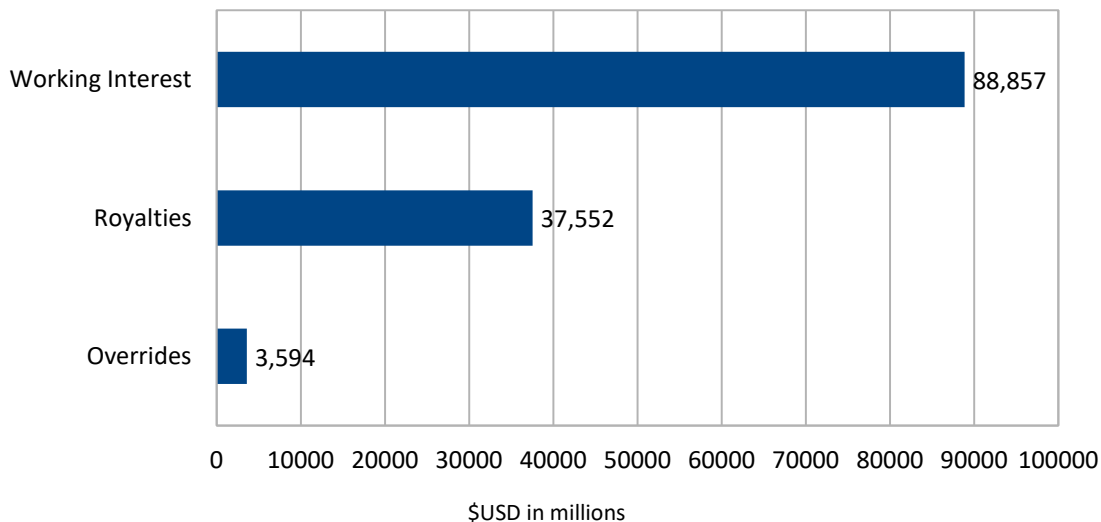
Overview

We did a comprehensive decline curve analysis to get the total amount of petro-wealth on a county-by-county basis. Based on our calculations, Texas has around \$129 billion in proved producing reserves. When we created this report the price of oil was at \$64.71 per barrel.

Our report only focuses on proved producing petroleum reserves. This report doesn't include the non-producing, probable, or possible classed reserves.

Below the graph shows the wealth of the proved producing reserves based on Working Interest, Royalty Interest, and Override Interest. At the end of the report there is a definition key defining each interest type if you are unfamiliar with them.

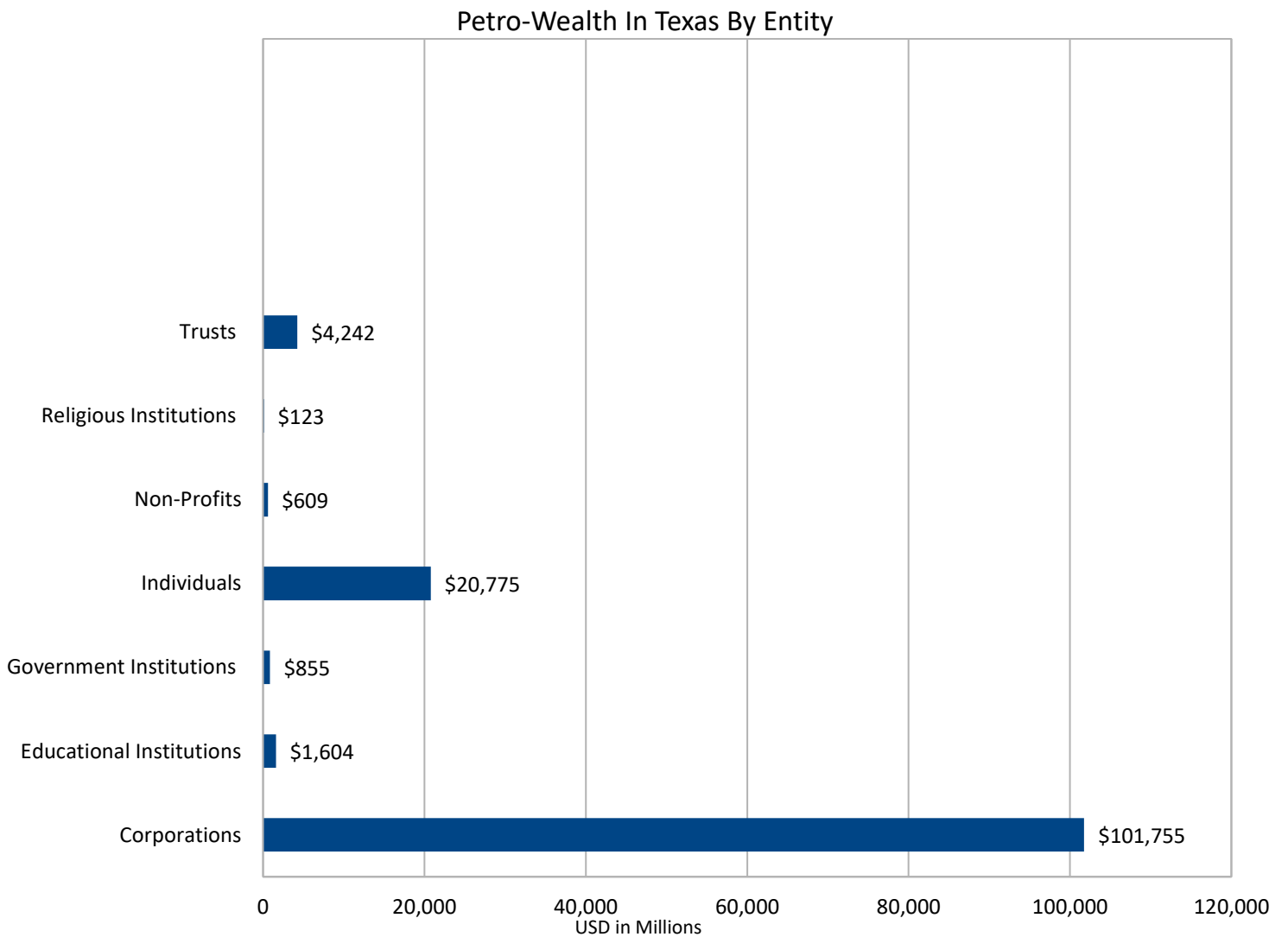
Total Texas Petro-Wealth Of Proved Producing Reserves



Ownership of Total Petro-Wealth by Entity Class

We've grouped each entity class together to show how petro-wealth is distributed. The classes include all interest types, Royalty Interests, Working Interests, and Override Interests.

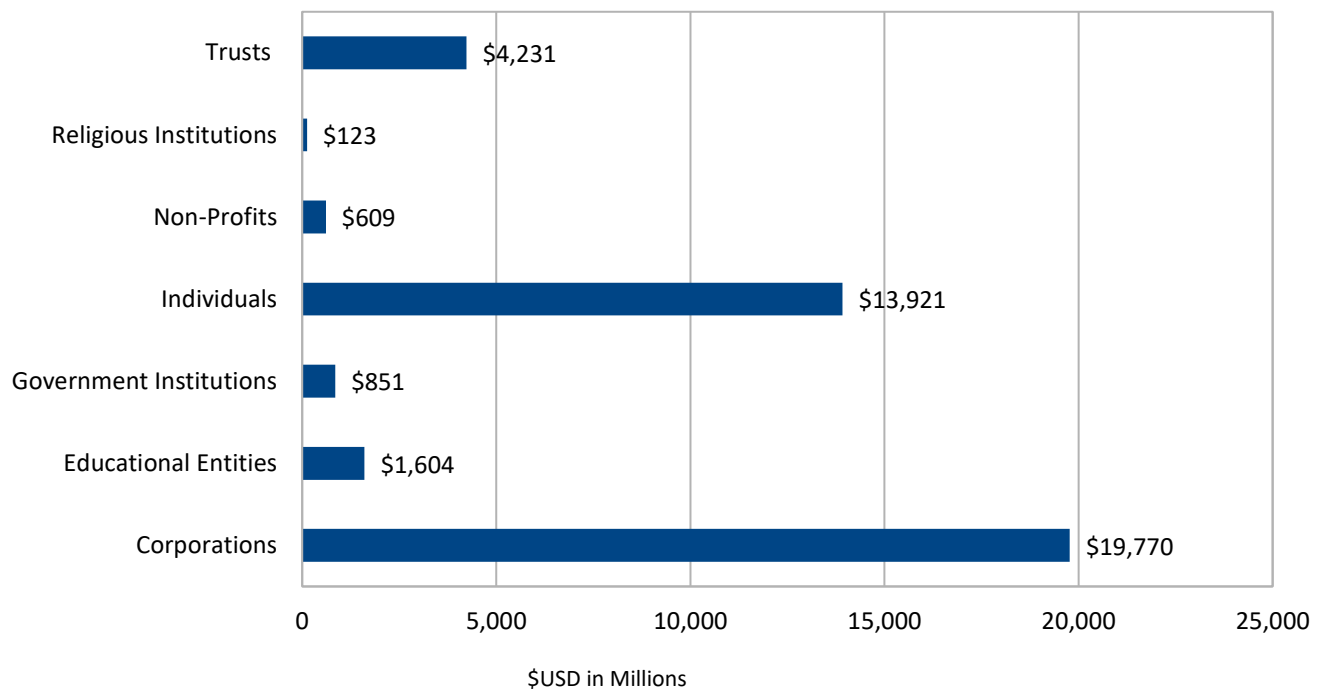
Working interest values are usually held by corporations and the highest value of petro-wealth is held by corporations. Usually, working interest is a higher dollar value compared to other interests.



Ownership of Royalty Petro-Wealth by Entity Class

We removed working interest from the calculations. Notice we now have a more realistic view of the distribution among entity types of oil & gas wealth in Texas. Wealth among individuals has decreased by 33 percent, and wealth held by corporate entities decreased in value by almost 81 percent. Once working interest has been removed there is a sizable different in the corporation class total.

Petro-Wealth in Texas by Entity-Royalty Only



Ownership of Royalty Interest by State

Our next graph supports the theory that there is a higher ratio of Texans owning the interest of an asset located in Texas than people living in other states based on simple geographics.

We created a second graph that shows ownership of interest by state but excludes Texas. Through the second graph the reader can get a better glimpse of the distribution of Texas petro-wealth among other states. Petro-wealth is much higher in Texas than other states and the initial graph can make viewing other states' ownership hard to view.

Bulk of wealth owned by Texans

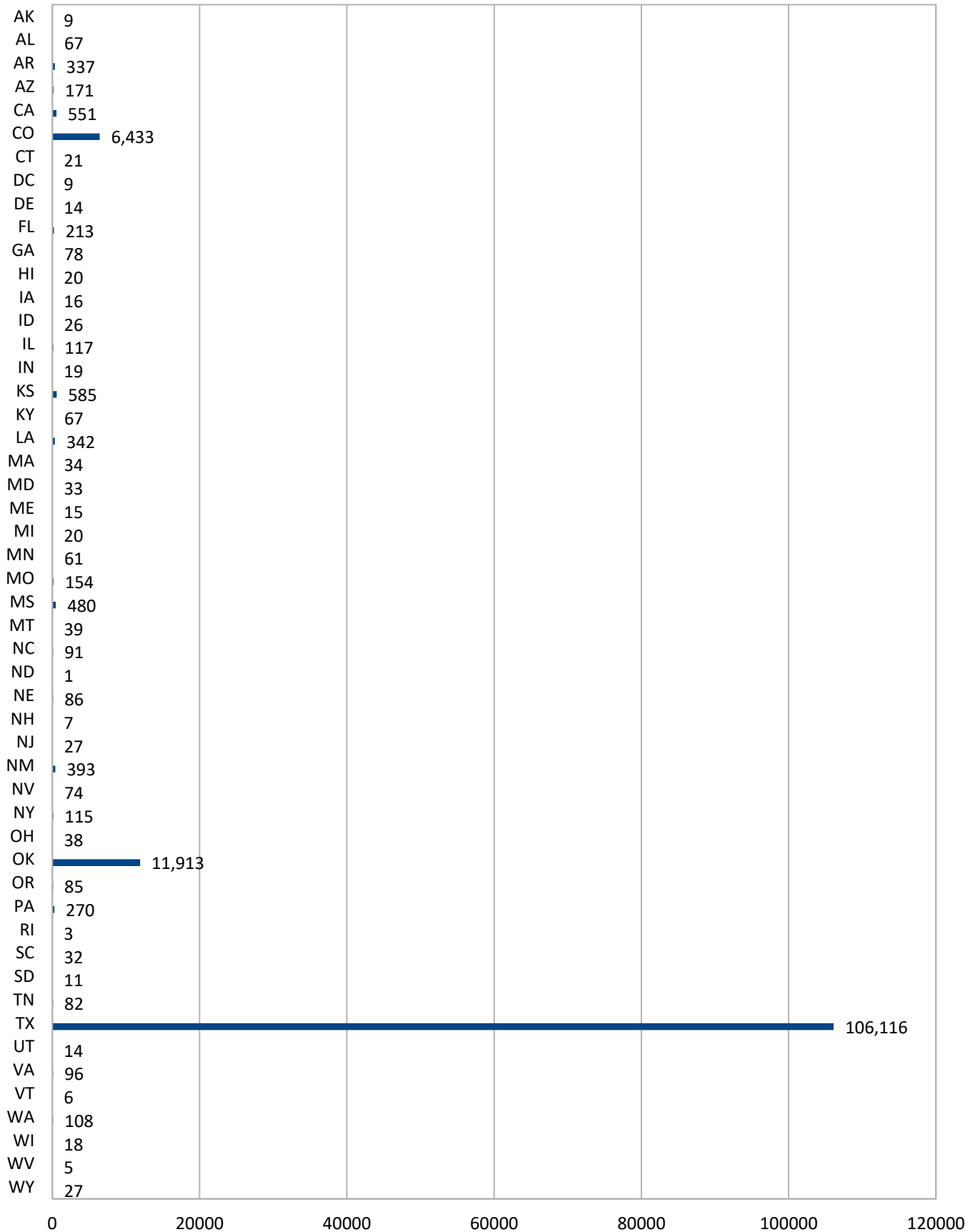
Approximately 82 percent of the total override and royalty interests of producing oil and gas property located in Texas is owned by Texans.

Oklahoma is the second highest state of ownership for Texas petro-wealth at only 9.2 percent of the total petro-wealth, followed by Colorado at 4.9 percent. Other states are smaller than 1 percent of ownership per state.

(figure on following pages)

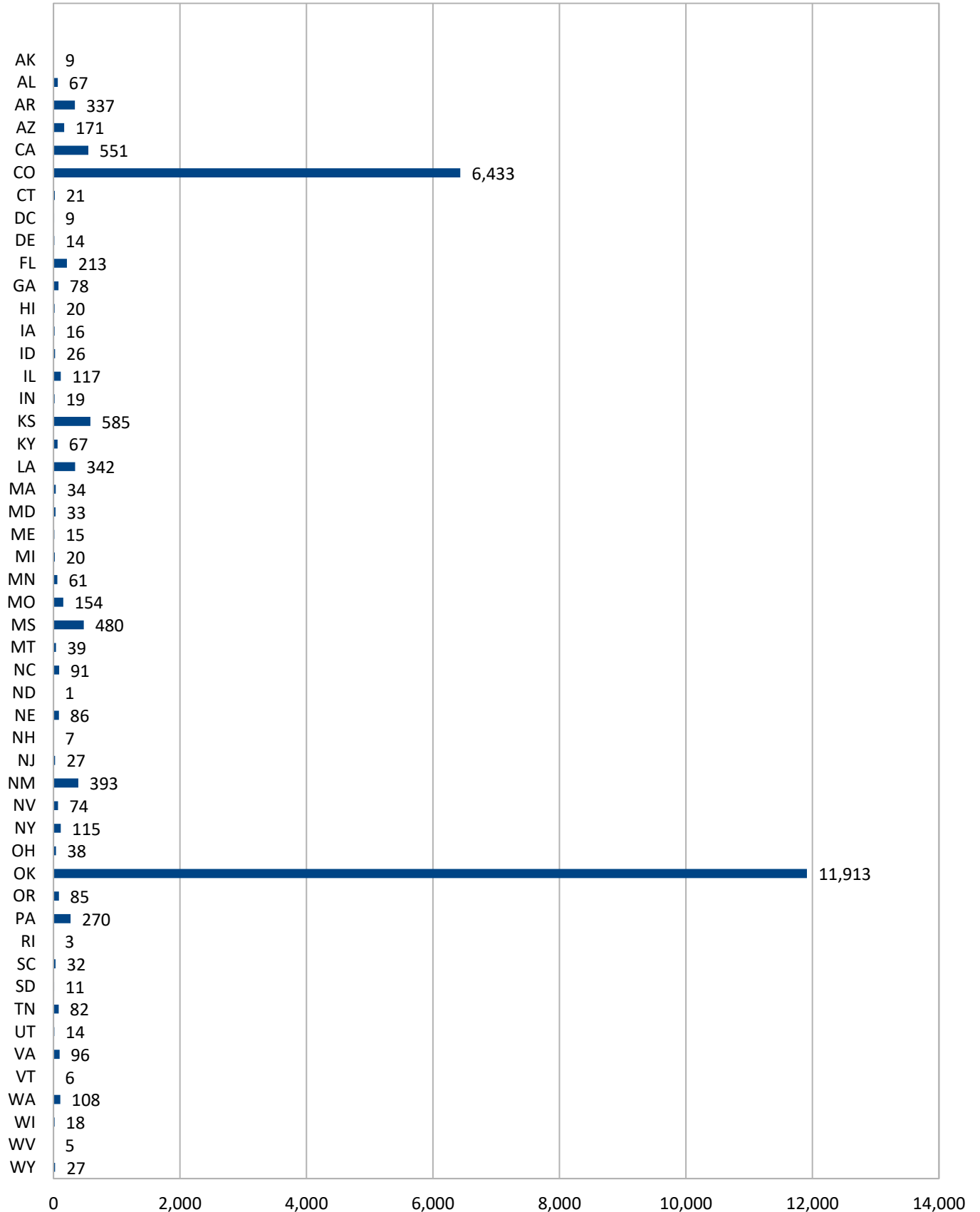
Texas Petro-Wealth By State Of Owner

\$USD in millions



Texas Petro-Wealth by State of Owner-TX Omitted

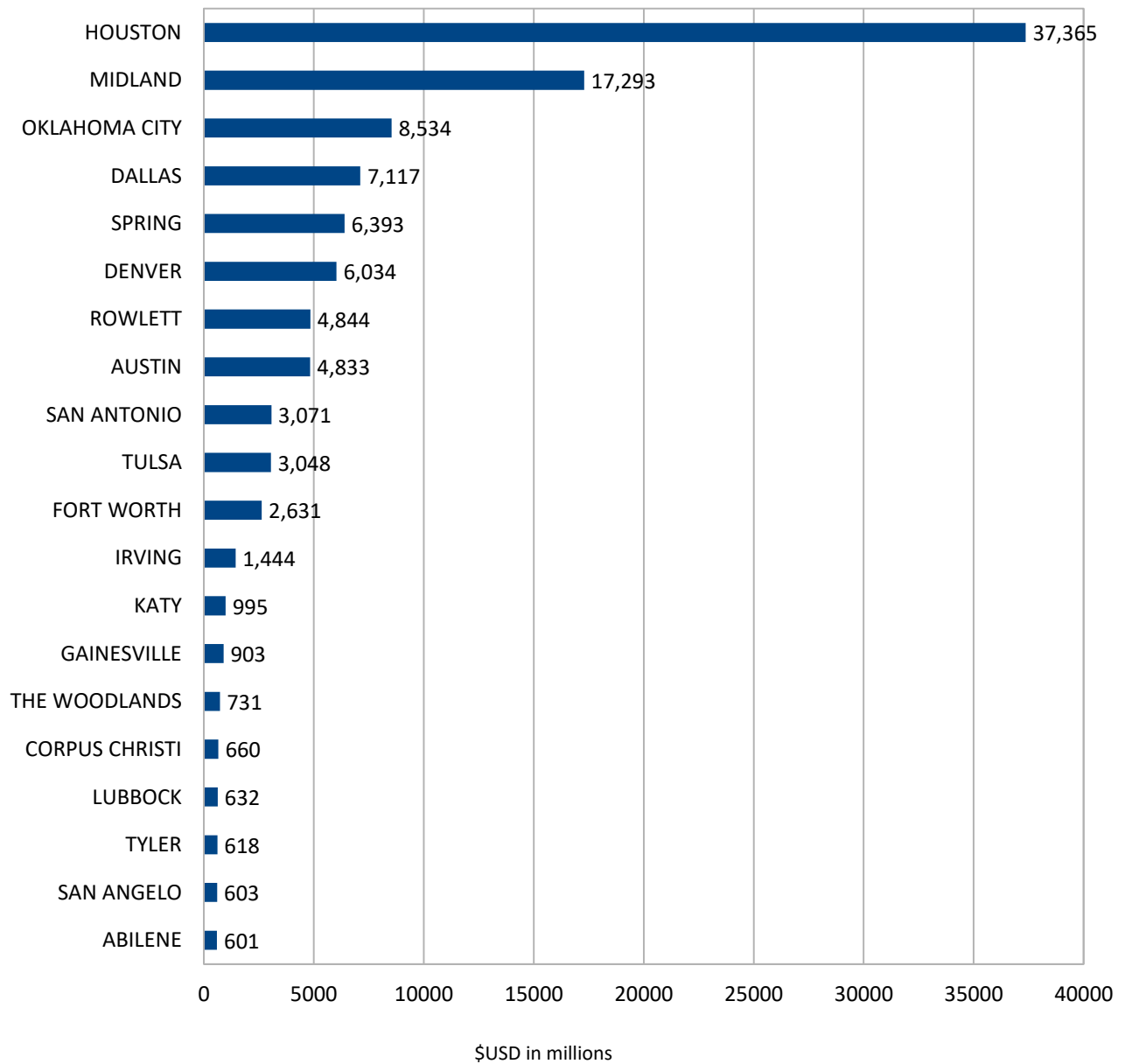
\$ USD in Millions



Petro-Wealth by City

The following graphs shows the top 20 cities of petro-wealth. Below we have included all interest types. Many oil companies are located in Houston and Midland and working interest was factored in the graph. Both cities have a higher concentration of petro-wealth because of this.

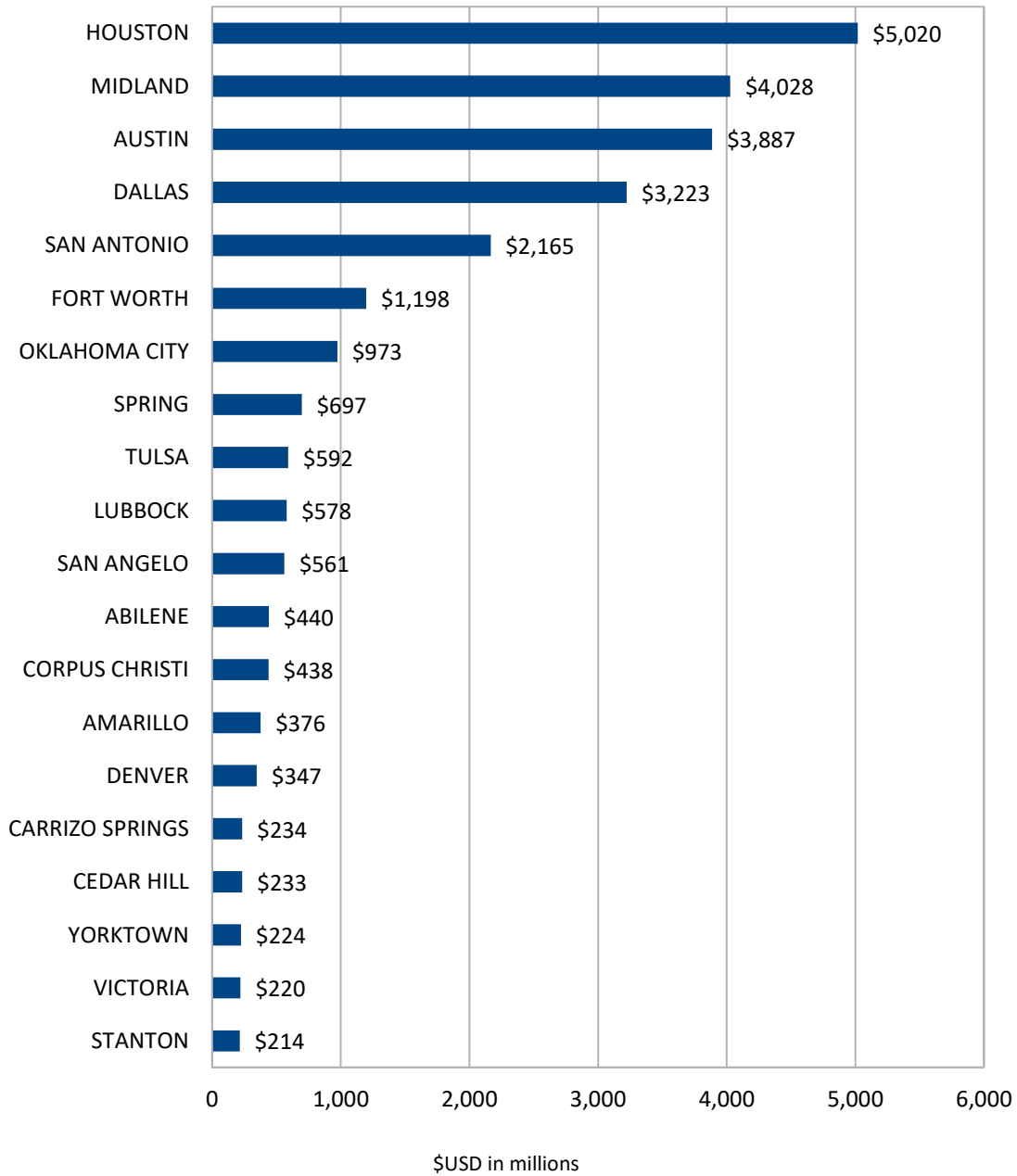
Texas Royalty Petro-Wealth By City



Texas Petro-Wealth by City – Royalties Only

We removed working interest from our calculations in the next graph. Notice the slight shift in the top cities. Houston and Midland are still top cities.

Texas Petro-Wealth By City-No WI



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 20 years.

For more information, or to purchase lease ownership information, contact us at 800 762 3057 or visit us at www.BlackbeardData.com