This resource guides you through the process of completing (entering data, validating, and submitting) a simple unit with tracts UT1 (Oil Royalty Report) in the Compass Portal.

How to Complete a UT1 – Oil Unit Example

Oil and condensate Royalty Payments must be deposited before the 5th day of the second month after the month of production. If reports are not timely submitted, the lessee may be subject to a penalty and interest.

Royalty is due and payable in accordance with the lease agreement on 100% of the gross production of oil or condensate. Gross production includes skim oil, scrubber oil, condensate, lost oil, and other oil components.

File a separate UT1 for each Railroad Commission Lease Number on each University Lease. If an Operator is involved in a multi-tract unit and only has interest in a few tracts, the Operator does not have to report zero on tracts in which they do not have an interest. Please follow these guidelines to submit a UT1 (Oil Royalty Report) on any unit:

 From the Landing Page, navigate to the "Enter UT1 and UT2" Page by clicking the button, or click the "Navigation" button on the left-hand side of the screen and select "Reporting" > "Enter UT1 and UT2."

				Log.Off Welsome! User A. Company A
z	Reporting	•		
avigat	Enter UT1 and UT2		Cick the Enter UT1 and UT2 Enter UT3 UT1 and UT2	Notifications Account Balance (Jan 2014 Production Forward): \$106860.31
ion	View or Amend UT1 and UT2		buton Production & Royality Receivables Reperts & Queries	Incomplete UT1 and UT2 Find Missing UT1 and UT2 Find
	Enter UT-3		Training & Documentation	UT-3 / Variance Find
	Reallocate payments			
	Reports & Queries	•		
	Training & Documentation	-	UL News Wetcome to Compass	
	Profile Management	•	 If you want be expected your UT reporting, learn more about CSV files. Call your University Land Analyst at 432-664-4434 Compass has a new feature called "Realocation" that allows you to transfer paremins from one lease to another. Did you know? You can always means that the Compass home a the foot of every page 	
	Links	•		

2. Select (highlight) the appropriate production period for the row where the Product Type is "Oil."

6)		mpass Universi The Univer	f y Lands SSITY _{of} Texas System			Log C Welsome! User A, Company
	Cor	mpany A - 00000011111	Save Delet	e Add Row Validate Send Re	verse/Rebook Reset View Show H	lotkeys Upload CSV
	UT	1 and UT2 Header (1)				•
			Company Name	Status		Product
- 1		V	₩	∵ Incomplete	∇	7
		00000011111	Company A	Incomplete	11/2011	Oil
- 1	2	00000011111	Company A	Incomplete	12/2011	oil
	3	00000011111	Company A	Incomplete	01/2012	oil
- [4	00000011111	Company A	Incomplete	02/2012	Oil
	5 ‡	00000011111	Company A	Incomplete	03/2012	Oil 🗸

3. Select (highlight) the appropriate Property record for the reporting lease. Note: a unitized lease has a "Unit Number."

		Trace Number		Lease Number	Lease Name	Permit Number	RRC Number	RRC District	RRC Type	Unit Number	Transaction Type			8/8 Disposition
	∇	7	∇	∇	∇	∇	∇	∇	∇	8	8	7	∇	∇
1		A16269	Error	11111	Compass Port	ē	45454	08	0		Original	0.00	0.00	0.00
2		A16270	Error	22222	Compass Port	ê	56565	08	0		Original	0.00	0.00	0.00
▶ 3		A16271	Error	44444	Compass Port	i	78787	08	0	29	Original	0.00	0.00	0.00
4		A16272	Validated	16161	Compass Port	ŝ	25252	08	0		Original	10.00	90.00	90.00

4. Select (highlight) the "Beginning Inventory" field to enter a value. This is the first editable field in the grid. You can enter the required data into the editable fields in any order. Note: on all grids, the editable fields where data is entered are identifiable as the dark-blue fields. The light-blue fields are pre-populated and read-only.

		Trace Number		Lease Number	Lease Name	Permit Number	RRC Number	RRC District	RRC Type	Unit Number	Transaction Type		8/8 Production	8/8 Disposition
	∇	8	∇	∇	7	∇	∇	7	7	∇	8	77	Y	∇
1		A16269	Error	11111	Compass Port	ŧ	45454	08	0		Original	0.00	0.00	0.00
2		A16270	Error	22222	Compass Port	ĉ	56565	08	0		Original	0.00	0.00	0.00
		A16271	Error	44444	Compass Porta	i	78787	08	0	29	Original	1000	0	0
4		A16272	Validated	16161	Compass Port		25252	08	0		Original	10.00	90.00	90.00

5. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "8/8 Production" field, to enter a value. "8/8 Production" is the gross number of whole barrels produced for the month reported. This field is required. Note: the value can be zero.

Pro	perty R	leport (2)												•
				Lease Number	Lease Name	Permit Number	RRC Number	RRC District	RRC Type	Unit Number	Transaction Type		8/8 Production	8/8 Disposition
	∇	8	∇	∇	∇	∇	7	∇	8	∇	∇	77	V	∇
1		A16269	Error	11111	Compass Porta		45454	08	0		Original	0.00	0.00	0.00
2		A16270	Error	22222	Compass Porta		56565	08	0		Original	0.00	0.00	0.00
) 3		A16271	Error	44444	Compass Porta		78787	08	0	29	Original	1000	500	0
4		A16272	Validated	16161	Compass Porta		25252	08	0		Original	10.00	90.00	90.00

6. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "8/8 Disposition" field, to enter a value. "8/8 Disposition" is 100% of the volume sold for the selected production month. This field is required. Note: the value can be zero.

		Trace Number		Lease Number	Lease Name	Permit Number	RRC Number	RRC District	RRC Type	Unit Number	Transaction Type	Beginning Inventory		8/8 Dispositio	n
	∇	∇	∇	∇	∇	∇	$\overline{\nabla}$	∇	∇	∇	∇	<u>v</u>	∇	2	7
1		A16269	Error	11111	Compass Port		45454	08	0		Original	0.00	0.00	0.00	
2		A16270	Error	22222	Compass Port		56565	08	0		Original	0.00	0.00	0.00	
		A16271	Error	44444	Compass Porta	i	78787	08	0	29	Original	1000	500	500	
4		A16272	Validated	16161	Compass Port		25252	08	0		Original	10.00	90.00	90.00	

7. Use the scroll bar at the bottom of the grid to reveal additional fields to the right. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "Ending Inventory" field, to enter a value. "Ending Inventory" is the number of barrels on hand at the end of month being reported. This field is required.

Proper	rty Report (2)		-	_				_					•
ginning rentory				Ending Inventory		Your Volume Share	8/8 Notes	API Gravity	Oil Type	Market Value		Royalty Percentage	Royalty Due University
V	7		77	∇	∇	∇	77	77	∇	∇	7	∇	V
0	0.00	C	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	c \$0.00
o	0.00	0	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
00	500	5	500	1000	BBL	0.00		0.0		\$0.00	0.00		\$0.00
00	90.00	9	90.00	10.00	BBL	90.00		45.7	Sweet / Intermediate	\$9,000.00	0.00	25.000000 %	\$2,250.00
							_						

8. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "Your Volume Share" field, to enter a value. For oil products, "Your Volume Share" should equal the "8/8 Disposition" field. This field is required.

Prope	rty Report (2)											•
ginning rentory		8/8 Disposition	Ending Inventory		Your Volume Share	8/8 Notes	API Gravity		Market Value		Royalty Percentage	Royalty Due University
∇	7	V	V	8	8	∇	V	∇	V	∇	7	7
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
10	500	500	1000	BBL	500		0.0		\$0.00	0		\$0.00
00	90.00	90.00	10.00	BBL	90.00		45.7	Sweet / Intermediate	\$9,000.00	0.00	25.000000 %	\$2,250.00
4												·

9. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "8/8 Notes." For oil products, a note is only required if there is a discrepancy between "Your Volume Share" and "8/8 Disposition."

ginning		8/8	Ending									
rentory	Production				Share						Percentage	
∇	Ŷ	\ \	V	7	∇	∇	R	∇	V	∇	7	Ŷ
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
ю	500	500	1000	BBL	500		0.0		\$0.00	0		\$0.00
00	90.00	90.00	10.00	BBL	90.00		45.7	Sweet / Intermediate	\$9,000.00	0.00	25.000000 %	\$2,250.00

10. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "API Gravity." This is the American Petroleum Institute gravity of production sold or otherwise disposed. The value must be between 22.4 and 80.6. This field is required.

Proper	rty Report (2)											*
ginning rentory	8/8 Production	8/8 Disposition	Ending Inventory		Your Volume Share	8/8 Notes	API Gravity	Oil Type	Market Value		Royalty Percentage	Royalty Due University
∇	\ \ \ \	V	7	∇	V	∇	V	¥	77	~	77	∇
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
10	500	500	1000	BBL	500		45.7		\$0.00	0		\$0.00
00	90.00	90.00	10.00	BBL	90.00		45.7	Sweet / Intermediate	\$9,000.00	0.00	25.000000 %	\$2,250.00
4												

11. Select an "Oil Type" from the drop-down.

Proper	rty Report (2)												*
ginning rentory	8/8 Production		8/8 Disposition	Ending Inventory		Your Volume Share	8/8 Notes	API Gravity	Oil Type	Market Value		Royalty Percentage	Royalty Due University
∇	~	7	V	77	∇	∇	∇	7	Ŷ	77	V	7	V
0	0.00		0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
0	0.00		0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
10	500		500	1000	BBL	500		45.7	Sweet / Intermediate	\$0.00	0		\$0.00
00	90.00		90.00	10.00	BBL	90.00		45.7	Sweet / Intermediate	\$9,000.00	0.00	25.000000 %	\$2,250.00
4													Þ

12. Select (highlight) with the cursor or use the TAB key to move to the next editable field, the "Market Value." This is the value for which "Your Volume Share" was sold.

Proper	ty Report (2)	_										•
	8/8 Production	8/8 Disposition	Ending Inventory		Your Volume Share	8/8 Notes	API Gravity		Market Value		Royalty Percentage	Royalty Du University
V	\ \	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	7	∇	∇	8	∇	∇	∇	8	7	V
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
0	0.00	0.00	0.00	BBL	0.00		0.0		\$0.00	0.00	25.000000 %	\$0.00
ю	500	500	1000	BBL	500		45.7	Sweet / Intermediate	\$50,000.00	100		\$0.00
00	90.00	90.00	10.00	BBL	90.00		45.7	Sweet / Intermediate	\$9,000.00	0.00	25.000000 %	\$2,250.00

- 13. The "Price" field is automatically populated. For a unitized property, the "Royalty Percentage" is not displayed, and the "Royalty Due University" field is not editable; it is automatically calculated as a sum of the "Royalty Due University" for each tract plus any unit-level dispositions.
- 14. Make sure the lease is highlighted in the Property Grid, then navigate to the Disposition Grid by clicking on the "Disposition" tab.

				Lease Number	Lease Name	Permit Number	RRC Number	RRC District	RRC Type	Unit Number	Transaction Type	Beginning Inventory			8/8 Dispositior
	∇	77	∇	∇	77	∇	77	∇	∇	∇	∇	\		~	∇
1		A16077	Saved	11111	Compass Por	ta	45454	08	0		Original	9000.00	1000.00		10000.00
2		A16078	New	22222	Compass Por	ta	56565	08	0		Original	0.00	0.00		0.00
		A16079	New	44444	Compass Por	ta	78787	08	0	29	Original	0.00	0.00		0.00
4		A16080	New	88888	Compass Por	ta	13579	08	0		Original	0.00	0.00		0.00
_	position osition Trac	e Lease	_	rmit								Blended	Royalty	Royalty	Due
_	osition	Tract Purchase	er	Lease N	lame Disp	osition Type	U	DM	Volume	Market Va	lue Price	Blended Percent		Royalty Universi	
_	osition Trac	Tract Purchase	er RRC/Pe	Lease N	lame Disp	osition Type	V	ом	Volume V					Universi	
Disp	Trac Num	Tract Purchase e Lease ber Number	er RRC/Pe Number	Lease N		osition Type		DM				Percent	age	Universi	ity

15. To add a disposition, either click on a light-grey field in the grey bar at the bottom of the grid or right-click anywhere on the grey bar and select "Add Row" from the drop-down.

	Trace Number	Lease Number	RRC/Permit Number		Disposition Type	UOM	Volume			Biended Royalty Percentage	Royalty Due University
	V	V	V	∇	∇	Y	Ŷ	Ŷ	V	∇	₩
•				Click on field to b data	a light-grey egin to enter						
	position (3) / Tr										Property (
	position (3) / Tr osition Tract Trace Number			Lease Name	Disposition Type	UOM	Volume	Market Value	Price	Blended Royalty Percentage	Royalty Due University
	Trace	Purchaser	RRC/Permit	Lease Name V	Disposition Type Copy Select Row(s)	UOM V	Volume	Market Value	Price ▽		Royalty Due

16. Click the light-grey bar under the "Disposition Type" field heading and select from the Disposition Types in the drop-down menu.

Number Number Number Lease Name Disposition Type UOM Volume Market Value Price Percentage Universit v		: Purchaser									
1 - Gas Lift and Injection on Lease Click the drop-down icon and use the scroll bar to select the 2 - Used on Lease Select the				Lease Name	Disposition Type	иом		Market Value			Royalty Due University
3 - Used off Lease 4 - Vented or Flared	7	77	77	77	1 - Gas Lift and Injection on Lease 2 - Used on Lease 3 - Used off Lease	2	Click the drop down icon an use the scroll to select the	o- d I bar	77	<i>Υ</i>	<i>\</i> 7

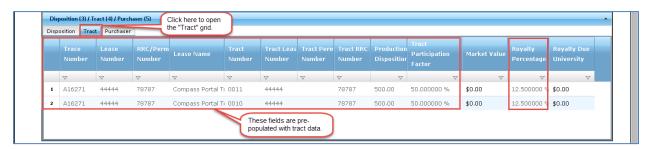
17. Enter values in the remaining disposition fields: "Volume," "Market Value" and "Royalty Due University." The summation of the "Volume," "Market Value" and "Royalty Due University" for all dispositions in the Disposition Grid should tie to the selected Property Grid.

Disposition	Tract	Purchaser										
Trai Nun		Lease Number	RRC/Permit Number							Blended Royalty Percentage	Royalty Due University	
V		V	7	∇	∇	V	V	V	V	\	V	

18. After entering a value in the last field, press the "Enter" key to move the row of data from the grey bar into the body of the grid. To add additional dispositions, repeat step 15. Note: you may enter multiple dispositions per lease.

Disp	osition Trac	t Purchaser	•								
	Trace Number	Lease Number	RRC/Permit Number			UOM				Blended Royalty Percentage	Royalty Due University
	∇	∇	∇	∇	$\overline{\nabla}$	∇	V	∇	V	∇	∀
1	B16228	12121	98320	Compass Portal Tro	2 - Used on Lease After pressing the "Enter" ke the row of data moves from grey bar into the body of the	the	10000	\$100,000.00	\$10.00	12.500000 %	\$12,500.00

19. Navigate to the Tract Grid by clicking on the "Tract" tab. Note: the tracts are prepopulated.



20. Select (highlight) with the cursor the "Market Value" field on the first Tract row to enter a value. This is the value for which the production volumes were sold, applicable to the tract. This value should be the portion of the property-level "Market Value" allocated to the tract, according to the "Tract Participation Factor."

	Trace Number	Lease Number	RRC/Perm Number	Lease Name	Tract Number	Tract Leas Number	Tract Perm Number	Tract RRC Number	Production Dispositior	Particination	Market Value	Royalty Percentage	Royalty Due University
	∇	∇	₩	7	∇	∇	₩	₩	V	7		\	V
1	A16271	44444	78787	Compass Portal Tr	0011	44444		78787	500.00	50.000000 %	\$25,000.00	12.500000 %	\$0.00
> 2	A16271	44444	78787	Compass Portal Tr	0010	44444		78787	500.00	50.000000 %	\$25,000.00	12.500000 %	\$0.00

21. Select (highlight) with the cursor the "Royalty Due University" field on the first tract row to enter a value. This value must equal the "Market Value" of the tract multiplied by the tract "Royalty Percentage."

	Trace Number	Lease Number	RRC/Perm Number	Lease Name	Tract Number	Tract Leas Number	Tract Perm Number	Tract RRC Number	Production Dispositior	Tract Participation Factor	Market Value	Royalty Percentage	Royalty Due University
	V	∇	7	7	∇	∇	∇	7	V	V	V	77	V
	A16271	44444	78787	Compass Portal T	0011	44444		78787	500.00	50.000000 %	\$25,000.00	12.500000 %	\$3,125.00
2	A16271	44444	78787	Compass Portal T	0010	44444		78787	500.00	50.000000 %	\$25,000.00	12.500000 %	\$3,125.00

- 22. Repeat steps 20 and 21 for each tract.
- 23. Navigate to the Purchaser Grid by clicking on the "Purchaser" tab.

Disposición mace	Purchaser				
	ease RRC/Permit lumber Number		Affiliated		
▽ ▽	Click	₩ here to open urchaser" tab	∇	Δ	~

24. To add a purchaser, either click on a light-grey field in the grey bar at the bottom of the grid or right-click anywhere on the grey bar and select "Add Row" from the drop-down.



25. Click the light-grey bar under the "Purchaser" field heading and select from the counterparties in the drop-down menu. To select a Counterparty that does not readily appear on the drop-down, type in the name of the Counterparty and the results in the drop-down filters accordingly. Repeat to select a "Payor." Indicate if the two counterparties are affiliated by checking or unchecking the box in the "Affiliated" field. After entering a value in the last field, press the ENTER key to move the row of data from the grey bar into the body of the grid. To add additional purchasers, repeat step 24.

	Frace Number	Lease Number	RRC/Permit Number		Affiliated	ABRAXAS PETROLEUM CORPORATION - 00000003125	A
2	7	V	∇	\\	Ŷ	ABRAXAS PRODUCTION CORPORATION - 00000003140	
						AGHORN OPERATING, INC 00000008716 ANADARKO E&P ONSHORE LLC - 00000020528 ANADARKO PETROLEUM CORPORATION - 00000020572	Click the drop-down and use the scroll-bar to select from the list of "Purchasers" or begin to type in the name of the Counterparty

26. Save the entries made in the grids by either pressing the "Save" toolbar button or rightclick over a row of data in any grid and select "Save" from the drop-down. Upon saving, the property-level "Royalty Due University" is calculated by the system and displayed.

'														ser A, Cor
Cor	mpany A - O	000011111			Add Row Validate	Save	Delete Ser	d Void F	Reallocate Res	et View Sho	w Hotke	γs	Up	oload CSV
Dis	position (3) / T	ract (4) / Purc	haser (5)											
Disp	osition Trad	t Purchase	r											
	Trace Number	Lease Number	RRC/Permit Number	Lease Name	Disposition Type		UOM	Volume	Market Value	Price	Blende Percer	d Royalty Itage	Royalty D University	
	∇	∇	∇	\ \ \ \	∇	7	7	∇	V	∇		2	7	∇
-								Clear Selecte Add Row Delete Row Save	ed Row(s)					
×								validate						
							_							
Dro	porte Doport (2)												
	Ending	UOM	Your Volume Share	8/8 Notes	API Gravity	Pressure Base	BTU Fact			Market Value		Price		Royalty D University
	Ending	UOM	Share								\ \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Price		University
	Ending tion Invento	UOM	Share	Notes	Gravity		Fact	or Ty			\7	Price F	ercentage	University
8 posil	Ending tion Invent	UOM V V	Share	Notes	Gravity V	Base	Fact	or Ty V V		Value	₩ (Price F ⊽ 0.00 2	ercentage	University

27. Validate the record by pressing the "Validate" toolbar button.

G	THE UNIVERSITY J TEXAS SYSTEM	Log Off Wekome! User A, Company A
Naviga	Company A - 00000011111 Save Delete Add Row Validate Send Reverse/Rebook Reset View Show Hotkeys	Upload CSV

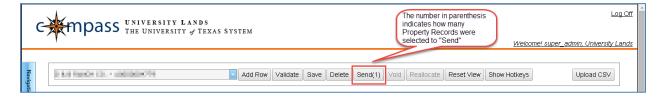
- 28. If the record returns a status of "Error," navigate through the grids to identify the errors by hovering over the Error or Warning icon. Any errors prevent the record from validating and sending.
 - For example, an error message displays if the "Ending Inventory" does not equal "Beginning Inventory" + "8/8 Production" – "8/8 Disposition."

Proper	ty Report (2)												•
ginning rentory		8/8 Disposition	Ending Inventory		Your Volum Share	e 8/8 Notes	API Gra	i ivity	Oil Type	Market Value		Royalty Percentage	Royalty Due University
∇	77	∇	8	∇	W	/arning icon does		V	\bigtriangledown	\ \ \		7	V
0	0.00	0.00	0.00	BBL		OT prevent validating of sending	<u>20</u> .0		Error icon	\$0.00	0.00	25.000000 %	\$0.00
0	0.00	0.00	0.00	BBL	0.00	la containg	<u>/0</u> .0	J	prevents validating and sending until	\$0.00	0.00	25.000000 %	\$0.00
0	0.00	0.00	0.00	BBL	0.00		<u> </u>		corrected	\$0.00	0.00		\$0.00
00	90.00	90.00 🔺	5 🚺	BBL	80 icon to	the cursor over the reveal the Error or	(1)45.7	7	Sweet / Intermediate	\$9,000.00	112.5	25.000000 %	\$2,250.00
4			~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	·	Warnin	ng message	8/8 Note:	s is requir	ed because Your Volume Share o	loes not equal 8/8 Dis	position) F

29. When the Validation process completes with no errors, click on the checkbox field to the left of the Property Record to Send. If the box is checked, an 'x' appears in the field, indicating the record is selected to Send.

	•	Trace Number		_ease Number	Lease Name	Permit Number	RRC Number	RRC District	RRC Type		Transaction Type	Beginning Inventory)/8 Disposition
	∇	7	V 7	7	₩	∇	77	∇	V	∇	7	77		∇	∇
1		016269	Error	11111	Compass Por	ta	45454	08	0		Original	0.00	0.00	C	.00
2		0.16270	e or :	22222	Compass Por	ta	56565	08	0		Original	0.00	0.00	C	.00
3		0 16271	Error	4444	Compass Por	ta	78787	08	0	29	Original	0.00	0.00	c	.00
) 4	×	A16272	Validated .	610	Compass Port	tai	25252	08	0		Original	10.00	90.00	9	0.00
	position	(3) / Tract (4) / Pur	_		d in a Validate	ct all properties ed status									
		Tract Purchase	_	in the grid	d in a Validate			IM	Volume	Market Val	ue Price	Blended Percent	Royalty age	Royalty I Universit	
	osition Trac	Tract Purchase	RRC/Per	in the grid	d in a Validate	ed status		M	Volume V					Universit	

30. Click on the "Send" button to send the Property Reports with checked boxes.



Special Scenarios

1. How to Calculate the UL Participation in Unit

This column only appears in the Tract Grid if University Lands' participation in the unit across all tracts does not equal 100%. It is calculated as the summation of each "Tract Participation Factor" in the Tract Grid.

Formula:

UL Participation in Unit = "Tract Participation Factor" for Tract 01 + "Tract Participation Factor" for Tract 02.

Tract Number	Tract Participation Factor
01	0.978760
02	0.467310
UL Participation in Unit:	1.446070

2. How to Calculate the Grossed Up Tract Participation Factor

This column only appears in the Tract Grid when the sum of each "Tract Participation Factor" among all tracts that appear in the grid does not equal one (1).

Formula:

Grossed Up Tract Participation Factor = "Tract Participation Factor" / "UL Participation in Unit"

Tract Number	Tract P Factor	articipation	Grossed Up Tract Participation Factor		
	01	0.978760	0.978760 / 1.446070 = <mark>68.0000</mark>		
	02	0.467310	0.467310/ 1.446070 = <mark>32.0000</mark>		
		1.446070	100.00		

3. How to Calculate the Blended Royalty Percentage

The Blended Royalty Percentage is a weighted royalty percentage for all tracts. See the example below which shows the calculated "Blended Royalty Percentage" of 0.1275 for a unit with two tracts. The "Royalty Due University" for each tract is calculated by multiplying the "Blended Royalty Percentage" with the tract "Market Value."

Formula:

Blended Royalty Rate = (Tract 01 Participation Factor x Tract 01 Royalty Percentage) + (Tract 02 Participation Factor x Tract 02 Royalty Percentage) / Number of Tracts (2)

Tract Number	Tract Participation Factor	Market Value	Royalty %	Royalty Due UL	Blended Royalty
01	5.90730	\$10.15	0.1666667	\$1.69166700	0.984550197
02	94.09270	\$261.73	0.125	\$32.71625	11.7615875
		271.88		34.40791701	0.127461376969