

This resource guides you through the process of completing (entering data, validating, and submitting) a UT3 (Royalty Payment Summary).

## How to Complete a UT3

Oil and condensate Royalty Payments must be received by University Lands on or before the 5th day of the second month after the month of production. If payments are not timely submitted, the lessee will be subject to a penalty and interest.

Gas Royalty Payments must be received by University Lands on or before the 15th day of the second month after the month of production. If payments are not timely submitted, the lessee will be subject to a penalty and interest.

A Royalty Payment Summary (UT3) must be submitted for each check or TexNet Electronic Funds Transfer (EFT) payment at the time the payment is made. The lessee is responsible for timely payment of royalties and submission of documents, **regardless of whether royalties are paid by the lessee or another person/company acting on behalf of the lessee.**

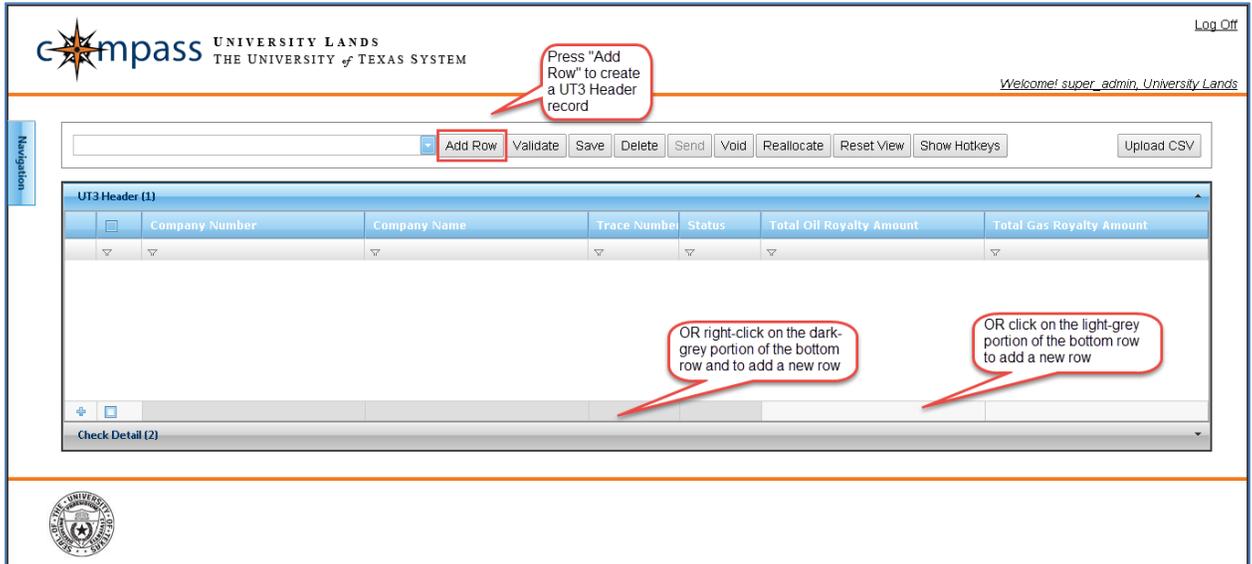
Please follow these guidelines to submit a UT3 (Royalty Payment Summary) due for any oil or gas production:

1. From the Compass Landing Page, navigate to the “Enter UT3” Page by clicking the button or click the “Navigation” button on the left-hand side of the screen and select “Reporting” > “Enter UT3.”

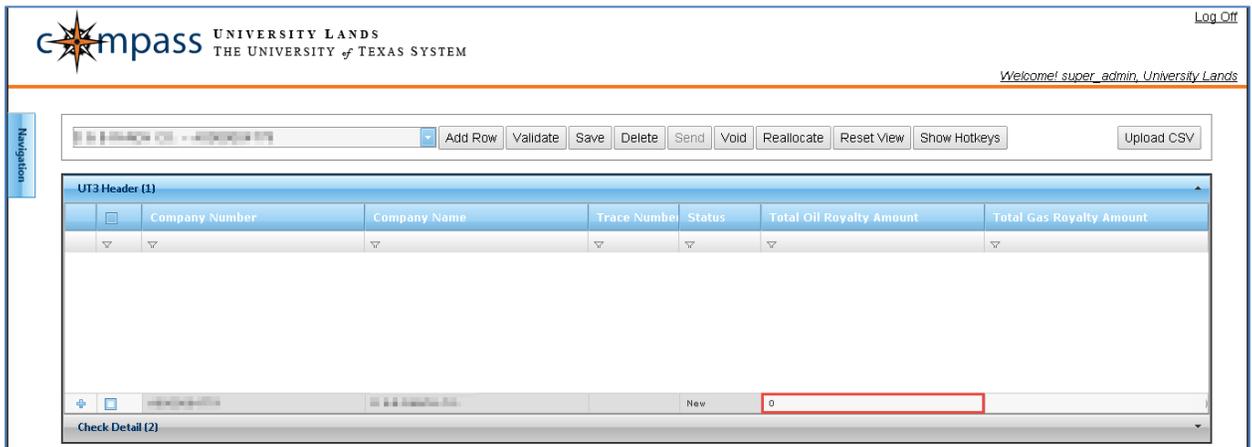
The screenshot displays the Compass University Lands web application interface. At the top left is the Compass logo and the text "UNIVERSITY LANDS THE UNIVERSITY of TEXAS SYSTEM". At the top right, there is a "Log Off" link and a welcome message "Welcome! User A, Company A". The main content area features a grid of navigation buttons: "Enter UT1 and UT2", "Enter UT3" (highlighted with a red box), "Production & Royalty Receivables", "Reports & Queries", and "Training & Documentation". A callout box with a red border points to the "Enter UT3" button, containing the text "Click the 'Enter UT3' button". On the right side, there is a "Notifications" panel with a list of items and "Find" buttons. Below the main content area, a "Navigation" sidebar is open, showing a list of options under the "Reporting" section. The "Enter UT-3" option is highlighted with a red box. Other options in the sidebar include "Enter UT1 and UT2", "View or Amend UT1 and UT2", "Reallocate payments", "Reports & Queries", "Training & Documentation", "Profile Management", and "Links".

2. When the UT3 Header pane opens, select a Company name from the drop-down.

3. Create a Header row. The UT3 Header is the first record an operator or purchaser enters when ready to report monthly royalties. Choose one of the following three methods to do so:
  - Press the “Add Row” toolbar button to add a row to the Header Grid.
  - Right-click on the dark-grey portion of the bottom of the grid and select "Add Row" from the drop-down.
  - Click on the light-grey portion of the bottom row.



4. Prepare a separate UT3 for each check/EFT sent. If you are submitting a UT3 for oil, enter the “Total Oil Royalty Amount.” If you are only submitting a gas payment, enter zero in the Total Oil Royalty field. This is the aggregate for all of the Check Details containing oil payments. Upon sending, the summation of all oil royalties listed in the detail lines sum to this value. The total amount cannot be negative (but it can be 0 in the case of a Reallocation). This total should exactly match the amount of the payment made to University Lands. Enter values with a maximum of two decimals.



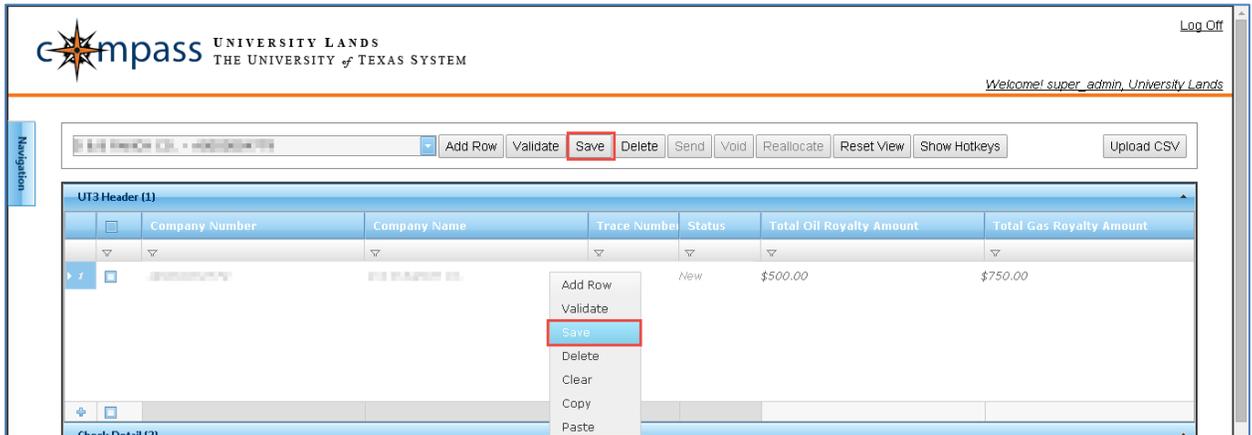
- Prepare a separate UT3 for each check/EFT sent. If you are submitting a UT3 for gas, enter the "Total Gas Royalty Amount." If you are only submitting an oil payment, enter zero in the Total Gas Royalty Amount field. This is the aggregate for all of the Check Details containing gas payments. Upon sending, the summation of all gas royalties listed in the detail lines sum to this value. The total amount cannot be negative (but it can be 0 in the case of a Reallocation). This total should exactly match the amount of the payment made to University Lands. Enter values with a maximum of two decimals.

The screenshot shows the University Lands Compass interface. At the top, the logo and text "UNIVERSITY LANDS THE UNIVERSITY of TEXAS SYSTEM" are visible. A "Log Off" link is in the top right. Below the header, a navigation bar contains buttons: "Add Row", "Validate", "Save", "Delete", "Send", "Void", "Reallocate", "Reset View", "Show Hotkeys", and "Upload CSV". The main area is titled "UT3 Header (1)" and contains a table with the following columns: Company Number, Company Name, Trace Number, Status, Total Oil Royalty Amount, and Total Gas Royalty Amount. A new row is highlighted in grey at the bottom of the grid, with the status "New" and a value of "0" in the Total Oil Royalty Amount field. The Total Gas Royalty Amount field is empty.

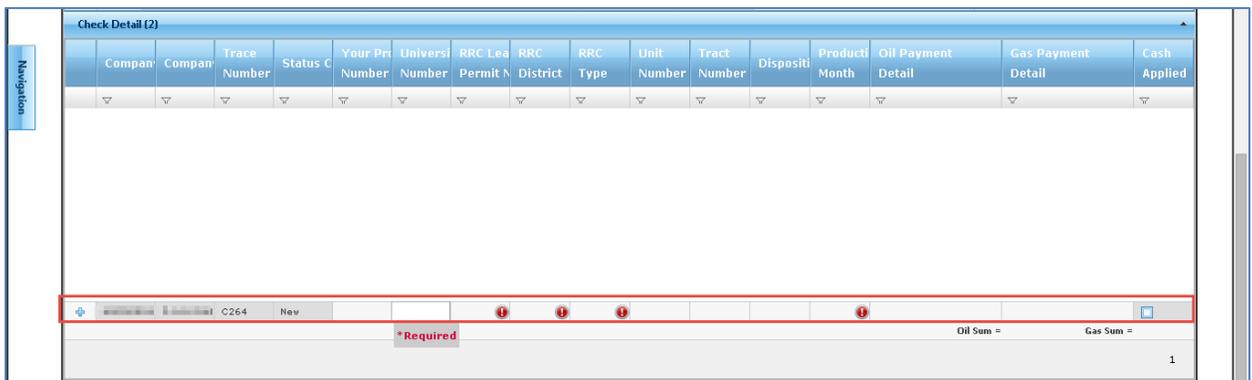
- After entering the values in the Header fields, press the ENTER key to move the row of data from the grey bar into the body of the grid. Before saving, this row of data is in italics. After pressing "Save," the row changes from italics to standard text.

The screenshot shows the University Lands Compass interface after data entry. The table in the "UT3 Header (1)" section now contains one row of data, which is highlighted in italics. The data in this row is: Company Number (blank), Company Name (blank), Trace Number (blank), Status "New", Total Oil Royalty Amount "\$500.00", and Total Gas Royalty Amount "\$750.00". The navigation bar and header information remain the same as in the previous screenshot.

- Save the Header by either pressing the “Save” toolbar button or right-click when cursor is positioned in one of the fields in the header row and select “Save” from the drop-down. If the Header is not saved and the user proceeds to enter Check Details, those Check Details are not saved.



- Create a Check Detail row. Make sure that Header row is selected (highlighted) with the cursor to expand the Check Details Grid. The check header contains totals for both oil and gas products. The Check Detail Grid will show, once complete, all combos and products for the highlighted row selected in the check header Grid above. The Check Detail screen is used to detail the royalties due by unique UT Lease / RRC Lease or Permit number / District / RRC Type/ Unit Number / Tract Number / Production Month combination. Choose one of the three following methods to do so:
  - Press the “Add Row” toolbar button to add a row to the Check Detail Grid.
  - Right-click on the dark-grey portion of the bottom of the grid and select "Add Row" from the drop-down.
  - Click on the light-grey portion of the bottom row.



- Enter “Your Property Number.” This field is optional; it can be used by Reporters as an internal identifier for a property.
- Select (highlight) with the cursor, or use the TAB key to move to the next editable field. Enter the “University Lease Number.” Any Company/Purchaser can submit a UT3 for any other Company’s properties as long as the Company submitting the UT3 is also the Payor who submitted the payment. However, the payments are only applied to that property if the Company (Operator) specifies the third-party Payor on their UT1 or UT2 report.

11. Enter the "RRC Lease / Permit Number." This is the identifying number issued by the Railroad Commission. The Permit Number is used until the RRC Lease Number is assigned. Once the RRC Lease Number is assigned, you must notify University Lands and begin reporting with the RRC Lease Number.
12. Enter the "RRC District." This is the district code assigned by the Railroad Commission.
13. Enter the "RRC Type." Note: this is not the Product Type which you are reporting. This is the Railroad Commission's designation of the well "type" as either Oil well or Gas well. Enter "O" for Oil or "G" for Gas.
14. If there is a unit associated with the payment, enter the "Unit Number."
15. If a Unit Number is entered, either a Tract Number must be entered, or a unit-level disposition must be selected from the drop-down menu. The following unit-level Disposition Types are options:
  - 5 – Lost
  - 8 – Skim Oil
  - 9 – Scrubber Oil
  - 4 – Vented or Flared
  - 2 – Lease Use
16. Enter the production date in the field titled "Production Month." The format is *mmyyyy*. If the month and year entered is greater than current month minus 2, a field warning displays. This is just to remind you that you are not reporting on the typical reporting month but it is acceptable to include prior months' payments on the UT3 when needed.
17. Enter the oil payment amount for that property in the "Oil Payment Detail" field. Each row can only have either an Oil Payment Detail or a Gas Payment Detail. Enter values with maximum two decimals.
18. Enter the gas payment amount for that property in the "Gas Payment Detail" field. Each row can only have either an Oil Payment Detail or a Gas Payment Detail. Enter values with maximum two decimals.
19. 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 Check Details for additional properties, repeat steps 8 thru 18.

20. Save the entries made in the grid by either pressing the “Save” toolbar button, or right-click when cursor is positioned in one of the fields in the detail row and select “Save” from the drop-down.

The screenshot shows the University Lands Compass interface. At the top, there is a navigation bar with the logo and the text "UNIVERSITY LANDS THE UNIVERSITY of TEXAS SYSTEM". Below this is a toolbar with buttons: "Add Row", "Validate", "Save", "Delete", "Send", "Void", "Reallocate", "Reset View", "Show Hotkeys", and "Upload CSV". The "Save" button is highlighted with a red box. Below the toolbar is a grid titled "UT3 Header (1)" with columns: "Company Number", "Company Name", "Trace Number", "Status", "Total Oil Royalty Amount", and "Total Gas Royalty Amount". The first row shows a company with ID "A0000004779" and a total oil royalty of \$500.00. Below the header grid is a "Check Detail (2)" grid with columns: "Compan", "Compan", "Trace Number", "Status C", "Your Pr Number", "Univers Number", "RRC Lea Permit N", "RRC District", "RRC Type", "Unit Number", "Tract Number", "Disposit", "Product Month", "Oil Payment Detail", "Gas Payment Detail", and "Cash Applied". A context menu is open over the "Disposit" column of the first detail row, with the "Save" option highlighted in red.

21. Validate the Header and Check Details by pressing the “Validate” toolbar button.

This screenshot is similar to the previous one, showing the same interface. The "Validate" button in the toolbar is now highlighted with a red box, indicating the next step in the process.

22. If the record returns a status of “Error,” navigate through the grids to identify the errors by the Error or Warning icon. Any error prevents the record from validating and sending.
- For example, an error message displays in the Header if the sum of the Check Details does not equal the “Total Oil Royalty Amount.”

This screenshot shows the same interface as the previous ones, but with an error. In the "UT3 Header (1)" grid, the first row now shows a status of "Error" (indicated by a red error icon) and a total oil royalty of \$500.00. A red arrow points to a tooltip that says "Check details do not foot to the total amount". Below the header grid is the "Check Detail (2)" grid, which has two rows. The first row shows a total oil payment of \$0.00 and a total gas payment of \$750.00. The second row shows a total oil payment of \$400.00 and a total gas payment of \$0.00. At the bottom of the grid, there is a summary row that shows "Oil Sum = \$400.00" and "Gas Sum = \$750.00". A red arrow points to the "Oil Sum" value, indicating the discrepancy.

23. Correct the errors, SAVE and Validate again. When the Validation process completes with no errors, click on the checkbox field to the left of the Header Record to Send. If the box is checked, an 'x' appears in the field, indicating the record is selected to Send.

The screenshot shows the University Lands Compass interface. At the top, there is a navigation bar with the logo and the text "UNIVERSITY LANDS THE UNIVERSITY of TEXAS SYSTEM". Below this is a search bar and a toolbar with buttons: "Add Row", "Validate", "Save", "Delete", "Send(1)", "Void", "Reallocate", "Reset View", "Show Hotkeys", and "Upload CSV". The main area contains two tables. The first table, "UT3 Header (1)", has columns: Company Number, Company Name, Trace Number, Status, Total Oil Royalty Amount, and Total Gas Royalty Amount. The second table, "Check Detail (2)", has columns: Company Number, Company Name, Trace Number, Status, Your P/N Number, University Number, RRC Lease Permit Number, RRC District, RRC Type, Unit Number, Tract Number, Disposition, Product Month, Oil Payment Detail, Gas Payment Detail, and Cash Applied. In the UT3 Header table, the first row is selected, and a red box highlights the checkbox in the first column, which contains an 'x'.

24. Click the "Send" button to submit all UT3 Headers and Check Detail records with checked boxes in the Header Grid, to University Lands. The status will then show as "Sent" in the status field on the Header Row.

This screenshot is similar to the previous one, but the "Send(1)" button in the toolbar is highlighted with a red box. A red callout bubble points to the number "1" in parentheses, containing the text: "The number in parenthesis indicates how many Property Records were selected to 'Send'".

25. Finally, when a UT3 is matched to the payment received by University Lands, the record has a "Locked" status and then becomes read-only. At any time before a record is switched to "Locked" status, the user has the ability to use the "Void" toolbar button. Using the "Void" button will void the UT3 by reversing the payment details previously submitted to University Lands

This screenshot shows the University Lands Compass interface with two records in the "UT3 Header (1)" table. Both records have a status of "Sent". The first record has a Total Oil Royalty Amount of \$7,451.25 and a Total Gas Royalty Amount of \$0.00. The second record has a Total Oil Royalty Amount of \$0.00 and a Total Gas Royalty Amount of \$8,800.00.

|   | Company Number | Company Name | Trace Number | Status | Total Oil Royalty Amount | Total Gas Royalty Amount |
|---|----------------|--------------|--------------|--------|--------------------------|--------------------------|
| 1 | 08008638593    | CHY USA INC. | C43923       | Sent   | \$7,451.25               | \$0.00                   |
| 2 | 08008628594    | CHY USA INC. | C43924       | Sent   | \$0.00                   | \$8,800.00               |

Note: UT3 Status Definitions

- NEW: Records that are not SAVED or VALIDATED
- SAVED: Records that were successfully committed to the database via the SAVE button, but are not yet validated
- VALIDATED: Records that have passed all validation criteria and are ready to be SENT

- SENT: Records that have been successfully submitted to University Lands
- LOCKED: A UT3 has been matched to a payment