This resource guides you through the process of reporting any unit-level dispositions to oil and gas properties, including Skim, Scrubber, Lost, Vented or Flared in the Compass Portal.

How to Report Skim, Scrubber, Lost, Vented, and Flared Dispositions

Royalties are 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, lost oil, condensate and other oil components. These unit-level dispositions are not allocated to a particular tract; they are reported as additional amounts to the Property Report.

The Oil Disposition Codes applicable to units which does not have to be allocated to tracts are:

- 5 Lost
- 8 Skim Oil
- 9 Scrubber Oil

The Gas Disposition Code applicable to units which do not have to be allocated to tracts is:

- 4 Vented
- 5 Flared

The information displayed in the Disposition Grid is dependent on the selection in the Property Grid. The Disposition Grid provides detail regarding the production volume. Upon validation, the summation of the unit-level dispositions in the Disposition Grid plus the tract volumes equals the "Market Value" and "Royalty Due University" in the Property Grid. As University Lands is paid on wellhead volumes, operators are required to report dispositions for any volumes that are not (and will not be) sold. Please follow these guidelines to report oil or gas unit-level dispositions:

1. Select (highlight) the UT1 or UT2 Header record.

| | mpass UNIVE THE UN | RSITY LANDS IVERSITY ∉ TEXAS SYSTEM | | | Welcome! U | ser A, Con |
|--------|-----------------------|--|----------------------------|------------------------------|-------------|------------|
| Co | mpany A - 00000011111 | Save Dele | te Add Row Validate Send R | Reverse/Rebook Reset View Si | how Hotkeys | oload CSV |
| UT | [1 and UT2 Header (1) | | | | | |
| | | Company Name | Status | | Product | |
| | | 77 | ∵ Incomplete | V | 7 | |
| 5.8 | 00000011111 | Company A | Incomplete | 11/2011 | Oil | |
| 2 | 00000011111 | Company A | Incomplete | 12/2011 | Oil | |
| 3 | 00000011111 | Company A | Incomplete | 01/2012 | Oil | |
| 4 | 00000011111 | Company A | Incomplete | 02/2012 | Oil | |
| 100.00 | | | | | | |

2. Select (highlight) the Property record.

| | | Trace Number | | Lease Number | Lease Name | Permit Number | RRC Number | RRC District | RRC Type | Unit Number | | | 8/8 Production | 8/8 Disposition |
|-----|----------|--------------|-------|-----------------|---------------|------------------|------------------|-----------------|-------------|----------------|----------|----------|-------------------|--------------------|
| | ∇ | v | V | 8 | ∇ | ∇ | \ \ \ \ | V | ∇ | ∇ | <u>v</u> | <u>\</u> | 8 | ∇ |
| 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 |
| • 3 | | 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 |

3. 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 | | | | | 8/8 Disposition |
|----|----------------------|---------------|-------------|-----------------|---------------|------------------|---------------|-----------------|-------------|----------------|-----------|--------------------|---------|--------------------|--------------------|
| | V | 7 | V | | 7 | V | 7 | ₩. | V | 7 | v | v | | 7 | V |
| 1 | | A16077 | Saved | 11111 | Compass P | Porta | 45454 | 08 | 0 | | Original | 9000.00 | 1000.00 | | 10000.00 |
| 2 | | A16078 | New | 22222 | Compass F | Porta | 56565 | 08 | 0 | | Original | 0.00 | 0.00 | | 0.00 |
| | | A16079 | New | 44444 | Compass F | Porta | 78787 | 08 | 0 | 29 | Original | 0.00 | 0.00 | | 0.00 |
| 4 | | A16080 | New | 88888 | Compass F | Porta | 13579 | 08 | 0 | | Original | 0.00 | 0.00 | | 0.00 |
| - | osition | | er | ermit | | | | | | | | Blended | Royalty | Boyalty | Due |
| - | osition | Tract Purchas | er | ermit | | | | | | | | Blended | Royalty | Royalty | Due |
| - | Tra | Tract Purchas | | Lease | Name Di | sposition Type | U | ом | Volume | | lue Price | Biended Percent | | Royalty Univers | |
| CI | Tra Nur ick he | Tract Purchas | er RRC/P | Lease | Name Di | sposition Type | U | | Volume ⊽ | | | | | Univers | |

4. 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 | | | Blended Royalty Percentage | |
|---|-------------------|--|----------------------|--------------------------------|-------------------------------|-----|--------|--------------|-------|-------------------------------|---------------------------|
| | V | V | <u>\</u> | Click on field to b data | a light-grey egin to enter | V | V | V | Ā | V | V |
| ÷ | | | | | Y | | | | | | |
| | position (3) / Te | | | | | | | | | | Proper |
| | | ract (4) / Purch t Purchaser Lease Number | | Lease Name | Disposition Type | UOM | Volume | Market Value | Price | Blended Royalty Percentage | Royalty Due University |

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

| Disp | osition (3) / Tr | act (4) / Purch | aser (5) | | | | | | | | | • |
|-------|------------------|-----------------|----------------------|--------------------|---|-----|---|--------------|-------|-------------------------------|---------------------------|---|
| Dispo | sition Tract | Purchaser | | | | | | | | | | |
| | Trace Number | Lease Number | RRC/Permit Number | Lease Name | Disposition Type | υοм | Volume | Market Value | Price | Blended Royalty Percentage | Royalty Due University | |
| | Ÿ | V | ∇ | <i>₽</i> | ▼ 1 - Gas Lift and Injection on Lease 2 - Used on Lease 3 - Used off Lease 4 - Vented or Flared | | Click the drop down icon an use the scroll to select the Disposition Ty | d Ibar | 77 | ~ | V | |
| Φ. | B16248 | 66666 | 90909 | Compass Portal Tra | | MCF | 0 | \$0.00 | | | \$0.00 | |

6. Enter values in the remaining Disposition fields: "Volume," "Market Value," and "Royalty Due University." 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.

| Disp | osition Trac | ct Purchaser | | | | | | | | | |
|------|--------------|--------------|----------|----------|------------------|----------|----------|--------------|----------|---|----------|
| | | | | | Disposition Type | | Volume | Market Value | | | |
| | | | | | | | | | | | |
| | ∇ | 27 | ∇ | ∇ | ∇ | ∇ | ∇ | ∇ | ∇ | ~ | ∇ |
| | | | | | | | | | | | |

7. Save the Disposition entry by either pressing the "Save" toolbar button, or right-click and select "Save" from the drop-down.

| Col | mpany A - O(| 0000011111 | | | Add Row Validate | Save Delete : | Send Void F | Reallocate Res | et View Sh | ow Hotkeys | 1 | Upload CS |
|------|-------------------|-----------------|---|---------------|-------------------|---------------|-------------|-------------------|------------|------------|----------|----------------|
| 0 | 100.00 | | 0.00 0.0 | | 100.00 | | | reet / Intermedia | | | Copy Se | elect Row(s) |
| 0 | 0.00 | 0. | 00 0.0 | IO BBL | 0.00 | | 0.0 | | \$0.00 | 0. | Clear Se | elected Row(s) |
| - | sposition (3) / T | | Conservation and the second | | | | | | | - | Validate | |
| Disp | | t Purchaser | Concernance and | 1 | | 1 | - | 1 | | 1 | | e/Rebook |
| | Trace Number | Lease Number | RRC/Permit Number | | | | | | | | | |
| | ∇ | ∇ | \bigtriangledown | ∇ | ∇ | ∇ | V | ∇ | V | | 77 | ∇ |
| 1 | A16263 | 44444 | 78787 | Compass Porta | l Ti 8 - Skim Oil | BBL | 100.00 | \$10,000.00 | \$100.00 | 12.50000 | 10 % | \$2,500.00 |

8. Upon saving, the summation of the unit-level dispositions in the Disposition Grid plus the tract volumes sum to populate the "Royalty Due to University" field in the Property Grid.

| | ng 8/8 ry Producti | | | Ending Inventory | UOM | Your Volume Share | | | | | Mark Value | | | | |
|------|-----------------------------------|-----------------------------|--------------------------|---------------------|----------|---------------------------------------|-----|-----------------|------------------|---|---------------|-------|----------------------|-------------|-------------|
| | 7 | 77 | | \ \7 | ∇ | ∇ | 7 | | \ | V | | 7 | 77 | 7 | V |
| о | 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 |
| o | 100.00 | | 100.00 | 0.00 | BBL | 100.00 | | | 45.0 | Sweet / Interme | iate \$10,0 | 00.00 | 0.00 | | \$2,500.00 |
| 0 | 0.00 | | 0.00 | 0.00 | BBL | 0.00 | | | 0.0 | | \$0.00 | | 0.00 | 25.000000 % | \$0.00 |
| | oosition (3) / Tr osition Trac | | and the second second | | | | | | | | | | | | |
| Disp | osition Trac | t Purcha Lease | ser RRC/Per | mit Lease | Name | Disposition Ty | уре | UOM | Volume | Market Valu | e Price | | ded Royal | | Due |
| Disp | osition Trac Trace Number | t Purcha Lease Number | ser RRC/Per Number | Lease | Name | | /pe | | Volume | | | Perc | ded Royal xentage | Univers | Due |
| Disp | osition Trac | t Purcha Lease | ser RRC/Per | Lease | | Disposition Ty T I 8 - Skim Oil | уре | UOM V BBL | Volume 100.00 | ✓ Market Value ✓ \$10,000.00 | | Perc | | | Due iity |