



UNIVERSITY LANDS

RATE AND DAMAGE SCHEDULE

THE UNIVERSITY OF TEXAS SYSTEM
UNIVERSITY LANDS

P.O. BOX 553
MIDLAND, TEXAS 79702-0553
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Website Link:

<http://www.utlands.utsystem.edu>

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EFFECTIVE September 1, 2016

This schedule supersedes all previous Rate and Damage Schedules

**UNIVERSITY LANDS
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I. WELL LOCATIONS AND OIL & GAS LEASE APPURTENANCES

- The location fee (damages) must be paid before any construction begins.
- The location fee includes damages exclusively on the applicable company oil/gas lease for well location, tank battery on existing well pad, flow-lines, power lines, etc. and use of existing roads for ingress/egress.
- Damaged area includes pads, drilling/reserve pits, laydown area, etc.
- All other appurtenances (e.g., tanks located off well pad, meters, flow-lines, power lines, etc.) will require easements or commercial surface leases if benefiting more than one oil & gas lease.
- Caliche is not included in the location fee. Any caliche taken from University land, other than reclaimed caliche, requires a payment for consideration. (See page 3, II. Material Sales)
- Any new road access to a location requires a damage payment. (See page 5, V. Roads and Road Easements)
- Royalty due on oil and gas lease includes all product released to the ground surface, vented, or flared.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000.00 per occurrence.
- **LOCATION FEES ARE BASED ON TOTAL MEASURED DEPTH INCLUDING HORIZONTAL SECTION OF THE WELLBORE.**

A. New Location - Including Multiple Wellbores on Same Pad

	Damages
1. Less than 4,000 feet measured depth (up to 90,000 sq. ft. damaged area)	\$7,200.00
2. 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area)	\$11,200.00
3. 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area)	\$16,000.00
4. Greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area)	\$20,800.00
5. Each additional wellbore located on the same well pad	\$5,600.00

B. Re-Entry (New University Lease)

	Damages
1. Less than 4,000 feet measured depth (up to 90,000 sq. ft. damaged area)	\$3,600.00
2. 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area)	\$5,600.00
3. 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area)	\$8,000.00
4. Greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area)	\$10,000.00

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(Section I. continued)

C. Fresh Water Frac Pit Site

- Requires a five (5) year contract prior to construction.
- **Pit area calculated from the outside base of the berm.** Unused pits must be closed by the end of primary term.
- Requires reseeding with University Land's seed mixture upon closure of pit.
- All caliche must be returned to the pit.

	Consideration
1. Maximum 40,000 sq. ft. pit area	NEGOTIABLE Min. \$8,000.00
2. Pit area greater than 40,000 sq. ft.	NEGOTIABLE Min. \$0.20/sq. ft. over and above C. 1.

D. Renewal of Fresh Water Frac Pit Site

	Consideration
1. Fresh water frac pit site	NEGOTIABLE Min. \$400.00

E. Stacked Rig

	Damages
1. Stacked drilling rig	NEGOTIABLE Min. \$400.00/day

F. General Damages

	Damages
1. Remediation of ground surface	NEGOTIABLE Min. \$0.08/sq. ft.
2. Off-pad construction	NEGOTIABLE Min. \$0.08/sq. ft.
3. Pad extensions	NEGOTIABLE Min. \$0.08/sq. ft.
4. On-lease central tank battery (up to 75,000 sq. ft.) (contract not required)	NEGOTIABLE \$6,000.00
5. On-lease central tank battery (greater than 75,000 sq. ft.) (contract not required)	NEGOTIABLE Min \$0.08/sq. ft.
6. Temporary pipeline not requiring an easement (prior approval of UL Designated Field Representative required)	NEGOTIABLE

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II. MATERIAL SALES

- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000 per occurrence.

	Fee
1. Caliche or Limestone (for use on University Lands)	NEGOTIABLE Min. \$4.00/yd ³
2. Caliche or Limestone (for use off University Lands)	NEGOTIABLE Min. \$6.00/yd ³
3. Reclaimed Caliche (for use on or off University Lands) All reclaimed caliche must be completely removed down to ground level. After removal, the area must be ripped and/or reseeded if so directed by the University Lands Designated Field Representative.	None
4. Other materials	NEGOTIABLE
5. Opening of new material pit (in addition to any fees listed in II.1. through II.4.)	NEGOTIABLE Min. \$20,000.00

III. GEOPHYSICAL PERMITS

- A non-refundable payment is due before the work begins.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of \$1,000.00 per occurrence.

	Consideration
1. 2-D	NEGOTIABLE Min. \$2,400.00/mile
2. 3-D	NEGOTIABLE Min. \$16.00/acre
3. Other	NEGOTIABLE
4. Brush removal (by written permission only)	NEGOTIABLE Min. \$400.00/mile
5. If geophysical activity occurs during big game hunting season (in permit area) or during lambing season (potentially year round), an income loss assessment per affected acre is due from the permit holder to the UL Grazing Lessee. All such payments will be determined and monitored by UL personnel.	NEGOTIABLE Hunting – Maximum \$2.40/acre* Lambing – Maximum \$4.00/acre*

***Separate payment required, delivered to University Lands office, payable to grazing lessee.**

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IV. COMMERCIAL SURFACE CONTRACTS (NON-GRAZING)

- Contracts are required and negotiated by the Midland office.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000 per occurrence.

	Consideration
A. Commercial surface lease	NEGOTIABLE
B. Off-lease/multi-lease tank battery (up to 75,000 sq. ft.) (contract required)	NEGOTIABLE Min. \$6,000.00
C. Off-lease/multi-lease tank battery (greater than 75,000 sq. ft.) (contract required)	NEGOTIABLE Min. \$0.08/sq. ft.

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V. ROADS

- Road easements for convenience to access non-University Lands are normally discouraged and must show a significant benefit to the University.
- Road easements are usually only required for roads that are built on University Lands whose purpose is to access property off University Lands. Most roads on University Lands do not require an easement. If there are questions as to whether an easement is required, contact the Midland office or the University Lands Designated Field Representative.
- Any caliche taken from University land other than reclaimed University caliche requires a payment fee as stated on page 3, II. Material Sales.
- For new road construction that does not require an easement, a payment for University caliche is still required.
- All roads, gates, and cattle guards on University Lands must be located, constructed, and maintained in accordance with specifications determined by the University Lands Designated Field Representative.
- Existing roads must be upgraded to accommodate additional traffic in accordance with specifications determined by the University Designated Field Representative.
- Annual road and cattle guard maintenance by the oil and gas lessee is required at a minimum.
- University Lands may assess a penalty for improper road or cattle guard maintenance.
- **DRIVING AROUND POTHoles AND POORLY MAINTAINED AREAS** is considered excessive surface use and will result in administrative fines or other penalties up to and including expulsion from University Lands. Minimum penalty is \$3,000.
- No unauthorized off-road travel is permitted for any reason unless permission is given by the University Lands Designated Field Representative. All vehicles must remain on existing roads at all times. Poorly maintained roads may not be traveled.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000 per occurrence.

A. Roads (Maximum 10-year term for roads requiring easements)

	Consideration	Damages
1. Road requiring an easement	NEGOTIABLE Min. \$40.00/rod	
2. Renewal of a road easement	NEGOTIABLE Min. \$24.00/rod	
3. Road construction not requiring an easement (ingress/egress to own University oil and gas lease)		NEGOTIABLE Min. \$24.00/rod

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VI. PIPELINE EASEMENT – UNIVERSITY LANDS MINERAL LESSEE

- Any line which exclusively serves the University Lands’ oil and gas lease on which it is located does not require a separate easement. All other lines require easements.
- Pipelines must be removed at expiration of easement or lease.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000 per occurrence.

A. New Pipeline Easement (Maximum 10-year term)

- All Pipe Sizes are Nominal
- Ordinary Construction Damages Included

	Consideration
1. Less than 6”	NEGOTIABLE Min. \$28.00/rod
2. 6” to Less than 12”	NEGOTIABLE Min. \$48.00/rod
3. 12” to Less than 24”	NEGOTIABLE Min. \$72.00/rod
4. 24” or Greater	NEGOTIABLE Min. \$120.00/rod

B. Renewal of Pipeline Easement (Maximum 10-year term)

- All Pipe Sizes are Nominal

	Consideration
1. Less than 6”	NEGOTIABLE Min. \$20.00/rod
2. 6” to Less than 12”	NEGOTIABLE Min. \$40.00/rod
3. 12” to Less than 24”	NEGOTIABLE Min. \$60.00/rod
4. 24” or Greater	NEGOTIABLE Min. \$80.00/rod

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VII. PIPELINE EASEMENTS - NON-UNIVERSITY LANDS MINERAL LESSEE

- Pipelines must be removed at expiration of easement or lease.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000 per occurrence.

A. New Pipeline Easement (Maximum 10-year term)

- All Pipe Sizes are Nominal
- Ordinary Construction Damages Included

	Consideration
1. Less than 6"	NEGOTIABLE Min. \$44.00/rod
2. 6" to Less than 12"	NEGOTIABLE Min. \$64.00/rod
3. 12" to Less than 24"	NEGOTIABLE Min. \$120.00/rod
4. 24" or Greater	NEGOTIABLE Min. \$224.00/rod

B. Renewal of Pipeline Easement (Maximum 10-year term)

- All Pipe Sizes are Nominal

	Consideration
1. Less than 6"	NEGOTIABLE Min. \$24.00/rod
2. 6" to Less than 12"	NEGOTIABLE Min. \$48.00/rod
3. 12" to Less than 24"	NEGOTIABLE Min. \$80.00/rod
4. 24" or Greater	NEGOTIABLE Min. \$120.00/rod

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VIII. MAINTENANCE OF ALL PIPELINE EASEMENTS

	Damages
1. Repair or replacement of pipeline (To avoid penalty, removal of replaced line from University premises required within 30 days)	NEGOTIABLE Min. \$10.00/rod
2. Termination of easement (Removal of pipe is required)	None
3. Remediation of leak/spill	NEGOTIABLE Min. \$0.08/sq. ft.
4. Temporary pipeline not requiring an easement (prior approval of UL Designated Field Representative required)	NEGOTIABLE

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IX. UTILITY LINE EASEMENTS

- Utility lines and poles must be removed at expiration of easement or lease.
- Any line which exclusively serves the oil and gas lease on which it is located does not require a separate easement. All other lines require easements.
- **ADVANCE NOTIFICATION to the University Lands Designated Field Representative is REQUIRED BEFORE ANY WORK IS INITIATED.** Failure to properly notify University representative may subject operator to a penalty of a minimum of \$1,000 per occurrence.

A. New Utility Line Easement (Maximum 10-year term)

- Ordinary Construction Damages Included

	Consideration
1. Less than 30,000 volts line capacity (maximum width 30 feet)	NEGOTIABLE Min. \$20.00/rod
2. 30,000 volts line capacity but less than 69,000 volts line capacity (maximum width 30 feet)	NEGOTIABLE Min. \$24.00/rod
3. 69,000 volts line capacity but less than 138,000 volts line capacity (maximum width 60 feet)	NEGOTIABLE Min. \$80.00/rod
4. 138,000 volts line capacity but less than 300,000 volts line capacity (maximum width 80 feet)	NEGOTIABLE Min. \$112.00/rod
5. 300,000 volts line capacity but less than 345,000 volts line capacity (maximum width 145 feet)	NEGOTIABLE Min. \$166.00/rod
6. 345,000 volts line capacity and above volts line capacity (maximum width 180 feet)	NEGOTIABLE Min. \$204.00/rod
7. Fiber optic or telephone line (line serving fewer than 100 end users)	NEGOTIABLE Min. \$2.00/rod
8. Fiber optic or telephone line (line serving 100 or more end users)	NEGOTIABLE Min. \$4.00/rod

B. Renewal of Utility Easement (Maximum 10-year term)

	Consideration
1. Less than 30,000 volts line capacity (maximum width 30 feet)	NEGOTIABLE Min. \$8.00/rod
2. 30,000 volts line capacity but less than 69,000 volts line capacity (maximum width 30 feet)	NEGOTIABLE Min. \$16.00/rod
3. 69,000 volts line capacity but less than 138,000 volts line capacity (maximum width 60 feet)	NEGOTIABLE Min. \$48.00/rod
4. 138,000 volts line capacity but less than 300,000 volts line capacity (maximum width 80 feet)	NEGOTIABLE Min. \$80.00/rod
5. 300,000 volts line capacity but less than 345,000 volts line capacity (maximum width 145 feet)	NEGOTIABLE Min. \$152.00/rod
6. 345,000 volts line capacity and above volts line capacity (maximum width 180 feet)	NEGOTIABLE Min. \$180.00/rod
7. Fiber optic or telephone line (line serving fewer than 100 end users)	NEGOTIABLE Min. \$2.00/rod
8. Fiber optic or telephone line (line serving 100 or more end users)	NEGOTIABLE Min. \$4.00/rod

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X. FRESH WATER AND BRINE CONTRACTS AND SALES

- All fresh water wells must comply with the University Lands Groundwater Management Plan found at: <http://www.utlands.utsystem.edu/water.aspx>

A. Water Sales Contracts (Maximum 5-year term)

	Consideration
1. Water for municipal use	NEGOTIABLE

B. Brine Sales Contracts (Maximum 5-year term)

	Consideration
1. Brine used for any purpose	NEGOTIABLE Min. \$0.06/barrel or 1/5 of highest actual selling price, whichever is greater

C. Water Sales for Oil & Gas Development on University Leases

- Operators shall follow the University Lands Ground Water Management Plan and Subchapter 6.4 Water Wells and Water Usage Board for Lease Rules.
- Operators shall self-report **monthly** cumulative water volumes produced from all operator-owned and/or operated water wells located on University Lands.
- Operators must complete a UT-6 form (Electronic Filing Certification Agreement) to report monthly water usage online. The UT-6 form may be found at: <http://www.utlands.utsystem.edu/forms/pdfs/UT6WATER.pdf>
- All water wells must have an operator identification sign indicating owner and well name.
- All water meters must have a unique identification number stamped on the body of the meter.
- Operators must report individual well meter readings whether the well is active or idle.
- Wells which do not have a pump installed must be reported with monthly meter readings of "0" and the unique meter identification number would be reported as "No Pump".
- University Lands will audit water well production documents as necessary.
- Individual water well production reports are due by the 20th day of the month following the production month. Failure to report by the due date will subject the operator to a minimum penalty of \$1,000 per occurrence.**

	Fee
1. Water used for oil or gas well development on University Lands including drilling & completions, construction, road maintenance, etc.	\$0.35/bbl.

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XI. SALT WATER DISPOSAL CONTRACTS (SWD)
(Disposal of water produced from oil and gas operations)

A. Operator of University Oil and Gas Lease - Operates Water Disposal Well
Located on the Lease - Pipeline Transport Only

	Consideration
1. University leases only (disposal of produced water from multiple University leases by single or multiple operators)	NEGOTIABLE Min. Prepaid \$8,000 for 5-year term plus \$0.05/bbl. injected into the disposal well
2. University and non-university leases commingled (disposal of water produced from both University leases and non-university leases by one or more operators)	NEGOTIABLE Min. Prepaid \$12,500 for 5-year term plus \$0.10/bbl. injected into the disposal well

All new Salt Water Disposal Wells must pay a location fee in addition to the fees listed above. See page 1 for location fees required.

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**XII. ASSIGNMENTS, MERGERS, ACQUISITIONS, CONSOLIDATIONS AND
NAME CHANGES**

A. Assignments

- Payment due before assignment occurs or by due date established by agreement.
- Easements must be assigned separately from oil and gas lease assignments and require University Lands' consent.

	Consideration
1. Each commercial surface lease, easement, produced water disposal contract or water contract	\$500.00
2. Each additional contract	\$100.00

B. Mergers, Acquisitions, Consolidations and Name Changes

	Consideration
1. Each commercial surface lease, easement, produced water disposal contract or water contract	\$500.00
2. Each additional contract	\$100.00

XIII. AMENDMENTS

	Consideration
1. Each commercial surface lease or easement	\$1,000.00

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XIV. PAYMENT INFORMATION

A. All consideration, fees and damage checks should be made payable to:

THE UNIVERSITY OF TEXAS SYSTEM

B. Unless otherwise noted in this schedule the minimums are as follows:

Minimum Consideration is \$500.00
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C. Payments should be delivered to University Lands:

US Mail	P. O. Box 553 Midland, TX 79702-0553
Physical Address	704 W. Dengar Ave. Midland, TX 79705-5319
Telephone Contact	Midland Office 432-684-4404

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XV. UNIVERSITY LANDS REPRESENTATIVES

P.O. Box 553, Midland, Texas 79702-0553

Office: 432-684-4404

Designated Field Representatives	Cellular
Joe Petersen (Email: joe.petersen@utsystem.edu)	432-853-2488
Lazaro Acosta (Email: lacosta@utsystem.edu) Crane & Pecos Counties	432-556-6752
Drew McEachern (Email: dmceachern@utsystem.edu) Andrews, Dawson, Gaines & Martin Counties	432-634-4108
Jeff White (Email: jeff.white@utsystem.edu) Crockett (Blk 29-33, 38-52, 55 & 56), Irion, Reagan (Blk 43, 48 & 49) & Schleicher Counties	432-556-2564
Brazos Peacock (Email: bpeacock@utsystem.edu) Crockett (Blk 5-7, 12-14) Reagan (Blk 6-12, 58, 1 & 2) & Upton Counties	432-940-4392
Michael Taylor (Email: mitaylor@utsystem.edu) Loving, Ward, Winkler, Ector, Culberson, El Paso & Hudspeth Counties	432-940-4945
Nick Alejandro (Email: nalejandro@utsystem.edu) Terrell County	830-889-4335
Range and Wildlife Representatives	Cellular
Joe Petersen (Email: joe.petersen@utsystem.edu)	432-853-2488
Jeff White (Email: jeff.white@utsystem.edu) Crockett, Irion & Schleicher Counties	432-556-2564
Drew McEachern (Email: dmceachern@utsystem.edu) Andrews, Culberson, Dawson, Ector, El Paso, Gaines, Hudspeth, Loving, Martin, Ward & Winkler Counties	432-634-4108
Brazos Peacock (Email: bpeacock@utsystem.edu) Crockett, Reagan & Upton Counties	432-940-4392
Nick Alejandro (Email: nalejandro@utsystem.edu) Pecos, Crane & Terrell Counties	830-889-4335
Easements and Commercial Leases Representatives	Midland Office
James R. Buice (Email: jbuice@utsystem.edu)	432-686-4778
Cindy Gomez (Email: cgomez@utsystem.edu)	432-686-4715
Surface Lease Inspections, Produced Water Disposal, Water and Brine Representative	Cellular
Daniel Bryant (Email: dbryant@utsystem.edu)	432-661-6808
Geophysical Permits Representative	Midland Office
James Holtzclaw (Email: jholtzclaw@utsystem.edu)	432-686-4753
Executive Director, Midland Office	Midland Office
Richard Brantley (Email: rbrantley@utsystem.edu)	432-684-4404

Note: To maintain accuracy of contact information, staff will update Section XV of the Rate and Damage Schedule as needed without providing advance notice to the Board of Regents.