

NOTICE OF APPRAISED VALUE INFORMATION



Visit our website at www.pandai.com to access specific information on your accounts.

Select tab: Mineral Property Appraisal Access ** Royalty Interest Owners Access

1. Select the County from drop down menu
2. Enter your Owner Number & Password from your Notice of Appraised Value
3. Select if you want information for Entire County or only Individual Leases
4. If your lease information does not populate below, go ahead and enter your email address and hit Submit Request. The appraisals should be emailed to you.

The Net Royalty Income projections are based off of the most current appraisal information in our system. You can check back regularly for changes to your values. This report will show what our current appraisal is projecting your income will be for each year in the remaining life of the well.

You can also select the tab for FAQ's which contains an abundance of information right at your fingertips.

MINERAL VALUE CALCULATION

The 2016 value shown on your Notice of Appraised Value is the market value of your interest on January 1, 2016. This value reflects what you should be able to sell your interest for on the open market (not random offers in the mail). This value is derived from the potential future income of the recoverable reserves remaining in the ground to be produced. Then, the projected income is discounted back to a January 1 market value. It is important to note that your royalty interest value is NOT based on your 2016 income. Just like a home has a market value, your royalty interest also has a market value.

2016 OIL & GAS PRICING

Section 23.175 of the Texas Property Tax Code requires appraisal districts to use the previous calendar year monthly average crude oil and natural gas price for each property multiplied by the Price Adjustment Factor (PAF) as the year 1 forecasted price for the property. The PAF is calculated by the percentage increase or decrease projected for oil and gas prices for the next calendar year, compared to last year's average prices, by the United States Energy Information Administration (EIA) in their most recent Annual Energy Outlook.

*****TURN ME OVER FOR MORE INFORMATION*****

Average 2015 Prices Oil \$48.14 Gas \$2.57

2016 Oil Price \$38.12 ($\$48.14 \times .79186$ PAF)

2016 Gas Price \$2.59 ($\2.57×1.00760 PAF)

HOW TO FILE A PROTEST

Enclosed with your Notice of Appraised Value is a protest form you can use to file a protest on one or all of your mineral properties. If the protest form is missing you can contact your local appraisal district or visit www.comptroller.texas.gov/taxinfo/taxforms/50-132.pdf

If you are missing a notice on a particular mineral property, please be sure to TURN YOUR NOTICE OVER and look on the back. We print on both sides to save on paper and postage.

Before mailing in your protest, please access and review your appraisal information from our website so that protests are filed only on properties that you believe are not representative of fair market value. Remember to check our website regularly because values can change, as we receive additional information from operators.

When filling out your protest form, it is important to include your PHONE # AND EMAIL ADDRESS. We receive a high volume of phone calls. E-mail is a great way for us to contact you.

Lastly, all protests must be filed by the deadline stated on your Notice of Appraised Value for each county.

GENERAL INFORMATION

If information is received from the operator or another owner that warrants an adjustment to the values after notices have been mailed out, all owners on that lease will receive the adjustment. A protest does not have to be filed to get these adjustments. However, if no additional information is received for consideration, then values may not be adjusted. Also, if you file a protest, but decide not to attend your scheduled hearing, you will get the adjustments, if any, that were made to your lease.

Please review all of the information on your Notice of Appraised Value. THIS IS THE TIME WHEN CHANGES NEED TO BE UPDATED OR CORRECTED. WAITING UNTIL OCTOBER, WHEN YOU RECEIVE YOUR TAX STATEMENT, TO UPDATE YOUR INFORMATION CAN BE A LENGTHY PROCESS. Check to make sure the ownership, decimal interest and address are all correct. If a lease is listed that you no longer own, please file a protest indicating to whom the interest was sold or transferred to and when it was sold.