

THE TEXAS A&M UNIVERSITY SYSTEM



RATE & FEE SCHEDULE

System Real Estate Office & System Energy Resource Office

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I. **Introduction**

The Property & Construction (“P&C”) Section of the Office of General Counsel (“OGC”) of the Texas A&M University System (“A&M System”) provides centralized and comprehensive services in the areas of real estate, oil & gas, foundations, gifts/donations, bequests, and facilities planning and construction.

▪ **SREO and SERO**

The System Real Estate Office (“SREO”) administers surface assets while the System Energy Resource Office (“SERO”) administers mineral assets and right-of-way improvements located on A&M System real property (the “Property”).

▪ **The Schedule**

In furtherance of their mandate, SREO & SERO publish this Rate & Fee Schedule (the “Schedule”) to provide guidelines for the assessment of rates and fees associated with the use of the Property by a third-party entity (“Requestor”). The Schedule is intended to serve as an aid to Requestor that is considering engaging in operations of any kind (the “Operations”) on the Property. The Schedule should assist Requestor in estimating Requestor’s minimum financial exposure to rates and fees associated with the Operations on the Property and to establish certain administrative guidelines which may govern the Operations. Rates and fees vary and may be greater than the minimums listed herein based upon multiple factors, including, but not limited to the following: geographic location, current land use, planned future development, proximity to or location within research and/or campus lands, benefit of the Operations to A&M System and/or the public, purpose and size of the Operations, and many other factors. The rates and fees listed herein should be treated as minimum allowable rates and fees for the particular Operation. The rates and fees are subject to change without notice at A&M System’s sole discretion.

▪ **Projects**

It is recommended that, immediately upon considering the Operations on the Property, Requestor should contact SREO or SERO, depending upon the asset class Requestor is interested in, in order to initiate a review and discussion of the proposed Operations and, if mutually agreeable, to begin negotiation of general terms (the “Project”).

II. Implementation

- As a condition of approval for all Operations, all structures located at the surface (e.g. tank batteries, risers, pad sites, utility lines, etc.), all structures located below the surface (e.g. utility lines, all pipelines including flowlines, gathering, feeder, transmission, and distribution lines, etc.), all roads located on the Property (e.g. lease roads, public access roads, temporary access roads, etc.), and all other structures or planned disturbances on the Property must be memorialized by a separate easement, permit, contract or other agreement and each will be subject to the Schedule.
- All Operations, including construction, production, maintenance, repair, removal, and remediation, require negotiation of terms, restrictions, consideration and fees, as well as execution of relevant documents granting access, permission, and approval for the Operations. All consideration and fees are payable prior to entry on the Property.
- Approval for entry on the Property will not be granted for construction to begin until A&M System has received fully executed copies of all relevant documents, which MUST subsequently be filed, at the expense of the requesting party, in the Official Records of the county in which the Property is located. Additionally, approval to proceed with construction will not be granted until A&M System has received payment for all consideration, anticipated damages and fees. All additional payments, including those for damages not anticipated prior to beginning of construction, must be received within 30 days following completion of construction.
- A&M System is to be notified by Requestor no less than 72 hours prior to entry on the Property and immediately after the Operations have ceased. In an emergency situation, the appropriate local agencies and/or authorities should be notified immediately to manage the emergency, followed by contacting A&M System as soon as reasonably possible. The surface lessee, surface owner, mineral lessee, and/or mineral owners, if applicable, should also be notified prior to entry on the Property.
- A&M System reserves the right to assign one or more of its employees, agents, or contractors to accompany work crews during the Operations in order to inspect and oversee A&M System's interests.
- A&M System reserves the right to require Requestor to follow certain restrictions during the Operations.
- Consideration and damage settlement fees are calculated based upon multiple factors including the reduction in the value of all real and personal property of A&M System resulting from the Operations, A&M System's loss of revenue due to the Operations, actual damage such as loss of trees and crops, the overall impact and benefit of the Operations to A&M System and to the public, and such rates and fees will be determined and assessed

through direct negotiation between A&M System and Requestor. Notwithstanding the foregoing, the value of A&M System’s property being used for research activities is very difficult to determine and far exceeds the market value for typical property. Therefore, the value of A&M System’s research property for consideration and damage purposes shall be determined in A&M System’s sole and absolute discretion.

- Rates and fees contained herein may be reduced on those Operations serving as public utilities and/or on those Operations providing for public necessity. Such reductions shall be determined in A&M System’s sole and absolute discretion.

III. Administrative Fees

- Administrative fees are incurred by Requestor once the Project reaches the stage in which SREO or SERO personnel are required to take action in order to move the Project forward.
- Administrative fees apply to each individual instrument and are necessary to pay costs incurred by A&M System to administer and manage the Project for one of its member institutions or agencies or for the A&M System itself when Requestor requests that the Project proceed.
- Administrative fees are separate and apart from consideration, bonus or surface damage payments.
- Administrative fees must be paid by Requestor to the order of “*The Texas A&M University System*” prior to SREO or SERO proceeding with the Project.
- Administrative fees may be waived on the Projects serving solely A&M System interests and on the Projects which Requestor is a federal, state or local governmental or quasi-governmental entity. **It is the responsibility of the qualified Requestor to request a waiver of the administrative fee.**

		Fee
1.	Easements & Access Permits/Licenses	\$500
2.	Surface & Water Use Agreements	\$500
3.	Geophysical & Boundary Survey Permits	\$500
4.	Assignments & Consents to Assignment	\$500 per assignee
5.	Amendments	\$1,000
6.	Oil, Gas & Mineral Leases	\$1,500
7.	All Others	\$500 minimum

IV. **Easements**

- Pursuant to TEXAS EDUCATION CODE, TITLE 3, CHAPTER 85, SECTION 26(c), with the exception of public roadway easements, all grants and renewals of easements are limited to a **maximum term of 10 years.**
- Certain federal, state and local political subdivisions, governmental agencies and quasi-governmental entities may be eligible for reduced rates and/or exempt fees.
- Public utilities constructed at the request of A&M System which serve solely A&M System interests may be exempt from consideration and fees.
- An easement granting construction or renewal of multiple lines will use a calculation to determine consideration using the cumulative length of all lines installed within the easement, as if each line were its own separate easement, as opposed to using “trench-length”.
- Requestors trenching on Property used for crop or animal research, commercial crop production, manicured landscaping or on Property designated as campus lands will be required to use double-ditch construction methods and receive pre-approval from A&M System of Requestors’ remediation plan.
- Requestor is not authorized to use any materials mined from the Property (e.g., caliche, gravel, stone, sand, etc.) unless otherwise approved in writing by A&M System.
- Temporary workspace may be granted with new easements. The entire easement, including a new easement and any temporary workspace, will not exceed 40-foot in total width unless otherwise approved in writing by A&M System.
- Easements are non-exclusive, unless otherwise approved in writing by A&M System.
- All additional improvements and supporting appurtenance associated with an easement must be approved in writing by A&M System.
- Easement fees are intended to compensate A&M System for the loss of use of the Property, damages, and/or the detrimental effects resulting in loss of value to the Property. Easement fees do not include any other damage, nor do they include future damages related to the maintenance, repair, replacement, or removal of the line/improvements in the easement.

A. **Roads**

- It is the responsibility of Requestor of a new private road easement granted by A&M System on an existing roadway to reach out to the existing grantee(s) and enter into a shared maintenance agreement. An existing road must be maintained or upgraded in order to accommodate additional traffic from the non-exclusive easement.

- Driving around potholes, ruts and poorly maintained areas is considered excessive surface use and fines, penalties and/or additional damages will be assessed to the grantee.
- The standard width of a road easement is 20 feet.

		Minimum Consideration	Additional
1.	Road - New or Existing (not to exceed 20' in width)	\$100/rod	\$0.10/sq. ft.
2.	Road - Renewal (all widths)	\$100/rod	none

B. Pipelines and Utility Lines

- Route must follow the Property boundary as closely as possible or route must immediately abut an existing easement, unless otherwise approved by A&M System in writing.
- Above ground equipment must be removed at the expiration or termination of the easement.
- Pipeline/Line must be removed at the expiration or termination of the easement, unless otherwise approved by A&M System in writing.
- Requestor must obtain an access permit from A&M System in order to access the Property to perform the Operations. The permit will allow for proper notification to A&M System members and other users of the Property.
- Failure to properly obtain an access permit may subject grantee and/or Requestor to a penalty of no less than \$3,000 per occurrence.
- Pipelines include all categories (i.e. flowlines, gathering, feeder, transportation, distribution, etc.), all materials (i.e. steel, iron, plastic, fiberglass, concrete, etc.) and all products (i.e. crude oil, natural gas, natural gas liquids, produced water, potable water, waste water, slurry, etc.) commonly referred to as a pipeline.
- Lines include all cabled utilities of all categories (i.e. above ground, underground, etc.), of all materials (i.e. bare metal, insulated metal, optical, etc.), of all types (i.e. single-core, multi-core, armored, shielded, unshielded, twisted pair, coaxial, fiber optical, etc.) and of all uses (i.e. electrical, communication, data, etc.) commonly referred to as a utility.

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		Minimum Consideration	Additional
1.	Pipeline - 6" dia or less (not to exceed 10' in width)	\$100/rod	\$0.10/sq. ft.
2.	Pipeline - greater than 6" dia (not to exceed 10' in width)	\$1 per nominal-inch diameter per linear-foot	\$0.10/sq. ft.
3.	Pipeline - Renewal (all sizes & widths)	\$100/rod	none

		Minimum Consideration	Additional
1.	Utility Line – Medium Electrical - less than 50kV (not to exceed 20' in width)	\$100/rod	\$0.10/sq. ft.
2.	Utility Line – High Electrical - 50kV to 200kV (not to exceed 40' in width)	\$150/rod	\$0.10/sq. ft.
3.	Utility Line – Extreme Electrical - greater than 200kV (not to exceed 60' in width)	\$200/rod	\$0.10/sq. ft.
4.	Utility Line – Communications & Data (not to exceed 10' in width)	\$100/rod	\$0.10/sq. ft.
5.	Utility Line - Renewal (all capacities & widths)	\$100/rod	none

V. Geophysical Survey Permits

- All data must be muted on surveyed Property in which the mineral interests are unleased.
- A performance bond must be maintained by Requestor until (i) the mineral interests are leased or (ii) Requestor releases all rights and ownership of the data to A&M System and deletes data from Requestor’s computers.
- No explosives are allowed on the Property, unless otherwise approved in writing by A&M System.

		Minimum Consideration	Additional
1.	Seismic Survey	\$25/acre	none

VI. Oil, Gas & Mineral Leases and Pad Site Locations

- The minimum bonus consideration for a directly-negotiated or an auctioned Oil, Gas & Mineral Lease (“OGML”) is market value, but in no event will it total less than \$1,000.
- An advertising fee to cover the estimated costs of required public notice to nominate the Property for an OGML auction must be submitted along with the nomination package.
- After an OGML is executed, the lessee MUST enter into a Surface Use Agreement (“SUA”) with A&M System if A&M System is an owner of the surface estate in the Property and if A&M System’s interest in the surface estate of the Property will be required for the Operations.
- A SUA related to the Operations of an OGML must address items such as Pad Site Location Fees, access road construction and terms of use, pipelines, utility lines, water use, water disposal, and other activities related to oil & gas exploration and production operations.
- Requestor is not authorized to use any materials which may be mined from the Property (e.g., caliche, gravel, stone, sand, etc.) unless otherwise approved in writing by A&M System.
- Pad Site Location Fees must be paid prior to accessing the Property to begin construction.
- Pad Site Location Fees include ONLY the first well bore and all standard appurtenances located within the boundary of the well pad location necessary for the operation of the well(s) on that pad location.
- Regardless of those rights granted to Requestor in an SUA by A&M System, Requestor understands and agrees that ALL appurtenances located outside of the boundary of a well pad relating to and/or supporting the Operations MUST BE MEMORIALIZED by a separate easement, separate surface use agreement or other relevant agreement in order for A&M System to safely and effectively monitor all improvements to and activities on the Property.
- Pad Site Location Fees are separate and apart from the bonus consideration paid by Requestor to A&M System for the grant of an OGML.
- The minimum rates used to calculate Pad Site Location Fees immediately below must be paid by Requestor for each exploration and production pad located on the Property in which A&M System owns all or part of the surface estate and in which Requestor has leased all or part of the mineral estate and has the right to explore and produce the minerals.

		Minimum Consideration
1.	Pad location - less than 200,000 sq ft	\$0.10 per sq. ft.
2.	Pad location - greater than 200,000 sq ft	\$0.11 per sq. ft.
3.	Pad Location - re-entry less than 200,00 sq ft	\$0.05 per sq. ft.
4.	Pad Location - re-entry greater than 200,00 sq ft	\$0.06 per sq. ft.
5.	Each additional wellbore on a pad	\$7,000

VII. Water Use Agreements

- Use of surface water and/or groundwater located on the Property is **STRICTLY PROHIBITED** unless expressly approved in writing by A&M System.
- Pipelines and storage tanks located on the Property require additional agreements or easements and are not included in the fee.
- All water produced from the Property from an aquifer or A&M System pond or tank will require a fee.

		Minimum Consideration
1.	Water from aquifer, tank or pond	\$0.50/bbl.

VIII. Additional Information

- All consideration, fees and damage payments should be made payable to:

THE TEXAS A&M UNIVERSITY SYSTEM

- Payments and notices should be delivered to:

The Texas A&M University System
Attn: System Energy Resource Office
301 Tarrow, 6th Floor
College Station, Texas 77840-7896
(979) 458-6350
energy@tamus.edu
sreo@tamus.edu

IX. A&M System Representatives

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