FORENSIC MINERAL AUDITING FOR ROYALTY OWNERS

Shannon Springs, LLC

Mineral interest forensic audits for Attorneys, Trustees, CPAs and Family Offices

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SAMPLE - REDACTED & ANNOTATED FOR OUTREACH | GRADY COUNTY PILOT

HOW TO READ THIS ANNOTATED SAMPLE
Numbered notes explain what each section of a Shannon Springs Advisor Review is for. Blue boxes are guide comments only - they are not part of the underlying audit deliverable. The report below is redacted from a real Grady County pilot (check 107765, November 2024 production).

Fiduciary Review Summary

Prepared for: Prospective Fiduciary / Advisor Review
Prepared by: Shannon Springs, LLC
Date: June 11, 2026
Confidential - illustrative working paper only

1 **Scope anchor.** Standard reconciliation asks whether money arrived. This table states what we audited: one operator remittance, one production month, fractional NRI - rebuilt against lease terms and public records, not the stub alone.

Remittance at a glance

Operator / payor	[Redacted - Oklahoma independent operator]
Check number	107765
County / state	Grady County, Oklahoma
Production on this remittance	November 2024 (single month)

Statement year	2024
Review status	ADVISOR_REVIEW
Owner interest	Fractional mineral interest (contractual NRI on file)

2 **Start here on page 2.** The client takeaway is the fiduciary summary - scope, what was flagged on this check, and the single next step. Detail below supports these three lines.

CLIENT TAKEAWAY

- **Scope:** One operator remittance (check 107765, November 2024 production, Grady County) on a fractional NRI.
- **Flagged on this check:** ~$38.85 in combined fee and pricing shortfalls, plus severance/withholding flags and 3 producing section wells not paid on this stub.
- **Recommended next step:** Obtain prior remittances for the same check series to determine whether deductions, affiliate pricing, and spacing issues recur.

3 **Why small checks still matter.** The headline recoverable figure ($18.99) is only disallowed post-production fees - not pricing, tax, missing wells, or prior months. On fractional interests, the fiduciary question is whether the pattern repeats.

Why the headline number looks small

The **$18.99** in our pipeline is **disallowed post-production deductions only** - lease-backed recoverable fees on this check. It does **not** include below-market affiliate gas pricing (~$19.86 estimated this period), tax reconciliation flags, unstated section wells, or any prior months.

On a fractional interest, per-check amounts are often modest. The fiduciary question is whether the pattern is systematic - and what it sums to over time.

4 **Issue types separated.** Fee violations, affiliate pricing, severance/withholding, and section wells are listed independently so nothing is double-counted. Each row maps to a distinct forensic check - not a single "variance" lump sum.

Exposure breakdown - this remittance only

Issue category	Est. this check	Notes
Disallowed COMP & TRANS (lease: no post-prod deductions)	**$18.99**	Recoverable fee violation - 2 wells
Below-market affiliate gas pricing vs. regional hub	**~$19.86**	Hub-price shortfall estimate; advisor review before demand
Severance / OK withholding	Flagged (2)	Reconcile remittance footer vs. export totals
Section spacing - wells not on stub	3 wells	Additional producing wells in section not paid here
Combined fee + pricing (this period)	~$38.85	**Separate issue types; not double-counted in $18.99 field**

5 **Illustrative, not a demand.** This section extrapolates one month's pattern - labeled explicitly as not a legal claim. A paid engagement replaces illustration with a cumulative ledger back to first production.

Illustrative pattern (not a legal claim)

If remittances with similar deduction and pricing patterns were issued **monthly on these two Section 12 wells alone**, combined exposure would be on the order of **~$466/year** on this fractional interest - before statutory interest, larger NRI interests, or royalty from the three unstated section wells.

A full engagement pulls prior checks back to first production to replace this illustration with a cumulative ledger.

> 6 **Written for the fiduciary file.** Action items are advisor-facing - what to review, what prior remittances to pull, what counsel may need next. Not operator correspondence; not a sales pitch.

Recommended advisor actions

- Review **2** post-production fee violations ($18.99 recoverable this check).
- Quantify **2** affiliate pricing flags (~$19.86 hub shortfall this period).
- Review **2** severance / Oklahoma withholding flags.
- Investigate **3** section wells absent from stub.
- Obtain **prior remittances** for the same check series to test whether issues recur.

> 7 **Roll-up by well.** One row per issue - not a combined status line. Sealed workpapers with full exhibits sit behind this summary.

Finding summary (redacted wells)

One row per issue per well. Category totals appear in Exposure breakdown above.

Post-production deductions

Well	Issue	Status
Section 12 Well A	Disallowed COMP & TRANS vs. lease	`FEE_VIOLATION`
Section 12 Well B	Disallowed COMP & TRANS vs. lease	`FEE_VIOLATION`

Affiliate / transfer pricing

Well	Product	vs. regional hub	Affiliate purchaser	Status
Section 12 Well A	GAS	>20% below benchmark	Yes - affiliated midstream	`AFFILIATE_PRICING_VIOLATION`
Section 12 Well B	GAS	>25% below benchmark	Yes - affiliated midstream	`AFFILIATE_PRICING_VIOLATION`

Severance & Oklahoma withholding

Well	Issue	Status
Section 12 Well A	Reported severance exceeds expected owner-share GPT	`SEVERANCE_OVER`
Section 12 Well B	Reported severance exceeds expected owner-share GPT	`SEVERANCE_OVER`

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