

LANDOWNER TAX INFORMATION



ENCINO
Energy

Encino Energy's top priority with our stakeholders is transparency, communication and fairness. We deeply value our relationships with all our business partners, especially our land and mineral owners.

Given our ongoing commitment to greater transparency with our royalty owners, and our focus on earning trust each day, the information found on our Form 1099s includes information including gross royalty, taxes and deductions associated with landowner accounts. This heightened level of information aligns with the Internal Revenue Service's 2019 Instructions for Form 1099- Miscellaneous Income, and believe it will aid many of our landowners in complying with 2019 Instruction for Schedule E.

Last year was evolutionary for Encino, and we appreciate your continued patience and understanding as we worked through the administrative aspects of the acquisition process together. We do understand that the additional level of detail found in the Form 1099s may have caused confusion as compared to previously issued forms.

While Encino does not provide tax advice, below is an example of an actual Encino landowner's check and the associated Form 1099. Landowner "Tom Smith" received \$3,811.67 via direct deposit. The gross royalty reported on the Form 1099, as defined by the 2019 Instructions for Form 1099-Miscellaneous Income, shows \$9,521.22. "Prod/taxes" show \$66.15 and "Other Deds" (aka other deductions) show \$5,643.40.

All Owner's Checks in 2019 from Encino

Check #	Owner Name	Amount	Date
143249	TOM SMITH	\$421.34	12/27/2019
139471	TOM SMITH	\$348.92	11/27/2019
134887	TOM SMITH	\$210.23	10/30/2019
130344	TOM SMITH	\$415.08	09/27/2019
121242	TOM SMITH	\$446.96	08/28/2019
105020	TOM SMITH	\$568.05	07/29/2019
112545	TOM SMITH	\$671.84	06/28/2019
106310	TOM SMITH	\$729.25	05/28/2019

1 of 8 of 8 entries

Total: \$3,811.67

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Encino Acquisition Partners, LLC EAP Operating, LLC 5847 San Felipe St Ste 400 Houston, TX 77057 (866) 858-9001		1 Rents \$	2 Royalties \$ \$9,521.22	OMB No. 1545-0115 2019 Form 1099-MISC Miscellaneous Income Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
PAYER'S TIN (866) 858-9001		3 Other income \$	4 Federal income tax withheld \$	
RECIPIENT'S TIN XXX-XX-8263		5 Fishing boat proceeds \$	6 Medical and health care payments \$	
RECIPIENT'S name TOM SMITH 12345 OHIO DRIVE, CARROLLTON, OH 44615		7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$	
Account number (see instructions) XXXXX		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$	
FATCA filing requirement <input type="checkbox"/>		11 \$	12 \$	
prod/taxes: 66.15 oth ded: 5643.40		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$	
(keep for your records)		15a Section 409A deferrals \$	15b Section 409A income \$	
www.irs.gov/Form1099MISC		16 State tax withheld \$	17 State/Payer's state no. \$	18 State income \$

Department of the Treasury - Internal Revenue Service

If you have taken these steps and still have questions about your account, lease, or Form 1099, we encourage you to call Landowner Relations at: 1-866-858-9001/ownerrelations@encinoenergy.com

Thank you for your ongoing patience as we continue to improve our transparency and communication with our landowners.