

Instructions for Testing and/or Leasing Oil and Gas on a VLB Tract

OIL AND GAS LEASES

FORMS

Use only the Veterans Land Board (VLB) [Oil And Gas Lease form](#) for a new lease. Other lease forms will not be accepted. Use the guidelines below to help you fill out the form and submit a request for approval. **Extensions** and **Amendments** should follow the guidelines as closely as possible.

Forms: Fill out forms in duplicate. The VLB will return one approved lease to you.

Lessor: List all persons on the VLB Contract of Sale (COS) or the last-approved Assignment of Contract.

If the contract holder is deceased, the heir(s) must assume the VLB contract before signing a lease. Contact us for requirements and/or questions.

Consideration: Recite the **actual** consideration paid to the contract holder(s) and the VLB. Do not use language such as “other good and valuable consideration.” Do not include money for damages to crops, timber, livestock, etc., as part of the bonus consideration amount. **Documents – including Extensions and Amendments – missing the actual consideration will be rejected.**

Legal Desc.: In the legal description, cite the effective date and recording data (Vol/page) of the VLB Contract of Sale.

Royalties: In Paragraph 3 of the VLB lease form, cite one-half of the total royalty payable under the lease in each of the five blanks. Rentals and royalties due should not be proportionately reduced since Paragraph 11 of the lease, if applicable, will reduce the sums payable.

Paid Up Lease: If this is a Paid Up lease, type “Paid Up Lease” at the top of the VLB lease form and strike through Paragraph 4.

Signatures: The VLB contract holder(s) must sign the lease.

The signature(s) must be notarized.

Attachments: The contract holder(s) must sign off on any exhibits, additional language, etc. attached to the lease.

If adding language about an optional extension, specify that the money will be split equally between the contract holder and the VLB. Also specify the term of the extension in years.

Alterations: Clearly indicate changes made to the original text of the VLB lease form by striking through deleted text and/or adding riders as attachments.

The contract holder(s) must initial any changes made to the original text of the lease.

MONEY

Do not include money for damages to crops, timber, livestock, etc., as part of the bonus consideration amount. Send money for damages directly to the contract holder, unless he or she wants us to apply the money to the account's principal balance. In this event, please include this request in your cover letter.

If the VLB account is **not** delinquent, send a non-refundable [mineral lease servicing fee](#) and **one-half** of the total bonus consideration. Upon approval of the lease, we will apply the consideration to the principal balance of the VLB account.

If the VLB account **is** delinquent, send a non-refundable [mineral lease servicing fee](#) and the **total** bonus consideration. If one-half of the total consideration is not enough to pay the delinquency, the VLB contract holder will have to pay the remainder before we can approve the lease. Upon approval of the lease, we will apply one-half of the total consideration to the principal balance of the VLB account.

Make checks or sight drafts payable to the Texas Veterans Land Board. Do not postdate checks or drafts.

If payment is made with a draft, it must be a sight draft. Time drafts will not be accepted. Approval on leases submitted with drafts will be delayed until the draft is paid. **You must include a \$15.00 check for each draft submitted to cover the cost of the bank's draft service fee.**

Mail duplicate lease forms, the servicing fee, and the consideration amount to:

Texas Veterans Land Board
1 Corporate Dr Ste 360
Lake Zurich IL 60047-8945

DIVISION ORDERS

Send Division Orders to the VLB **contract holder**, not to this office. Once the completed Order has been returned to you, please send a copy to the VLB at the above address.

ASSIGNMENTS

The VLB does not need to execute Assignments of oil and gas lease. Send a copy of the recorded Assignment to the VLB at the above address.

SEISMIC/GEOPHYSICAL PERMITS

FORMS

Each VLB contract holder should be listed on the permit and should sign the permit.

The permit's property description should reflect only the VLB's acreage.

The permit should clearly hold the testing company (not the VLB or the contract holder) liable for damages.

If the VLB tract has been ordered "For Sale," a VLB executive – instead of the contract holder – will sign the permit.

If the tract has **not** been ordered "For Sale," the VLB contract holder should sign the permit. The VLB does not need to approve it. Send a copy of the signed permit to the VLB. If you wish the VLB to approve the permit anyway, send the original permit to the VLB **after** the contract holder has signed it.

MONEY

If the VLB contract is in a Forfeited status *or* if the VLB tract has been Ordered "For Sale," send all funds to the VLB at the address below. Otherwise, send all funds to the VLB contract holder.

There is no fee for the VLB to approve the permit.

CONTACT INFORMATION

Mail all requirements to:

Texas Veterans Land Board
1 Corporate Dr Ste 360
Lake Zurich IL 60047-8945

Please allow 5-7 business days for review.

If you have questions, call the VLB loan servicer toll-free at: 1-866-654-6345

In the event that these instructions conflict with current VLB rules or policies, VLB rules and policies will prevail.