



DIVISION ORDERS

What is a division order?

A Division Order is document that directs the distribution of proceeds from the sale of oil and gas. Among other things, the Division Order:

- Describes the specific property involved
 - Specifies your individual ownership interest
 - Specifies how your share of proceeds from the sale of oil and/or gas production are distributed
 - Does not alter or amend an oil and gas lease
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I have received a Division Order from Jones. What should I do next?

Please be sure to sign and return the Division Order as soon as you are satisfied that it contains:

- An accurate legal description and decimal interest for your ownership
 - The correct spelling of your name
 - Your current mailing address
 - Where you want your revenue sent if different than your mailing address
 - Your taxpayer identification number
 - Any other information required by the law of the state in which your land is located
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Who should I contact at Jones if I have questions about my Division Order?

- Each situation is unique. [Please contact us](#) for specific instructions on what to provide for a new owner set-up and ownership changes.
- Informing us of all necessary changes related to deaths or any other situations regarding ownership interest as you become aware of them will eliminate unnecessary delays.
- If you have any questions about name changes due to getting married or divorced, putting your interest into a trust, notifying us if there is a change in trustee, or transferring your ownership to someone else, [please contact us](#).

DIRECT DEPOSIT

Can I sign up for direct deposit?

Yes, you can choose to have your funds deposited directly to your bank by electronic funds transfer. To do this, please get a [Direct Deposit form](#). Please follow the instructions to complete the form. The original form must be completely filled out, signed and mailed to us.

Why should I sign up for direct deposit?

Jones offers a direct deposit payment option for our royalty owners. It costs nothing and offers many advantages, including:

- Regular payment deposits in your bank account each month if you are due payment
 - A detailed online statement supporting the payment
 - No postal delays of your check
 - No unnecessary trips to the bank
 - No lost, damage or stolen checks
 - Revenues deposited in your bank account even if you are traveling
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Is direct deposit safe and secure?

Yes. When you sign up for direct deposit, we can only deposit to your account. We cannot withdraw from your account or access your account's private information.

CHECKS AND PAYMENTS

I noticed that backup withholding was deducted from my revenue check. Why?

- We are required by the Internal Revenue Service to withhold 28 percent of all revenue payments to U.S. residents if the taxpayer ID number (or Social Security number) is missing or invalid.
- The number provided must match the name on the payment as indicated per IRS records. This information is required to be provided to us in writing by submitting [IRS Form W-9](#).
- All backup withholding is reported on your 1099 at year-end, and it is considered a payment to the IRS on your behalf. Jones does not issue refunds for backup withholding.
- For wells located in Oklahoma, we are also required by the State of Oklahoma to withhold income tax for non-Oklahoma residents.
- Please consult with your tax advisor about reporting the withholding on your income tax returns at the end of the year.

I found a stale-dated check. How do I get it re-issued?

- Our revenue checks are not negotiable after 180 days. Those stale-dated checks are automatically voided and will not be honored if deposited. If you did not deposit your check within that time frame, we must re-issue the check. It is important that you cash your checks regardless of the amount prior to the 180-day mark.
- If you find a check that is more than 180 days old, [please contact us](#) to have the check re-issued.
- You may want to consider [direct deposit](#) for your payment.

When can I expect my check?

- Timing of initial payments can vary depending on many factors. We always attempt to commence payments for the proceeds of production as soon as we are able and according to statutory requirements for each state. It can take up to four months from first sales on a well before you receive a check. That timeframe may be longer if we are advised of a title dispute or adverse claim affecting your interest, which must be resolved prior to disbursement of revenue.
- After the initial payments are made, monthly checks for oil and gas revenues are mailed on or around the 25th last day of each month. If you have not received your oil and gas revenue check by the last day of the following month, [please contact us](#) about your check.

I haven't received my check. Can you tell me why? What should I do?

- The most common reason is that your account has not reached a \$100 minimum pay balance. All accounts with less than the minimum pay balance are paid annually in the 4th quarter of each calendar year.
- If your check is more than two weeks late, [please contact us](#). You may be required to submit a written authorization to stop payment and re-issue the check. Once we place a stop payment on your check, it will be voided in our system and will no longer be honored by Jones.
- To avoid postal delays, you may want to consider [Direct Deposit](#) for your payment.

What should I do if my check is lost or stolen?

If your check is lost or stolen, [please contact us](#) so that we may void and re-issue the check at our next check write date.

Why does my payment amount change?

There are several variables that go into calculating revenue payment amounts. No one can accurately predict whether a well will be productive or how many barrels of oil or cubic feet of gas it will produce. The price received when oil and gas is sold at the well fluctuates frequently due to changing market conditions. Normal declines in production rates as a property ages also affect revenues over time. In addition, mechanical or operational problems, or routine maintenance may temporarily affect production, causing downtime. If you have reason to believe an error has occurred, [please contact us](#) with any questions.

Can royalty checks stop being issued to me?

Yes. Royalty payments are dependent on production from wells. The well(s) you are paid from may be shut down for maintenance or may stop producing. There is no guarantee on the life of a well or the amount or frequency of revenue payments.

Will I be notified of adjustments to my check or if revenue is going to stop?

You will generally not be notified of adjustments or a stop in payment.

CHANGE OF ADDRESS OR OWNERSHIP

How do I change my address?

Use a [Change of Address form](#), follow the instructions to complete the form and mail a signed original Change of Address form to us at:

Jones Energy
Attn: Owner Relations
807 Las Cimas Parkway, Suite 350
Austin, Texas 78746

For your protection, address changes are not accepted by email or telephone.

What happens when an interest owner passes away?

[Please contact us](#). We will send information to you with instructions on the documentation required to transfer the interest to the proper heirs or devisees.

How do I report a change of ownership, other than an owner passing away?

Ownership changes must be documented in writing and copies of the proper conveyance documents from the current owner to the new owner must be provided to us. This information should be mailed to us at:

Jones Energy
Attn: Owner Relations
807 Las Cimas Parkway, Suite 350
Austin, Texas 78746

Please include the following information, if available:

- Name of current owner and Owner Number if available
- A copy of the recorded conveyance, assignment or deed
- The new owner's name, address and social security number or tax ID number
- A phone number including area code, where the contact person can be reached during the day
- E-Mail address, if available

Please contact us with any questions you may have on a change of ownership.

IRS FORM 1099 & TAXES

Will I receive an IRS Form 1099 for the revenues I have received?

- Royalty owners who received \$10 or more and working interest owners who received \$600 or more in the calendar year will receive a 1099.
- The income reported to the IRS is your gross income prior to any other deductions or taxes. The 1099 will also list any state or federal backup withholding amounts deducted from your revenue checks.
- The 1099 can also be used to report state income tax.

When should I expect my 1099?

1099s are mailed on or about January 31 of each year. If you have not received your 1099 by Feb. 16 or if information on the 1099 is incorrect, please contact us.

How do I change my social security number or tax ID number on file?

Use IRS Form W-9. Please follow the instructions to complete the form and mail an original, completed form to us at:

Jones Energy
Attn: Owner Relations
807 Las Cimas Parkway, Suite 350
Austin, Texas 78746

Will I have to pay taxes on the revenue I receive?

- Yes. Royalty interest owners receiving more than \$10.00, and working interest owners receiving \$600.00 or more annually will receive an IRS Form 1099-Misc by mid-February of the following year. The income reported to the IRS is your gross income prior to any other deductions or taxes. The 1099 will also list any state or U.S. withholding amounts deducted from your revenue checks.
- You may also receive an annual property tax bill (Ad Valorem Tax) from the county (or parish) in which your well(s) are located.
- Please consult with your attorney or tax advisor on all tax-related questions.

Will Jones withhold federal taxes from my check?

No. You will receive a 1099 after the end of the year to review with your tax advisor.

What is an Ad Valorem tax?

Ad Valorem taxes on minerals are levied at the county level. In Texas (and some other states), this tax becomes payable only when minerals are producing (as opposed to non-producing), and are billed and collected once per year. Owners are usually assessed and billed annually directly from the county where the well(s) are located. Please consult with your attorney or tax advisor on all tax-related questions.

Why are “severance” and “production” taxes deducted from my royalties?

A severance/production tax is a state tax levied against both royalty and working interest owners upon their pro rata share of oil and gas production. State governments set owner severance tax rates and levy the tax when natural resources such as oil and gas are “severed” from the earth. Please consult with your attorney or tax advisor on all tax-related questions.

JOINT INTEREST BILLINGS

When is my Joint Interest Billing (JIB) Statement processed?

JIB statements are generally processed and mailed during the second week of the following month. If you are missing your JIB statement, you can view and print all your statements free of charge through a secure site located at www.jiblink.com.

Where should my JIB payments be sent?

JIB Payments should be mailed to:

Jones Energy, Inc.
807 Las Cimas Parkway, Suite 350
Austin, Texas 78746

MISCELLANEOUS QUESTIONS

How do I calculate my decimal interest (my proportionate share of production)?

The basic formula for calculating your decimal interest is to take the number of mineral acres you own, divide that by the number of acres in the unit (listed as the property description on your Division Order) then multiply by the royalty rate in your lease.

What are royalties?

Royalties are the mineral owner’s proportionate share of production as reserved in an oil and gas lease.

What is the difference between a royalty owner and a working interest owner?

A royalty owner shares in production revenues, while a working-interest owner shares in both production revenues and exploration, development and operating expenses.

Where can I research unclaimed funds?

To locate and collect unclaimed funds, please visit the National Association of Unclaimed Property Administrators (NAUPA) at www.unclaimed.org. Another website you might find helpful is www.missingmoney.com.