

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 2020 Instructions for Form 1099- Miscellaneous Income, and believe it will aid many of our landowners in complying with 2020 Instruction for Schedule E.

While Encino does not provide tax advice, below is an example of an actual Encino landowner's check and the associated Form 1099. Landowner "Encino Royalty Owner" received \$3,811.67 via direct deposit. The gross royalty reported on the Form 1099, as defined by the 2020 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 2020 from Encino

Check #	Owner Name	Amount	Date
143249	ENCINO ROYALTY OWNER	\$421.34	12/27/2020
139471	ENCINO ROYALTY OWNER	\$348.92	11/27/2020
134887	ENCINO ROYALTY OWNER	\$210.23	10/30/2020
130344	ENCINO ROYALTY OWNER	\$415.08	09/27/2020
121242	ENCINO ROYALTY OWNER	\$446.96	08/28/2020
105020	ENCINO ROYALTY OWNER	\$568.05	07/29/2020
112545	ENCINO ROYALTY OWNER	\$671.84	06/28/2020
106310	ENCINO ROYALTY OWNER	\$729.25	05/28/2020

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 2020 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 (SEE INSTRUCTIONS)		3 Other income \$	4 Federal income tax withheld \$	
RECIPIENT'S TIN XXX-XX-8263		5 Fishing boat proceeds \$	6 Medical and health care payments \$	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.
RECIPIENT'S name ENCINO ROYALTY OWNER 12345 OHIO DRIVE, CARROLLTON, OH 44615		7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$	
\$9,521.22 (box 2) -\$66.15 -\$5,643.40 \$3,811.67		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 \$	
Account number (see instructions) XXXXX		11	12	
FATCA filing requirement <input type="checkbox"/>		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$	
prod/taxes: \$66.15 oth ded: \$5643.40		15a Section 409A deferrals \$	15b Section 409A income \$	
		16 State tax withheld \$	17 State/Payer's state no. \$	
		18 State income \$		

Form 1099-MISC (keep for your records) www.irs.gov/Form1099MISC 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.