

LANDOWNER TAX INFORMATION



ENCINO
Energy

UPDATE

Subsequent to sending our Q1 January 2021 Landowner Newsletter and Landowner Tax Information, Encino learned the Internal Revenue Service redesigned Form 1099-MISC for 2020 and rearranged box numbers used for reporting income.

Given this format change, the tax and deduction amounts previously found at the bottom of a Landowner's Form 1099-MISC are now captured on the supplemental page accompanying the form (see **2** below). We apologize for any confusion and inconvenience this caused.

The information provided conforms with the IRS 2020 Instructions for Form 1099-MISC and will help landowners comply with the IRS 2020 Instructions for Schedule E.

While Encino does not provide tax advice, the below example of a Form 1099 and supplemental page using sample data may help Landowners navigate their own Form 1099s.

- Box 2 of the Form 1099-MISC contains the gross royalty amount. (See **1** below)
- Subtract the "Sev/Prod Taxes" amount and "Deducts" amount (shown on the supplemental page) from the amount in Box 2 to find the total royalty revenue received in 2020.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115	Miscellaneous Income
ENCINO ACQUISITION PARTNERS, LLC EAP OPERATING, LLC 5847 SAN FELIPE ST, STE 400 HOUSTON, TX 77057		2 Royalties \$ 211.32	2020 Form 1099-MISC	
PAYER'S TIN 822105696	RECIPIENT'S TIN	3 Other income \$	4 Federal income tax withheld \$	
RECIPIENT'S name, street address, city or town, state or province, country, ZIP or foreign postal code		5 Fishing boat proceeds \$	6 Medical and health care payments \$	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.
Owner 123 Street Address City, OH Zip Code		7 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$	
Account number (see instructions) #####	FATCA filing requirement <input type="checkbox"/>	9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$	
		11	12 Section 409A deferrals \$	
		13 Excess golden parachute payments \$	14 Nonqualified deferred compensation \$	
		15 State tax withheld \$	16 State/Payer's state no. OH	17 State income \$

Form 1099-MISC (keep for your records) www.irs.gov/form1099-MISC Department of the Treasury - Internal Revenue Service

1099-MISC Supplemental Report Tax Year 2020

Recipient:

Owner
123 Street Address
City, OH Zip Code

Payer:
ENCINO ACQUISITION PARTNERS, LLC
EAP OPERATING, LLC
5847 SAN FELIPE ST, STE 400
HOUSTON, TX 77057

State/County	Gross Revenue	Federal Withholding	State Withholding	Sev / Prod Taxes	Deducts	JIB Netting	Net
OH	211.32			9.12	160.03		42.17
Supplement Total	211.32			9.12	160.03		42.17

Amount from Box 2 of Form 1099: \$211.32
 - \$9.12 (Sev/Prod Taxes)
 - \$160.03 (Deducts)
42.17 (TOTAL 2020 REVENUE)

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.