

CASE STUDY

ELEVATING MINERAL MANAGEMENT AND CUSTOMER EXPERIENCE TO NEW HEIGHTS AT HAPPY STATE BANK



INTRODUCTION

The Shale Revolution brought the United States into the foreground of global energy production and drove massive expansion in the oil & gas specialty asset class. The emergence of U.S. energy dominance intersected with the country's heritage of individual mineral rights ownership, including royalty and non-operated interests in oil & gas assets. Hundreds of thousands of people suddenly found their unleased minerals were located in prime producing acreage, from the Permian Basin, Eagle Ford, Bakken, DJ Basin, and other producing regions. The result was a vast new market of individual mineral owners with oil & gas portfolios most were not equipped to manage.

Banks and trust departments have been on the front line when it comes to servicing individual mineral owners. Happy State Bank, one of the largest banks in Texas, recognized that in order to serve this growing market, it would need to modernize its mineral management practice with new technologies, ideas, and partnerships. In this case study, we'll explore how Happy State Bank is attracting larger clients, enhancing customer experience, and growing its oil & gas business with the Enverus mineral management platform of software and services.

BUSINESS DRIVERS AND INSPIRATION FOR CHANGE

Founded in 1908 in Happy, Texas, Happy State Bank oversees \$3.7 billion in total assets and operates 39 branches that serve communities from the Texas Panhandle to the Dallas metroplex. With 700 employees, it has been ranked as the 21st largest bank out of 475 banks operating in Texas.

The bank operates a loan production office and a trust company with \$2 billion under management. Happy State Bank's trust division offers a wide variety of specialty asset management services, including oil & gas portfolio management for customers with mineral, royalty, and non-operated interests. The bank supported a small number of oil & gas portfolio holders with its trademark commitment to customer care, high availability of trust staff, and personal stewardship of the assets it manages. Their technology and service requirements were appropriate for this scale of mineral management, however, an opportunity to manage a large portfolio for one high-value customer underscored the need to evaluate new mineral management tools and best practices.

The oil & gas portfolio it would need to manage included approximately 500 wells, a daunting task using the bank's existing mineral management methodology. In addition, the potential customer would require a more personalized approach to portfolio tracking and reporting than Happy State Bank could currently provide. They wanted to leverage the best tools for managing oil & gas interests at scale, maximizing portfolio performance, and tailoring quarterly and annual reporting to the customer's unique needs.

Additionally, they recognized that a significant opportunity exists within its Texas markets to expand the bank's mineral management practice. Anticipating the need to manage not only larger oil & gas portfolios, they also realized they would need to manage dozens or even hundreds of customer portfolios. Plus, by adopting the latest mineral management technology, Happy State Bank hoped to attract younger, more tech savvy clients.

MAXIMIZING PORTFOLIO PERFORMANCE AND CUSTOMER EXPERIENCE

In evaluating its mineral management technology and service needs, Happy State Bank turned to Enverus and its mineral management platform, MineralSoft. The cloud-based solution offers a complete suite of purpose-built tools for managing mineral, royalty, and non-operated interests at scale. These include the ability to manage multiple customer portfolios in a secure, multitenant environment, accounting for revenue and expenses, property mapping, and auditing. With portfolio management and advanced reporting, MineralSoft allows the bank to track oil & gas interests with complex ownership structures and create the personalized reports its customers need.

The Enverus mineral management platform also provides integrated access to its ecosystem of oil & gas data, including the Drillinginfo, Oildex, and EnergyLink data services. The exclusive Drillinginfo integration delivers the industry's leading source for quality controlled public data, which delivers up-to-date access to well information, production volumes, and mineral appraisals directly from reports and maps.

The MineralSoft solution provides Happy State Bank mineral managers with a turnkey service that leverages the Oildex and EnergyLink check stub data exchanges. The service completely eliminates the need for the bank's staff to manually key revenue detail into MineralSoft by automatically delivering check stub data from operators who participate in the exchange. For operators outside the exchange, bank staff simply forwards scans of client check detail to the Mineralsoft managed revenue team for manual keying and quality control.

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The bank now has platform with a powerful combination of purpose-built mineral management tools and the oil & gas industry's leading integrations for both regulatory and revenue data. This enables wells and ownership information for customer portfolios to be seamlessly linked with revenue details. As a result, the bank can rapidly analyze each customer's portfolio, create a wide variety of out-of-the-box and custom reports, and generate the insights needed to maximize asset performance and sustain long-term portfolio value. What's more, leveraging MineralSoft's auditing tools, the bank's mineral managers can identify and recover underpayments from operators that result from incorrect ownership decimals, improper deductions, and underreported production.

TOP BENEFITS FOR HAPPY STATE BANK

The Enverus MineralSoft solution was a key factor in attracting the business of Happy State Bank's flagship oil & gas account, consisting of 500 wells across multiple states. The cloud-based software and managed revenue service has been used by the bank's mineral management staff for more than a year to track portfolio performance and prepare a variety of highly personalized reports, including annual portfolio review (Reg 9) and year-over-year reports and charts.

The MineralSoft managed revenue service eliminates the need for Happy State Bank's trust department to manually key check detail into MineralSoft. For its largest account, MineralSoft processes check detail from more than 50 operating companies, representing hundreds of pages of information related to the portfolio, including net income, post-production expenses, taxes, and adjustments. Many of these operators participate in the Enverus check stub exchange, which seamlessly loads revenue directly into the customer's MineralSoft account. Operators who do not participate in the exchange send check stubs to the bank's trust department, where staff share digital copies with the MineralSoft managed revenue team for processing.

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MineralSoft enhances Happy State Bank's core value of delivering exceptional customer experience and enables the bank to be more proactive in the management of client oil & gas assets. In addition to the customized portfolio reporting used by staff to prepare quarterly and annual reviews, the cloud-based mineral management software supports granular user access controls. For customers setup on the MineralSoft platform, the bank also provides direct, read-only access to view up-to-date portfolio metrics and an interactive map of their properties, providing self-service reporting and further enhancing the customer experience.

Happy State Bank is scaling its mineral management practice with MineralSoft as a strategic component of its vision. They recently started rolling out marketing of their expanded mineral management capabilities to aggressively grow oil & gas trust accounts. MineralSoft is expected to play a key role in servicing these new accounts.

Solution At-A-Glance

Location of Interests	Multi-State
Top Workflows Supported	Portfolio Management, Revenue Reporting, Annual Review
Who Benefits?	Trust Division Mineral Managers, Bank Customers
Most Valuable Tools	Managed Revenue Service, Reporting, Read-Only Customer Login
Time and Cost Savings	Revenue data processing time completely eliminated + multitenant SaaS solution cost-efficiently scales to support multiple bank customers

HOW ENVERUS STANDS OUT FROM THE CROWD

For a leading financial institution like Happy State Bank, technology is key to providing the on-demand, data-driven, and multi-dimensional banking experience today's customers expect. As the bank continues to scale its oil & gas specialty asset management business toward larger and more numerous accounts, success will hinge on having the right technology partnerships to deliver personalized customer service.

The bank reports that MineralSoft is key to its vision for tapping into the growing oil & gas market. Influences in selecting MineralSoft included:



Data Integrations

Having data from Drillinginfo, Oildex, and Energy Link built into MineralSoft's portfolio management and reporting tools is a major advantage.



Account Scalability

As the bank adds accounts, MineralSoft easily and cost-effectively scales with that growth.



Continuous Upgrades

Software-as-a-service and continuous enhancements means that the bank's practice will always be running on the latest technology.



Professional Services

Increased confidence knowing that Enverus land, accounting, and mineral management experts are available to support the bank and clients.

Financial institutions looking to start, expand, or modernize their own mineral management practices can look to Enverus and MineralSoft as the partner and technology that will drive sustainable growth into the future.