



Mineral Rights Report 2025

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Why Paint Rock Royalty?

At Paint Rock Royalty, we understand that your mineral rights are a significant asset. Whether you're selling to unlock liquidity or strategically managing your investments, our team is here to maximize your returns. With decades of experience in the industry, we've developed a streamlined process that ensures you get the best value for your property.

1 - Competitive Bidding: Selling mineral rights is about finding the right buyer willing to pay the highest price. At Paint Rock Royalty, we use a proven competitive bidding process that ensures your rights are presented to a broad network of qualified buyers. This approach consistently results in higher offers, often exceeding initial direct bids by 10% to 30%.

2 - Active Marketing: Unlike other brokers who rely solely on email lists, we actively market your property to potential buyers through customized campaigns. Our team conducts area-specific research and reaches out directly to buyers through personalized letters, phone calls, and digital strategies. This ensures that every interested party is aware of your listing.

3 - Transparent and Affordable Commissions: We pride ourselves on offering one of the lowest commission rates in the industry. For high-value properties, our scale-based structure ensures that your effective commission rate is even lower. We believe in delivering value—both through higher sale prices and cost savings for our clients.

When you work with Paint Rock Royalty, you're not just selling mineral rights—you're partnering with a team that is dedicated to your success. From the initial consultation to the closing of your sale, we're committed to providing exceptional service, tailored advice, and maximum results.

Let's get started today! Contact us to schedule a free consultation and see how we can help you achieve your financial goals with confidence.



2025 Market Update

Oil prices have stabilized around \$70 per barrel, supporting profitability in many regions.

Meanwhile, natural gas prices have rebounded from \$1.50/MMBtu in 2024 to over \$3/MMBtu, driving renewed interest in gas-heavy areas.

Reduced Uncertainty

With the 2024 elections behind us, energy policies have become much clearer, providing a sense of certainty for both buyers and sellers. This clarity has boosted buyer confidence, as they now have a better understanding of the direction the market will take in the coming years. Clearer regulations mean fewer surprises, which is crucial for long-term planning and investment. On top of that, inflation has moderated, bringing much-needed stability to the economy. With inflation rates under control, there's less unpredictability, making this a favorable environment for both mineral rights buyers and sellers. The combination of stable prices and predictable policies creates a solid foundation for mineral rights transactions.

In this environment, buyers are more willing to move forward with their investments, knowing they can rely on a stable economic and regulatory landscape. This is a great time for sellers to consider listing their mineral rights, as demand is strong and the market is favorable.

Increased Buyer Activity

Favorable market conditions have led to an increase in buyer activity, with more buyers actively seeking opportunities in the mineral rights market. This heightened interest has created a competitive environment, benefiting sellers who are looking to list their rights. With strong demand and more buyers in the market, now is an ideal time to consider selling your mineral rights and take advantage of the current market conditions. It's a good opportunity to maximize value while the market remains favorable.



Mineral Rights Value

Determining the value of your mineral rights can be complex, as several factors play a role in the final valuation. Understanding key elements like ownership percentage, royalty rates, income potential, and location is essential to assessing your rights' worth.

Net Mineral Acres Owned

Your ownership percentage within a drilling unit directly affects your income potential and market value. The more net mineral acres you own, the higher your share of production and revenue. This makes your ownership stake a crucial factor in determining the value of your mineral rights.

Royalty Rates

The royalty rate determines how much of the oil and gas produced is paid to you after the operator takes their share. The higher the royalty rate, the more money you make. For example, a 25% royalty rate will earn you twice as much as a 12.5% rate, all other factors being equal.

Current and Potential Income

Current and potential income both play a significant role in the value of your mineral rights. If you're receiving consistent royalty income, it will appeal to a large audience of buyers who are looking for immediate returns. On the other hand, the future development potential of your acreage can also influence the value, though it's harder to estimate. This potential upside can cause offers to vary greatly, depending on how buyers view the future production prospects of your property.

Location and Timing

Location and timing are closely tied to the value of your mineral rights. If your rights are near active drilling operations, they're worth more. And just like the price of oil and gas, when commodity prices go up, the value of what you own goes up.



How to Sell Mineral Rights

Selling your mineral rights doesn't have to be complicated. At Paint Rock Royalty, we make the process simple, transparent, and tailored to your needs. Whether you're looking for a quick sale or the best possible price, our team is here to guide you every step of the way.

The first step in selling your mineral rights is a free consultation. We begin by evaluating your rights and providing a market value estimate so you can clearly understand what you're working with. This assessment is essential because it helps you understand the worth of your property, considering factors like location, production, and future potential. Knowing the market value allows you to make informed decisions and set realistic expectations as you move forward.

Once we have a solid understanding of your property's value, we move into the listing process. We market your mineral rights to a broad network of buyers through targeted campaigns. By reaching the right buyers, we ensure that your property gets the attention it deserves, increasing the likelihood of a competitive sale. The goal is simple: present your mineral rights to as many serious buyers as possible, so you can secure the best offer.

The bidding process is where the value of your property truly comes to life. We facilitate competitive bidding, allowing multiple buyers to place offers on your rights. The more buyers involved, the better the chance for higher offers. This competitive environment helps drive up the price, ensuring you receive the highest possible return for your property. Once an offer is accepted, we guide you through the closing process, taking care of all the paperwork to ensure the transaction is smooth and hassle-free. We're committed to making the sale of your mineral rights as easy and profitable as possible.

With our simple, transparent process, we ensure that you get the best deal for your mineral rights. Trust us to guide you every step of the way.



Should you Sell your Mineral Rights?

Deciding whether to sell your mineral rights is a personal choice based on your unique situation. While some advise "never sell," it's important to consider the benefits and make the decision that best aligns with your financial goals.

Tax Advantages

One of the main reasons to sell mineral rights is to save money on taxes. Even if you're fully diversified, selling often results in significant tax savings compared to collecting royalty income. Royalty income is taxed as ordinary income, while selling mineral rights is more tax-advantaged. For most mineral owners, selling is the best option due to these tax benefits. If you've inherited mineral rights, there's almost no situation where keeping them and collecting royalties is more beneficial than selling.

Diversification

If mineral rights make up a significant portion of your net worth, it may be time to diversify. Holding too much in mineral rights can expose you to unnecessary risk, as you have no control over the asset. The operator manages the property, and the value fluctuates daily with oil and gas prices. It's similar to owning rental property where rent is decided by outside forces, and you have no control over how it's managed. For most owners, selling mineral rights can reduce risk and allow you to invest in more stable, consistent assets that provide reliable returns.

Liquidity Needs

Selling your mineral rights gives you immediate access to cash, which can be helpful if you need funds for other financial goals. Whether it's for investment, paying off debt, or a major life event, selling provides the liquidity you need right away.

Risk Mitigation

Holding mineral rights exposes you to market fluctuations and operator decisions. Selling reduces these risks and allows you to realize immediate value.



Mineral Rights Taxes

Taxes may not be the most exciting topic, but understanding how they affect mineral rights can save you thousands of dollars. Here's a quick breakdown of how selling mineral rights compares to collecting royalty income and how taxes play a role in your decision.

Collecting Royalty Income

When you collect royalty income, it's taxed as ordinary income, which often means higher tax rates. For example, if you earn \$1,000,000 in gross income and are taxed at 25%, your net income would be \$750,000. This higher tax rate can significantly reduce the amount you take home compared to selling your mineral rights.

Selling Mineral Rights

When you sell mineral rights, the income is taxed at capital gains rates, which are typically lower than ordinary income tax rates. For instance, if you sell for \$900,000 and are taxed at 15%, you would net \$765,000. This tax advantage can make selling a more profitable option compared to collecting royalty income.

Inherited Mineral Rights

If you inherit mineral rights, you can use a step-up basis, which can significantly reduce your tax burden. For example, if inherited rights are sold for \$900,000, they may be taxed at an effective rate as low as 5%, leaving you with \$855,000 in net income. This tax benefit makes selling inherited mineral rights a smart option for many owners.

These examples show how selling mineral rights can lead to significant tax savings. By understanding the tax differences between royalty income and selling, you could keep more of what you earn. However, taxes can be complex, so it's always a good idea to consult with a CPA to get advice tailored to your specific situation.



Conclusion

The 2025 market conditions offer a great opportunity for those considering selling their mineral rights. With oil and gas prices stabilizing, demand from buyers is high, making it an ideal time to capitalize on the market. Selling your mineral rights can provide immediate liquidity, tax advantages, and the ability to diversify your portfolio. Whether you're looking to reduce risk, invest in more stable assets, or simply take advantage of the current market, this could be the right time to make a move.

At Paint Rock Royalty, we make the process of selling your mineral rights straightforward and transparent. Our team offers industry expertise, helping you navigate through the complexities of selling with confidence. We handle everything from evaluating your property to facilitating competitive bidding, ensuring you get the best price possible. Our goal is to present your mineral rights to the right buyers and secure an offer that maximizes your return.

Selling your mineral rights can also be an excellent way to reduce risk. When mineral rights make up a large portion of your net worth, you may be exposed to market fluctuations and decisions made by operators. By selling, you can diversify your investments into more stable and predictable assets. This added flexibility gives you control over your financial future and allows you to reinvest in ways that better align with your goals.

Whether you're seeking immediate cash flow, looking to diversify your investments, or aiming to take advantage of the current tax advantages, we're here to help. At Paint Rock Royalty, we understand that each situation is unique, and we work with you to ensure the best outcome for your mineral rights. Our personalized approach and commitment to maximizing your returns make us the right choice for anyone considering selling their mineral rights.

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