

Denver Business Journal - March 3, 2008
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DENVER BUSINESS JOURNAL

Friday, February 29, 2008

New software lets owners manage their mineral rights

Denver Business Journal - by [Cathy Proctor](#) Denver Business Journal

About two years ago, Bill Sinclair and his uncle, Robert Sinclair, sketched a business concept on the back of a restaurant napkin.

On Feb. 14, the product -- called MineralFile -- became available to the millions of people and companies that own mineral rights around the nation.

The web-based software program aims to help owners of mineral rights, such as oil or natural gas, track their assets and make sure they're getting the best value, said Bill Sinclair, who created the software with contractors.

"Unfortunately, there's not a real good way to manage mineral rights," he said. "There's been some things, a hodgepodge, taken from the operating side, but it's like using an apartment management software to build a hotel."

Robert Sinclair, a Dallas-based businessman who's spent 30 years in the oil and gas industry, was looking for management tools for oil and gas mineral rights. The family's industry roots date to the 1920s. The family isn't affiliated with the Salt Lake City-based Sinclair Oil Corp.

"It's one of the largest industries in the U.S., and one of the most fragmented as well," Robert Sinclair said. "Everybody with a house, in theory, would own minerals under the house. There's lots of owners out there, a lot of revenue, but it's not one that's had a lot of management tools."

In the West, mineral rights often have been severed from the surface rights, meaning someone can buy property but not own the minerals underneath. Those who do own the minerals often live hundreds, if not thousands, of miles away from where their mineral rights are located.

"It's 'mailbox money,' meaning someone sends you a check, but it's also an important and valuable asset, and if you pay more attention to it, you can capture more value from it," Robert Sinclair said.

MineralFile is a product of Dallas-based Agelio Networks Inc. Bill Sinclair, as president and



Kathleen Lavine | Business Journal

Bill Sinclair created MineralFile, a web-based software program that he expects will be profitable soon.

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CEO, is Agelio's sole employee, and works from a Denver office when he's not traveling.

Bill Sinclair said he wanted to build a web-based system that everyone in the family could use and access from any web browser in the world. The software also offers storage for scanned documents, such as deeds and leasing contracts.

"Usually, all that information is on a piece of paper that you stick in a manila folder in your desk drawer," Bill Sinclair said. "And if something happens to it, you can go to the county clerk's office to get it, but that's hard. Usually people have to hire an attorney."

The hardest part of MineralFile is entering the data. A single well carries a range of information, from the book and page number of the mineral deed recorded in a county clerk's office, to the production volume and percentage share of the oil or natural gas pumped out of a well.

Once all the information is in, owners can run reports that check to see if the oil and gas company is paying the correct amount. The program also compares data anonymously, so owners can see if their shares mirror what others in the county are getting, Bill Sinclair said.

That's helpful when a dispute over payment arises between an owner of a mineral right and the company, he said.

"It's a product that's needed by royalty owners," said Mary Ellen Denomy, a CPA with the Rocky Mountain chapter of the National Association of Royalty Owners. "It will give information about prices in regions people have subscribed to, and that will help everybody. They can see what the going prices are."

Bill Sinclair settled on a monthly subscription system, with prices ranging from \$5 a month to \$600 per month based on the number of rights, the complexity of the arrangements, such as corporations or partnerships, and the number of users that can access a file. He figures three private backers have spent about \$700,000 creating MineralFile, and Agelio Networks should be profitable by the end of summer.

"We love it," said Sharon Hudspeth, the accounting manager at Castleton Energy Corp., where Robert Sinclair is president. "The biggest thing is that it saves a lot of time and money. It's great to have it all on a computer where everybody in the office has access to it and they're not going from office to office looking for a file," she said.

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