

What to consider when the landman calls

This column is presented weekly by the Public Education sub-committee of the Clinton County Natural Gas Task Force in an effort to provide accurate, up-to-date information on activities surrounding the Marcellus Shale formation and the natural gas exploration industry. For more information on Task Force activities, visit the Task Force page on the Clinton County government website at www.clintoncountypa.com.

Considerations when the landman calls and is interested in leasing your land.

There's a knock on the door or a message on your answering service. Someone identifies himself as a leasing landman for oil and gas rights, and he wants to talk with you. You own some property to which he'd like to obtain the leasing rights. What does this mean and what do you do?

Maybe you're curious. You already know that you own the oil and gas rights – they've never been separated from your surface real estate rights. You've been reading about Marcellus Shale natural gas drilling, some of the environmental concerns, the need for more U.S. energy supplies, and some of your neighbors have been talking. An appointment is scheduled, and you all sit down at your kitchen table.

The landman says he is there representing a drilling company that plans to drill natural gas wells in the area. He tells you that several large and prominent neighboring landowners have already signed leases, and they're offering everyone an \$1100/acre lease payment and 14% royalty. "Here's our standard contract. If you'd like to read it over tonight, I'll just come back in the morning and pick up the signed copy. After all, you are one of the last people to sign and time is running short." Wow, what to do next?

First, the decision to lease or not to lease your gas and oil rights is a very personal decision. You'll consider many factors in the process: your family situation, personal thoughts about the drilling industry, finances, and future plans for your property, to name just a few.

Second, remember that the "standard contract" provided to you is entirely negotiable. Some items you may want to consider changing are:

- Length of the lease
- Lease payment and royalty
- Surface or subsurface rights
- Pipelines
- Gas storage
- Access roads and well locations

Third, if you do decide to proceed with the consideration of a lease, remember: you can always call it off up until the time you sign the document

Before making a decision, talk to your neighbors. What have been the most recent monetary offers made locally? What changes have others made to their lease contract? And be sure to do some research and read about the industry. If you have access to the Internet, go to <http://extension.psu.edu/naturalgas> and read "[Natural Gas Exploration: A Landowners Guide to Leasing Land in Pennsylvania](#)." Or call your local Penn State Extension office and ask them to send you a copy.

So you've done your homework and know what changes you want in your lease. Now you want to engage the services of a knowledgeable oil and gas legal expert. Sure, there will be a cost for this expertise. But you will earn many times that fee in peace of mind, less stress, and

monetarily. Begin your search by asking your neighbors if they were pleased with their representation. Check out <http://extension.psu.edu/naturalgas/service-directory/attorneys> for a list self-identified attorneys that claim knowledge of oil and gas contract law. Call a couple, ask them for local references, and don't be shy, ask them their experience.

After you have met with the attorney and you have developed the lease contract that suits you, contact the landman and present it to him. You might go back and forth a little refining the wording, but this lease will do much more to protect you and your family and your property than the first lease you were initially presented.

Key points for consideration:

- Hire an expert oil and gas contract attorney.
- Don't feel rushed into signing a contract – make it your timetable.
- Discuss with your neighbors.
- Do your research – read articles and attend lease workshops.
- When you have a question, call your local Penn State Extension Office

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