

LEASING - A GOOD DEAL FOR LANDOWNERS?

THE TRUTH BEHIND THE PROMISES

- 1. The general boilerplate lease is the best deal for landowners**
- 2. There's hardly any disruption to your property and we'll put it right back just the way it was.**
- 3. We'll work with you every step of the way on the best placement of roads, pipelines, and drilling pads.**
- 4. It's perfectly safe. You'll hardly know we're here & we'll be gone before you know it.**
- 5. If there's ever any damage, we'll put it right immediately.**
- 6. If we decide to use your land, you'll just sit back and collect all the royalties.**
- 7. All of your neighbors have signed and you should sign, too. Otherwise, we'll take your land anyway.**
- 8. All that bad stuff you have heard about the Marcellus—we're not even drilling for that layer in your area.**
- 9. Once your lease period is up, you can decide whether to extend it.**
- 10. Leasing will increase the value of your property and it's a great investment!**

Actually, those who leased a few years ago got \$25/acre sign-on bonuses. Now the regional average is thousands of dollars/acre. The gas company lease lets company do whatever they want with your land—you have no say about what they do and no recourse when damage occurs.

The gas company will put in access roads through your land for the thousands of mega-ton truck trips that occur over the life of each well. They will build ponds to store water and hazardous waste. Drill pads can take up 5 acres. In addition, you may host pipelines, injection wells, gathering lines and loud compressor stations.

If you signed a "standard" boilerplate lease, the gas company essentially owns the surface of your land and they will decide what works best for them, with no regard to where you live, work, and play.

Gas can be extracted many times over the life of the well and can last for years. New wells can also be drilled. Drilling involves super loud noise and bright lights 24/7. Truck traffic is constant, loud and destructive. Accidents can include gas-fueled explosions, fires, toxic spills, water, air, & soil contamination.

Gas companies and their sub-contractors have been extremely slow to take the blame for damages and to correct them. In state after state, citizens have had to fight these companies every step of the way with costly lawsuits. Gas companies have the deep pockets to drag lawsuits on for years and you may never get a penny. Land is often not put "back to normal" for years.

Actually, the standard lease allows gas companies to use your land as they please. They may never even drill for gas, and that means \$0 royalties for you. But they can put in access roads, gathering lines, pipelines, gas storage wells, loud compressors, toxic waste storage structures, etc. and also use your water.

Landmen often tell you that neighbors have signed when they haven't. Gas companies can't set foot on your land. If 60% of the land in your neighborhood is leased, the DEC can compulsorily integrate your property. Even if you don't agree, the gas underneath your land can be extracted. The company must then pay you royalties. Eminent domain could be used for gathering lines and compressor stations.

They may not drill the Marcellus layer in our area because of its geology. But... There are other formations for them to drill, including the Utica layer that will also require hydrofracking. Gas drilling in any formation requires huge well pads, 24/7 drilling, truck traffic, disruption and potential damages.

If they take any substantive action on your property or in the spacing unit or apply for a permit, they can say that your "land is in play" and any such "development" work will extend the lease forever. If this "development" work ceases for about 6 months, the lease is presumed expired but it can be difficult to get the company to acknowledge that and clear your title. Beware of hidden automatic renewal clauses. If they do drill, they can come back to drill another formation. If they use your land for other purposes (see above), they can stay for as long as they please.

There is a lot of evidence from other gas drilling states that property values peak at first but then plummet. Most potential buyers do not want gas drilling on or near their homes and many mortgage companies will not lend to them. It may become difficult to obtain homeowner's insurance or liability coverage.